



Regulatory Update

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REGULATORY UPDATES

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FCA Warning Notice Highlights “Regulatory Halo” and Change-in-Control Risks

July 2026

What happened

The FCA has published Warning Notice Statement 26/5 concerning an unnamed individual who, at the relevant time, was approved to perform senior management functions at a small authorised firm, including acting as Chief Executive and holding responsibility for compliance oversight and financial promotions. The warning notice is not a final decision: the individual may make representations to the RDC and, if a decision notice is issued, may refer the matter to the Upper Tribunal.

The FCA considers that the individual acted with a lack of integrity between 21 October 2019 and 28 January 2025 by knowingly presenting a façade of regulatory legitimacy for the benefit of another individual who was a disqualified director and, according to the FCA, would not have been approved to hold an SMF. The FCA says the individual misled it about the true ownership and control of the firm, breaching Statement of Principle 1 and Individual Conduct Rule 1.

The FCA’s allegations include that the individual sold effective control of the firm through a structure designed to conceal beneficial ownership and avoid the statutory change-in-control regime, held approved functions in name only, allowed others to run the business, and allowed the authorised status of the firm to be used as a “halo” in relation to high-risk unlisted bonds. The FCA states that investors suffered nearly £4.4m in losses.

Action for firms

Firms should treat this as a strong warning on “authorised wrapper” risk. Insurance and consumer credit firms should review whether any investor, funder, introducer, AR, broker, merchant, technology provider or shadow operator has effective influence over the firm without appropriate regulatory approval, governance or disclosure. Senior managers should also check that SMF roles are performed in substance, not merely held on paper.

Applies to: All Firms

ACTION FOR FIRMS

- Review actual ownership, control and influence against FCA Register, Companies House and internal governance records.
- Check whether any third party effectively directs regulated activity, compliance, financial promotions or customer communications.
- Re-test change-in-control, close links and material outsourcing escalation procedures before any sale, funding or restructuring.

ASK A QUESTION ->

[FCA Publication ->](#)

FCA Opens the Handbook Through New API

6 Aug 2026

What happened

The FCA has launched a new Handbook API, giving access to FCA Handbook data in a structured, machine-readable format. The FCA says the change is intended to support better and faster compliance decisions and forms part of its “smarter regulator” work by making rules easier to access and use.

The API is designed to let firms, RegTech providers and software systems access structured Handbook content directly, rather than relying only on website browsing, monthly downloads or third-party compliance tools. The FCA says possible use cases include mapping rules to products, activities and customer journeys, tracking and comparing rule changes, improving RegTech tools and supporting AI solutions with trusted, up-to-date regulatory data.

The FCA Handbook API is free to use for registered users, but users need a free Handbook website account and must use compatible external applications such as Postman or RapidAPI. The API retrieves the latest version of the Handbook and supports current and future versions, but does not provide past Handbook versions. Protected endpoints are rate-limited per authenticated user and endpoint path.

Action for firms

Firms should consider whether the API can reduce manual rule-mapping, horizon-scanning and policy-maintenance work. Insurance and consumer credit firms could use it to map ICOBS, PROD, CONC, DISP, SYSC, SUP and PRIN requirements to products, journeys, controls and policies. However, firms should still keep human review and regulatory interpretation controls, particularly where API data is used in AI or automated compliance tooling.

Applies to: All Firms

ACTION FOR FIRMS

- Identify recurring Handbook tracking tasks that could be automated, such as DISP, CONC, ICOBS, PROD and SUP updates.
- Test whether compliance registers, obligation maps and policy libraries can link to authoritative FCA Handbook data.
- Put validation controls around any AI or RegTech output using the API, including human review, version control and audit trail.

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[FCA Publication ->](#)

FCA Board Minutes Show Focus on AI, FOS, Critical Third Parties and Rule Reform

July 2026

What happened

The FCA has published the minutes of its 25 June 2026 Board meeting. The Board discussed several issues with direct read-across for firms, including financial crime, critical third parties, Treasury coordination, improvements to the Wider Implications Framework and concerns about Financial Ombudsman Service referral mechanisms in the Financial Services and Markets Bill. The Board also noted that the first Critical Third Party designations were expected in July.

The Board received papers on the Mills Review into AI in retail financial services and its response to the review. The minutes state that the review considered how AI could transform retail financial services and the potential implications for the FCA's regulatory approach, with the Board noting both opportunities and risks from a likely system-wide shift in AI use. The Board agreed that the Executive should consider the recommendations in more detail over the summer before returning to the Board on next steps.

The Board also approved the FCA Annual Report and Accounts package, including Outcomes and Metrics, Operating Service Metrics, Enforcement Data, SICGO metrics and the rules and guidance log. On rules and standards, the Board approved a package of cryptoasset regulatory regime instruments and also resolved to make the Targeted Clarifications of Handbook Materials Instrument 2026 and the Periodic Fees 2026/27 instrument.

Applies to: Consumer Credit Firms

ACTION FOR FIRMS

- Add Board-level FCA themes to the regulatory change log: AI, CTPs, FOS/redress, financial crime and rule simplification.
- Check whether board MI shows exposure to systemic dependencies, including cloud, outsourced servicing, claims, payments and data providers.
- Review whether complaints, redress and FOS trends are escalated as possible “wider implications” issues, not just case-level matters.

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EU AI Transparency and Labelling Rules Start to Apply

2 Aug 2026

What happened

The attached Keystone Law / Lexology article explains that new EU AI Act transparency and labelling rules apply from 2 August 2026 for businesses launching AI systems, with existing providers having until 2 December 2026 to comply. The article says the rules arise under Article 50 of the EU AI Act and can apply to businesses operating in, targeting, or whose AI outputs are used within the EU, meaning UK firms with EU customers or EU-facing AI content may be caught.

Article 50 introduces transparency obligations designed to prevent deception and support informed decision-making. Businesses may need to disclose when individuals are interacting with an AI system, label AI-generated or AI-manipulated content, and implement measures to identify and signal synthetic content. The European Commission has published guidance on transparency obligations and EU icons for labelling AI-generated content, and a voluntary Code of Practice is available to support compliance.

For insurance and consumer credit firms, the practical read-across is customer communications, marketing, chatbots, synthetic images, AI-generated audio/video, automated support tools and AI-assisted advice-like journeys. The article also notes that non-compliance may create regulatory, contractual, consumer protection, advertising, data protection and discrimination-law exposure.

Action for firms

Firms with EU-facing operations, websites, apps, marketing or customer-support tools should map where AI-generated or AI-manipulated content is used. UK-only firms should still cross-read this because similar expectations around transparency, fairness, explainability and consumer understanding may be relevant under the FCA Consumer Duty and UK advertising/data protection rules.

Applies to: All firms

ACTION FOR FIRMS

- Create a register of AI-generated customer content, chatbot journeys, synthetic media and EU-facing outputs.
- Add labelling and disclosure controls for AI-generated or AI-manipulated content, including marketing and customer-support material.
- Update supplier, agency and technology contracts to allocate responsibility for AI transparency, labelling, watermarking and audit evidence.

ASK A QUESTION ->



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