

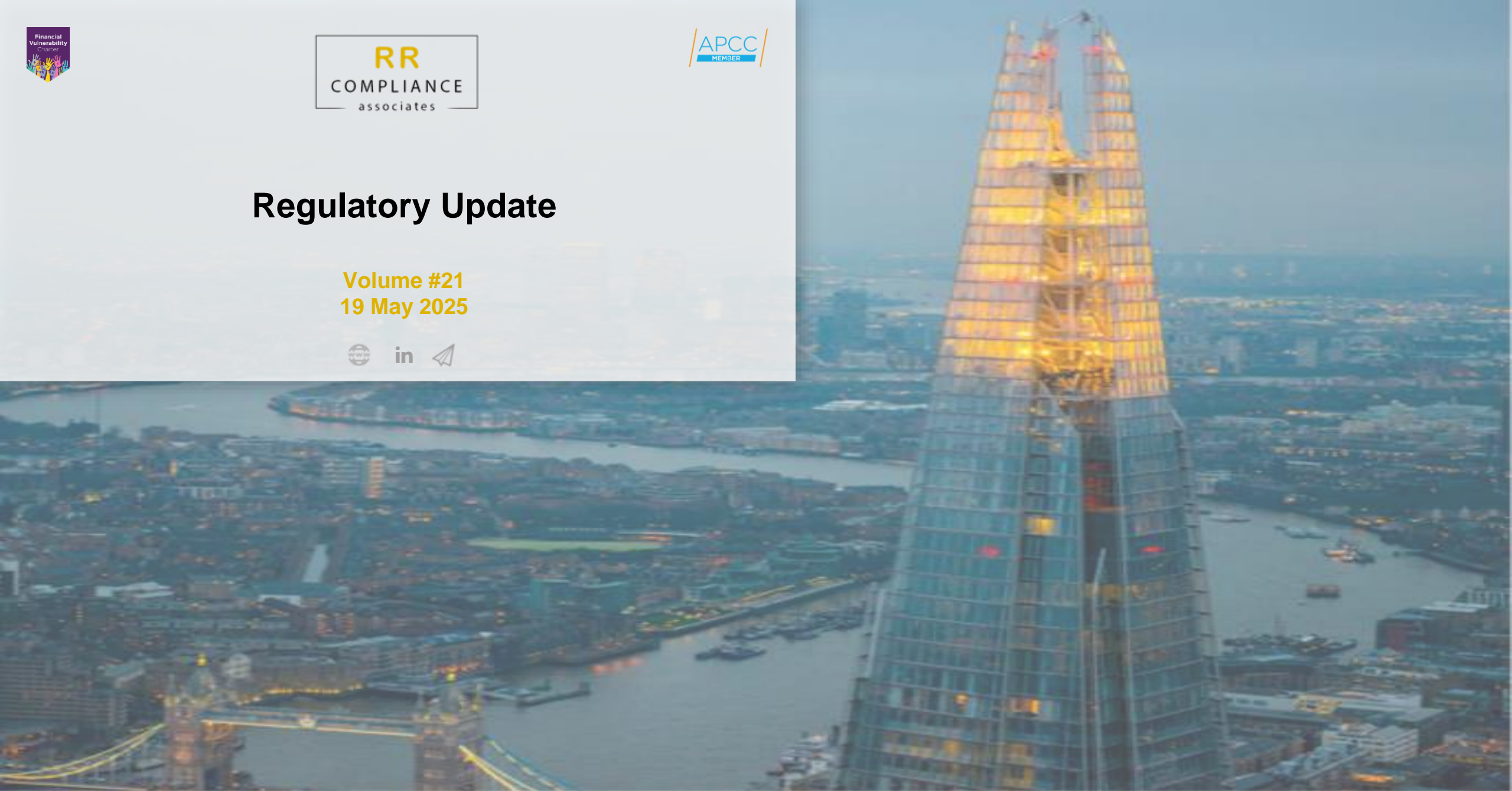


# Regulatory Update

**Volume #21**  
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in



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## Update

## Summary

## Action for firms

### UK and EU Data Access Legislation

As of May 2025, significant developments have occurred in data access legislation within the UK and EU:

- **UK's Data (Use and Access) Bill:** This bill is advancing through Parliament, aiming to establish "Smart Data" schemes that empower consumers to share their data with authorised third parties. However, it has sparked controversy due to provisions allowing AI companies to utilise copyrighted materials without explicit permission unless rights holders opt out. This has led to strong opposition from artists and creators, including Elton John and Paul McCartney, who advocate for amendments to protect intellectual property rights.
- **EU's Data Act:** The EU Data Act will become applicable on 12 September 2025 and introduce harmonized rules on fair access to and use of data across the EU. It mandates that users of connected products and related services have access to the data they generate, promoting transparency and competition. Businesses operating within the EU are advised to prepare for compliance with these new obligations.

Firms operating in or with the UK and EU should assess their data governance frameworks to ensure alignment with these upcoming regulations.

### Action to Take:

- Review more insight [here](#).

## Update

## Summary

## Action for firms

### Expansion of Financial Sanctions Reporting – Implications for FCA-Regulated Firms

Applies to:  
All relevant firms

The UK Office of Financial Sanctions Implementation (OFSI) has expanded the scope of firms subject to financial sanctions reporting obligations. From 14 May 2025, High Value Dealers (HVDs) and Art Market Participants (AMPs) are formally included as “relevant firms” under the UK’s financial sanctions regime.

