

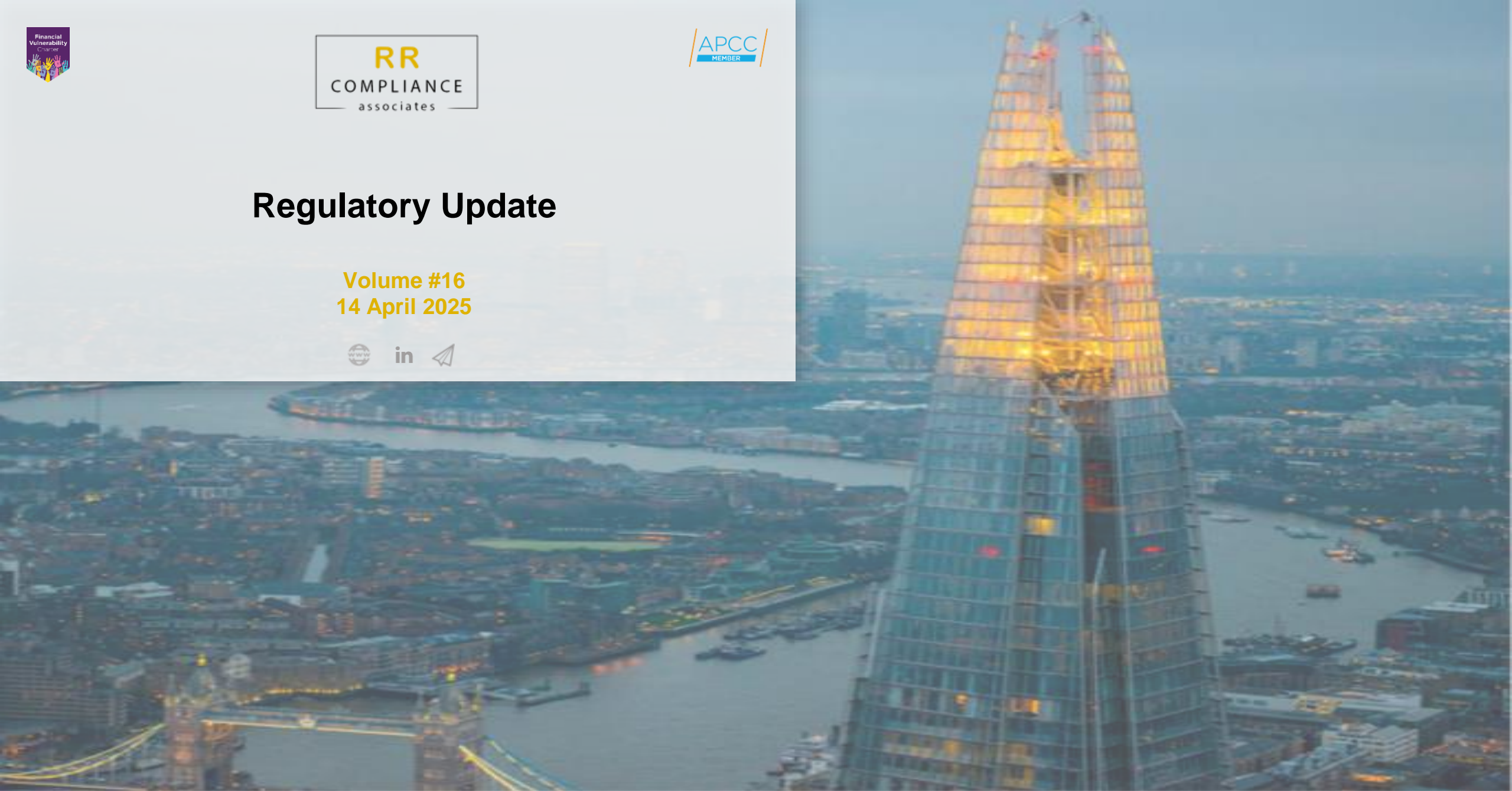


Regulatory Update

Volume #16
14 April 2025



in



REGULATORY UPDATES

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Update

Summary

Action for firms

FCA Fee Calculator

Applies to: UK intermediaries

The FCA has updated its online FEE calculator page. It is a good practice for firms, as well as newly authorised entities to use the tool towards annual FEE projections.

Action to Take:

- Review the site [here](#).

Update

Summary

Action for firms

PASS: an FCA pre-application support service

Applies to:
Crypto, Payments and
wholesale firms

The Financial Conduct Authority (FCA) offers a Pre-Application Support Service (PASS) to assist firms seeking authorisation in the UK wholesale markets. This service aims to provide tailored guidance to firms, including overseas entities and those with innovative or complex business models, to navigate the authorisation process effectively.

Eligibility Criteria: PASS is available to wholesale firms such as investment managers, corporate finance firms, and custodians, as well as overseas firms planning to establish a presence in the UK.

Pre-Application Meetings: Firms can request meetings with the FCA to discuss their business models and the authorisation process.

Outreach Events: The FCA organises events to provide information and answer questions about the authorisation journey.

FCA Speakers: Firms can request FCA representatives to speak at industry events and conferences.

Application Process: Firms can initiate their application through the FCA's Connect system, which is the online portal for submitting applications and notifications.

Additional Resources

Innovation Hub: For firms with innovative business models, the FCA's Innovation Hub offers tools such as the Regulatory Sandbox and Digital Sandbox to support development and testing. **Guidance Materials:** The FCA provides detailed information on the authorisation process and expectations for applicants on its website.

Action to Take:

1. Read the publication [here](#).

Update

Summary

Action for firms

FCA Board Minutes – 27 February 2025

Applies to:
All firms

The Financial Conduct Authority (FCA) Board convened on 27 February 2025 to discuss various regulatory matters, including significant developments impacting the insurance sector.

