



Regulatory Update

Volume #19
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 REGULATORY UPDATES

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FCA, BoE and Treasury warn firms on frontier AI cyber risks

15 May 2026

What happened

On 15 May 2026, the FCA, Bank of England and HM Treasury published a joint statement on the cyber resilience risks posed by frontier AI models. The statement reinforces existing operational resilience expectations and sets out five areas where regulated firms should be taking active steps: governance and strategy, vulnerability identification and management, third-party risk, protection, and response and recovery. The regulators are clear this does not introduce new rules, but it signals a sharper focus on whether firms are keeping pace with a rapidly evolving threat landscape.

Why it matters?

Insurance intermediaries are regulated firms and are directly in scope of the FCA's operational resilience rules, which means this statement applies to you. Frontier AI tools are already enabling attackers to find and exploit vulnerabilities faster, at greater scale, and at lower cost than ever before, so firms that have underinvested in cyber basics are increasingly exposed. Ignoring this could leave your firm, your clients, and any Appointed Representatives you oversee vulnerable to faster, more disruptive attacks, with serious consequences for regulatory compliance and customer outcomes.

Applies to: All firms

ACTION FOR FIRMS

- Review your board and senior management's understanding of frontier AI cyber risks now. If your leadership cannot articulate the threat or how it is being managed, that is a governance gap you need to close.
- Check your vulnerability management process. Can your firm triage, prioritise, and remediate vulnerabilities quickly and at scale? If the answer is no, this is the time to invest in tooling or resource, including automation where appropriate.
- Review your access management, network security, and data protection controls

[ASK A QUESTION ->](#)

[FCA Press Release ->](#)

FCA Whistleblowing Data Signals Sharper Focus on Leadership Conduct

6 May 2026

The FCA has published whistleblowing data according to which, between January and March 2026, the FCA received 355 new whistleblowing reports, a 25% rise on Q4 2025. Leadership and senior manager behaviour is now the second most common allegation category, with 173 allegations out of 906 total.

Consumer Duty remains the top category with 210 allegations. The FCA took some form of action in 39% of closed cases, including enforcement steps, skilled person reviews, and supervisory visits. This data lands ahead of the FCA's non-financial misconduct rules, which come into force on 1 September 2026.

WHY IT MATTERS?

Insurance intermediaries are not exempt from this trend. With Consumer Duty the single biggest driver of whistleblowing allegations, and leadership conduct rising fast, intermediary firms face a real risk that internal culture or governance failures could trigger a whistleblowing report and a regulatory response. The FCA's willingness to act in nearly 4 in 10 cases means a single disclosure can escalate quickly into a supervisory visit, an attestation demand, or worse. Firms that have not embedded conduct frameworks at senior level are particularly

Applies to: all firms

ACTION FOR FIRMS

- Review your internal whistleblowing policy now.
- Ensure all SMF holders and line managers are briefed on the new Conduct Rules guidance coming into force on 1 September 2026

ASK A QUESTION ->

Deferred Payment Credit FCA Regulation Starts 15 July 2026

8 May 2026

From 15 July 2026, Deferred Payment Credit (DPC), which includes interest-free buy now pay later instalment products, will fall under FCA regulation. Firms currently offering DPC that do not already hold consumer credit permissions must register under the Temporary Permissions Regime (TPR) between 15 May and 1 July 2026, paying a £280 registration fee. The TPR is not a grace period: firms must comply with most FCA conduct rules from Regulation Day on 15 July 2026. Operating DPC agreements after that date without permission will be a criminal offence.

Why it matters

Some insurance intermediaries offer premium finance or instalment payment options to customers, and depending on how these are structured, they could fall within the definition of DPC. Generally speaking however, premium credit is not captured by the new rules.

If your firm, or any of your Appointed Representatives, facilitates or arranges deferred or interest-free instalment payments for insurance premiums, you need to check urgently whether this activity is caught by the new regime.

Missing the 1 July TPR registration deadline could leave your firm or an AR committing a criminal offence from 15 July 2026.

Applies to: All Firms offering credit

ACTION FOR FIRMS

- Check now whether your firm or any of your Appointed Representatives offers, arranges, or facilitates any interest-free instalment or deferred payment option for customers

[ASK A QUESTION ->](#)

[FCA Publication ->](#)



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