While your firm may not fall under the new definitions of HVD or AMP, these developments are highly relevant where your business activities intersect with:

- **Wealth and investment management:** Clients may acquire, insure, or invest in high-value goods (art, antiques, luxury vehicles, etc.) as part of their portfolio.
- **Insurance underwriting and broking:** High-net-worth policies may cover items now in scope for sanctions reporting.

You may have a regulatory duty under SYSC, PRIN, and the Consumer Duty to identify, assess, and mitigate these risks.

#### Key Risk Areas

- **Indirect exposure** to sanctioned individuals or entities via clients’ transactions involving art, luxury goods or digital assets (e.g. NFTs).
- **Inadequate due diligence** on counterparties, intermediaries, or beneficial owners in high-value transactions.
- **Failure to detect or escalate suspicious activity** due to assumptions that these risks sit with legal or art-sector professionals.

### Practical Actions for FCA-Regulated Firms

- **Review and update your AML/sanctions policies** to consider new categories of risk related to high-value goods and art markets.
- **Train frontline and compliance staff** on red flags and reporting procedures where clients transact in, or insure, assets susceptible to sanctions risks.
- **Assess client portfolios and insurance lines** for exposure to goods or entities now under enhanced scrutiny.
- **Perform sanctions checks** not just on direct clients but also beneficial owners and counterparties, particularly when handling international transactions or working with secrecy jurisdictions.

#### Penalties for Breaches:

- Civil fines up to the greater of **£1 million/50% of the value of breach**
- Criminal prosecution, with potential **imprisonment**
- Regulatory enforcement under the FCA’s financial crime framework

## Update

## Summary

## Action for firms

### FCA Streamlines Insurance Rulebook— Implications for FCA- Regulated Firms

Applies to:  
All insurance 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 aimed at boosting competitiveness and easing compliance burden.

#### 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 is also consulting on whether some conduct rules should apply only to UK customers.

#### Action to Take:

- Read the further publication [here](#),



## Update

## Summary

## Action for firms

### Regulatory Update: FCA Whistleblowing Data – Q1 2025

Applies to:  
All firms

The Financial Conduct Authority (FCA) has published its whistleblowing data for Q1 2025 (January–March), offering insights into the volume and nature of reports received and the outcomes of investigations.

#### Key Highlights

- **Reports Received:** 281 new whistleblowing reports were submitted, a slight decrease from 298 in Q1 2024.
- **Allegations:** These reports contained a total of 752 allegations, averaging approximately 2.7 allegations per report.
- **Reporting Channels:** The majority of reports were submitted via the FCA's online reporting form.

#### Outcomes of Closed Reports

Between January and March 2025, the FCA closed 468 whistleblowing reports with the following outcomes:

- **Significant Action (12 reports; 2.6%):** Actions included enforcement measures, commissioning section 166 skilled person reports, or restricting a firm's permissions or an individual's approval.
- **Action to Reduce Harm (192 reports; 41%):** Measures such as writing to or visiting firms, requesting information, or obtaining attestations of compliance with FCA rules.
- **Informing FCA Work (Remaining reports):** The rest contributed to the FCA's broader supervisory activities without direct action on the specific reports.

### Action to Take:

- Review the complete FCA publication [here](#).

## Update

## Summary

## Action for firms

### Increasing FCA engagement and enforcements

Applies to:  
All firms

The FCA shows a markedly more interventionist approach in 2025, deploying Section 166 Skilled Person Reviews more frequently, particularly as a gateway to enforcement. This intensification reflects growing regulatory concerns over Consumer Duty compliance, product governance, and fair value delivery. FCA-regulated firms—especially intermediaries—should now treat the risk of a skilled person review as a live exposure rather than a remote possibility.

#### Key Facts and Trends

- **Increasing Usage:** The FCA commissioned **62 Section 166 reviews in 2023/24**, up from 49 the previous year, a 26% increase.
- **Targeted Issues:** The primary themes have been **product value, customer outcomes, and governance failures**, particularly under the Consumer Duty framework.
- **Enforcement Link:** Recent cases, such as the FCA’s revocation of permissions for a Glasgow-based broker over fair value failings, show that poor findings under Section 166 can directly trigger supervisory intervention or enforcement action.

#### Why This Matters to Your Firm

- **Higher Scrutiny of Intermediaries:** Insurance brokers and MGAs are under growing pressure to substantiate product value, demonstrate effective oversight, and ensure fair outcomes.
- **Consumer Duty Enforcement:** The FCA uses Section 166 to assess how firms are embedding Consumer Duty, particularly where it suspects “lip service” rather than genuine cultural change.
- **Regulatory Expectations:** Firms are expected to self-identify and remedy issues. Relying on the regulator to highlight problems is no longer a defensible posture.

### Action to Take:

- To mitigate the risk of a formal Section 166 review and demonstrate a proactive compliance culture, FCA-regulated firms should now strongly consider undertaking an annual external compliance review. Benefits include:
- Independent assurance that your Consumer Duty implementation, product governance, and oversight frameworks are effective and evidencable.
- Early identification of gaps in systems and controls that might otherwise lead to regulatory attention.
- Defensible audit trail of proactive compliance and risk management—valuable in demonstrating accountability under SM&CR and SYSC obligations.
- Case Insight: In more than 40% of recent skilled person reviews, outcomes could likely have been mitigated or avoided altogether if firms had conducted periodic third-party compliance audits.



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