Consumer Duty Implementation:

The FCA emphasised its commitment to embedding the Consumer Duty rules across the insurance industry, aiming to ensure firms prioritise consumer needs. The regulator plans to assess firms' adherence to these standards and will share insights on both exemplary and subpar practices.

Operational Resilience and Third-Party Dependencies:

Addressing the risks associated with reliance on critical third parties, the FCA highlighted the necessity for robust operational resilience.

Stress Testing Initiatives:

The Prudential Regulation Authority (PRA) outlined plans for the 2025 Life Insurance Stress Test (LIST), aiming to evaluate the sector's resilience to severe scenarios. The exercise seeks to assess both sector-wide and individual firm resilience, with results to be published in Q1 2025. Additionally, the PRA announced the Dynamic General Insurance Stress Test (DyGIST) for 2025, designed to assess insurers' solvency and liquidity under adverse conditions.

Regulation of the Commercial Insurance Market:

The FCA is consulting on rules and guidance to balance consumer protection with competitiveness in the commercial insurance market, including the London market. The consultation paper is scheduled for release in Q1 2025.

Pure Protection Market Study:

The FCA plans to launch a market study into the distribution of pure protection insurance products, addressing concerns about competition and consumer outcomes in this segment. The study is expected to commence in early 2025.

Action to Take:

- Read the full publication [here](#).

Update

Summary

Action for firms

FCA Fees & Levies Proposals for 2025/26 (CP25/7)

Applies to:
All firms

The FCA has published its annual consultation on fees and levies for the 2025/26 financial year. The proposed Annual Funding Requirement (AFR) is £773.9 million, a 2.6% increase from 2024/25 (£754.3m). Adjustments are driven by modest inflation and ongoing investment in supervisory capabilities.

Key Proposals for the Insurance and Reinsurance Sector:

- The FCA proposes an average increase of 2–3% across most insurance-related fee-blocks, with the highest rise seen in the general reinsurance category. These changes are proportional to the scale of regulatory supervision and cost allocation by sector.

General Insurance Firms (A.3):

- The FCA proposes a 2.0% increase in fees for this block, with total charges rising from £25.6 million to £26.1 million. This reflects ongoing supervisory focus and inflationary adjustments.

Life Insurance Firms (A.4):

- Fees in this block are proposed to rise by 2.5%, from £15.7 million to £16.1 million, consistent with the AFR uplift and business growth.

Managing Agents at Lloyd's (A.5):

- A 2.1% increase is proposed, with fees going from £9.7 million to £9.9 million.

The Society of Lloyd's (A.6):

- No change is proposed, with the FCA maintaining the annual fee at £500,000.

General Reinsurance Firms (A.7):

- This block is set to see the largest percentage increase within the insurance sector, with a 3.3% rise from £1.5 million to £1.55 million. The FCA notes this reflects the complexity and regulatory activity in the reinsurance space.

Action to Take:

- The consultation remains open until 13 May 2025, and affected firms are encouraged to review the proposals in full and provide feedback. Finalised rates will be confirmed later in the year and will apply from 1 April 2025.
- Read the full consultation [here](#)

Update

Summary

Action for firms

Reappointed of FCA CEO

On April 10, 2025, His Majesty's Treasury announced the reappointment of Nikhil Rathi as Chief Executive of the Financial Conduct Authority (FCA) for a second five-year term, extending his leadership until September 2030.

Action to Take:

Read the full publication [here](#).

Applies to:
All firms

Leadership Continuity: Rathi's reappointment ensures stability at the helm of the FCA during a period marked by significant regulatory reforms and market evolution.

Strategic Reforms: Since assuming the role in October 2020, Rathi has overseen substantial changes, including the introduction of the Consumer Duty, aimed at enhancing consumer protection, and streamlining the FCA's rulebook to reduce costs for firms and bolster international competitiveness.

Operational Enhancements: Under his leadership, the FCA has improved its authorisation processes, reduced investigation times, and increased criminal charges, reflecting a commitment to reducing and preventing serious harm in financial markets.

Future Focus: The FCA's new five-year strategy, published in March 2025, outlines priorities such as becoming a smarter regulator, supporting economic growth, aiding consumers in navigating financial decisions, and combating financial crime.

Chancellor Rachel Reeves praised Rathi's contributions, stating, "Nikhil Rathi has been crucial in this government's efforts to reform regulation so it supports growth and boosts investment."

Update

Summary

Action for firms

ICO annual Data Protection Conference.

Applies to:
All firms

As part of its 2025/26 work programme, the Financial Conduct Authority (FCA) has announced a renewed focus on enabling innovation and reducing friction for new firms seeking entry to the UK financial services market.

Early-Stage Authorisation Support

The FCA will now assign a case officer at the start of the authorisation process for firms using the Regulatory Sandbox. This is intended to help accelerate market entry for innovative propositions and provide firms with a clearer, more efficient regulatory path.

Expanded Pre-Application Support

The FCA has broadened its pre-application support services to a wider range of firms, particularly those developing novel business models or technologies. This initiative is aimed at reducing the number of incomplete or failed authorisation applications and supporting firms from inception to launch.

Commitment to Market Access and Innovation

These changes form part of the FCA's broader strategy to maintain the UK's status as a leading financial centre that fosters responsible innovation. The regulator also reaffirmed its goal of acting as a more responsive and adaptive regulator, capable of addressing emerging business models.

Strategic Context

This announcement aligns with the FCA's three-year strategy to become a more assertive, adaptive, and data-led regulator. By smoothing the path for innovative firms and technologies, the FCA is supporting market dynamism while ensuring appropriate consumer and market protections remain in place.

Action to Take:

Read the full publication [here](#).



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