



Regulatory Update

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 REGULATORY UPDATES

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Financial Services and Markets Bill Introduced: SMCR, FOS and AR Reform Moves Forward

March 2026

Applies to: All Firms

What happened

The UK Government has introduced the Financial Services and Markets Bill 2026-27 into Parliament, marking the next stage in its programme to recalibrate the UK financial services regulatory framework and support the wider growth and competitiveness agenda.

For the UK insurance and reinsurance market, the Bill is significant because it advances reforms affecting the Senior Managers and Certification Regime (SMCR), the Financial Ombudsman Service (FOS), the Appointed Representatives (AR) framework, and the UK's risk transformation regime.

The SMCR reforms are intended to reduce administrative burden while preserving individual accountability. The Bill would remove the Certification Regime from primary legislation, allowing the "fair and reasonable" test, so that firms meeting their obligations under FCA rules must be found to determine future requirements through their rulebooks. It would also repeal prescriptive statutory requirements relating to Statements of Responsibilities, conduct rule notifications and aspects of senior manager approvals. The regulators would be given greater flexibility to determine when pre-approval is required and when notification may be sufficient.

The FOS reforms are designed to create closer alignment between FOS decision-making and FCA regulatory standards. Where a complaint relates to conduct within the scope of FCA rules and the firm has complied with those rules, the FOS would be required to find that the firm acted fairly and reasonably. The Bill also introduces a mechanism for the FOS to refer questions on FCA rule interpretation to the FCA, a 10-year statutory long-stop for complaints, and new thematic reporting between the FCA and FOS.

The Bill also tightens the AR framework. Firms wishing to act as principals would need additional FCA permission, and the FCA would have powers to vary or cancel that permission.

ACTION FOR FIRMS

- Monitor future developments.

ASK A QUESTION ->

ICO Publishes Guidance on Handling Data Protection Complaints

8 May 2026

The Information Commissioner's Office (ICO) has updated its guidance on how organisations should handle data protection complaints ahead of new statutory requirements coming into force on 19 June 2026 under the Data (Use and Access) Act. The guidance is intended to help organisations prepare for the introduction of mandatory complaints handling processes and reflects the ICO's expectations for good practice.

Under the new requirements, organisations must provide individuals with a means of submitting data protection complaints, acknowledge complaints within 30 days, investigate them without undue delay, keep complainants informed of progress, and communicate outcomes promptly. The ICO has emphasised that these obligations will apply to all organisations with no exemptions. The guidance also highlights the importance of staff training, record keeping, and clear governance arrangements. Organisations may incorporate data protection complaints into existing complaints frameworks, provided they can continue to meet the statutory requirements and demonstrate effective handling of complaints. Joint controllers and processors should also review existing arrangements to ensure responsibilities for complaint handling are clearly defined.

For firms, the changes represent an increased regulatory focus on accountability and the handling of individual concerns relating to personal data. Organisations should ensure that policies, privacy notices, complaint procedures and internal escalation processes are updated before the new requirements take effect on 19 June 2026.

Applies to: All Firms

ACTION FOR FIRMS

- Review and update data protection complaint handling procedures ahead of 19 June 2026.
- Ensure staff can recognise and appropriately escalate data protection complaints.
- Relevant policies and procedures are updated.

[ASK A QUESTION ->](#)

[ICO Publication ->](#)

ICO Issues Guidance on Ransomware and Data Protection Compliance

June 2026

The Information Commissioner's Office (ICO) has published guidance on ransomware and data protection compliance, setting out its expectations for organisations seeking to protect personal data against ransomware attacks and meet their obligations under UK GDPR. The guidance forms part of the ICO's wider information security framework and provides practical measures that organisations should implement to reduce cyber security risks.

The guidance emphasises that organisations must implement appropriate technical and organisational measures to protect personal data. Key areas of focus include access controls, multi-factor authentication for internet-facing services, vulnerability and patch management, staff awareness training, secure backups, incident response planning and the monitoring of systems for malicious activity. The ICO highlights the importance of using established cyber security guidance, including material published by the UK's National Cyber Security Centre (NCSC), when designing security controls.

The ICO also reiterates that ransomware incidents may constitute personal data breaches where personal data is compromised, accessed, altered, lost or rendered unavailable. Where a breach is likely to result in a risk to individuals' rights and freedoms, organisations may be required to notify the ICO within 72 hours and, in certain circumstances, communicate the breach to affected individuals.

For insurers, reinsurers and intermediaries, the guidance reinforces regulatory expectations around cyber resilience, governance and incident preparedness. Firms should ensure ransomware controls remain proportionate to the volume and sensitivity of personal data processed and that incident response arrangements are regularly tested and reviewed.

Applies to: All Firms

ACTION FOR FIRMS

- Review ransomware controls against ICO and NCSC guidance.
- Ensure multi-factor authentication, patch management and backup arrangements are operating effectively.
- Test incident response and breach notification procedures regularly.

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[ICO Publication ->](#)

ICO Opens Registration for Data Protection Practitioners' Conference 2026

13 October 2026

The Information Commissioner's Office (ICO) has opened registration for its annual Data Protection Practitioners' Conference (DPPC) 2026, one of the UK's largest information rights and data protection events. The conference provides organisations with an opportunity to hear directly from the regulator on emerging regulatory priorities, enforcement trends and practical compliance expectations.

The event is expected to bring together data protection professionals, legal teams, compliance officers, information governance specialists and senior decision-makers from across the public and private sectors. Consistent with previous conferences, the programme is likely to include regulatory updates, practical workshops and discussions covering data protection, cyber security, information rights and developments in the UK's data protection framework.

For firms, the conference provides valuable insight into the ICO's supervisory approach and areas of regulatory focus. With organisations continuing to implement changes arising from the Data (Use and Access) Act and respond to evolving cyber, AI and data governance risks, attendance may help compliance, legal and risk functions better understand regulatory expectations and upcoming guidance.

Applies to: All firms offering consumer credit

ACTION FOR FIRMS

- Consider registering relevant compliance, legal, risk and data protection personnel..

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[ICO Publication ->](#)

FCA Data Shows Continued Contraction in the Appointed Representatives Market

5 June 2026

The Financial Conduct Authority (FCA) has published its latest data on the Appointed Representatives (AR) regime, showing a continued decline in the number of both principal firms and ARs operating within the UK financial services market. As at March 2026, there were 2,431 principal firms and 33,347 ARs, representing reductions of 5.3% and 0.7% respectively compared with March 2025.

The data reflects the FCA's continued focus on strengthening oversight and accountability within the AR regime. The regulator has previously identified weaknesses in principal firms' supervision of ARs as a potential source of consumer harm and financial crime risk. The latest figures suggest firms continue to reassess AR arrangements in response to heightened regulatory expectations and increased scrutiny of governance and oversight controls.

Sector-level analysis shows differing trends across the market. Consumer finance recorded growth in AR numbers, while general insurance and protection experienced the largest reduction in ARs over the reporting period. The FCA continues to use AR market data to support its supervisory work and identify areas where enhanced oversight may be required.

For insurers, intermediaries and principal firms, the publication serves as a reminder that the FCA remains focused on AR governance, monitoring and accountability. Firms operating AR models should ensure they can demonstrate effective oversight, robust due diligence and ongoing supervision of appointed representatives.

Applies to: All Qualifying Firms

ACTION FOR FIRMS

- Review existing AR oversight and governance arrangements.
- Ensure monitoring and due diligence processes remain proportionate to the risks presented by AR activities.
- Assess whether management information provides sufficient visibility of AR performance and compliance risks.

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