



Regulatory Update

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REGULATORY UPDATES

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Update	Summary	Action for firms
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PS25/5 (June 2025) – Enforcement Guide & Investigation Publicity

Applies to:
All firms

The FCA has published Policy Statement PS25/5, effective 3 June 2025, revising its Enforcement Guide (ENFG) and investigation publicity rules for UK authorised firms. Key Points for Insurance Firms

No Major Change to Naming Policy for Regulated Firms:

- The “exceptional circumstances” test remains—the FCA will not routinely name regulated firms under investigation unless there are exceptional reasons.
- New Exceptions for Publicising Investigations:
 - Unauthorised Activity/Criminal Offences: The FCA may name firms or individuals under investigation for suspected unauthorised business or criminal offences (e.g., unapproved financial promotions).
 - Reactive Confirmation: If a firm, its affiliate, or another body has already disclosed an investigation, the FCA may publicly confirm it.
 - Anonymised Announcements: The FCA may share details of investigations without naming firms to educate the market or highlight compliance issues.

Action to Take:

- Review more insight [here](#).

Update

Summary

Action for firms

FCA Regulatory Update – AI Live Testing Pilot (Call for Input)

Applies to:
AI oriented firm

The FCA has published a call for input on a new AI Testing Pilot, designed to support the safe, transparent, and responsible use of AI within financial services. The initiative aims to provide firms with a controlled environment to test AI models in live settings, supported by FCA regulatory and technical expertise.

Key Proposals Include:

- Live Testing Support - Firms will be able to test AI models that are market- or consumer-facing under real-world conditions. The FCA will provide tailored regulatory steers, technical input, and governance advice throughout the test period. Scope and Duration - The pilot is expected to launch in Summer 2025 and will run for approximately 12 months. Initially focused on AI models that significantly impact consumer outcomes or market functioning.
- Validation and Governance - Emphasis on output-focused validation to complement existing testing and oversight techniques. The FCA is interested in models deployed via third parties and will assess how these relationships align with obligations under FSMA 2023 (e.g. critical outsourcing).
- SM&CR and Accountability - The pilot will explore how Senior Managers can demonstrate effective oversight of AI systems, including fairness, explainability, and customer impact.
- Consumer Protection Focus Firms will be expected to assess AI outcomes for vulnerable customers and ensure AI deployment does not result in bias, or unintended harm.

Call for Input – FCA Seeks Views On

The main barriers to AI deployment under current regulatory conditions.

Whether the FCA's pilot model would help mitigate these issues.

Which AI use cases, sectors, or validation methods should be prioritised.

How the FCA can ensure its approach remains proportionate and innovation-friendly.

The deadline to respond is 13 June 2025.

Action for firms

- Read the full update [here](#).
- Firms must **submit** their responses to the FCA by 13 June 2025.



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