



Regulatory Update

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REGULATORY UPDATES

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Consumer Credit Act Reform: FCA Sets Out Its Approach

18 May 2026

What happened

HM Treasury has published its policy statement on reform of the Consumer Credit Act 1974, with the FCA confirming that it will consult on key elements of the consumer credit framework currently contained in legislation. The direction of travel is a move away from detailed prescriptive statutory requirements and toward a more flexible FCA rules-based regime underpinned by the Duty.

A key related development is FCA CP26/15, published on 29 April 2026, which consults on simplifying CONC 3 financial promotion rules and opens a wider discussion on how firms communicate the cost of credit. The FCA is specifically seeking views on whether representative APR supports consumer understanding, whether mandatory representative examples remain effective, and whether the current 51% threshold for representative APR remains appropriate. The FCA is not proposing to abolish APR at this stage. However, its work clearly questions whether APR should continue to play the same central role in consumer credit promotions. The FCA's accompanying research found that consumers often have poor conceptual understanding of APR and may rely on a "low APR = low total cost" shortcut even where that conclusion is not accurate. The research also indicates that supplementing APR with total amount repayable can improve comparability.

For firms, the practical message is that APR remains legally relevant and current CONC requirements continue to apply. However, firms should anticipate a future regime with greater emphasis on consumer understanding, clearer presentation of pounds-and-pence cost information, and more flexible disclosure design. The FCA is likely to expect firms to evidence that credit promotions and customer communications help consumers understand cost, risk and key features, rather than merely complying with prescribed wording.

Applies to: Firms offering consumer credit

ACTION FOR FIRMS

- Monitor the outcome of CP26/15, with responses due by 17 June 2026.
- Prepare for further FCA consultation as CCA provisions move from legislation into FCA rules.

[ASK A QUESTION ->](#)

[FCA Press Release ->](#)

FCA Regulatory Initiatives Grid 10th Edition: Plan Ahead for 2026-2027

19 May 2026

The FCA has published the 10th edition of the Regulatory Initiatives Grid, setting out the key regulatory developments expected over the next 24 months. The Grid continues to reflect the UK regulators' broader shift toward simplification, competitiveness and outcomes-based regulation. For insurance and reinsurance firms, the Grid confirms continued supervisory focus on operational resilience, Consumer Duty implementation, claims handling, fair value assessments and governance. Firms should also expect ongoing scrutiny of delegated authority arrangements, outsourcing oversight and data governance, particularly where cross-border operations or complex distribution chains are involved.

For consumer credit firms, the Grid highlights the FCA's ongoing review of CONC and wider Consumer Credit Act reform. The FCA is progressing its review of financial promotion rules under CONC 3, including whether existing representative APR requirements and prescribed disclosures remain effective in supporting consumer understanding. This forms part of the wider move away from highly prescriptive disclosure requirements toward a more flexible Consumer Duty-led framework.

The Grid also confirms continuing work on BNPL regulation, open finance, credit information market reform and review of retail disclosure requirements. Together, these initiatives indicate a broader regulatory direction focused less on technical disclosure compliance and more on customer understanding, governance and evidencing good outcomes.

Applies to: All Firms

ACTION FOR FIRMS

- Review regulatory change programmes against the latest Grid timelines and FCA consultations.
- Review governance and oversight arrangements for outsourcing, delegated authority and operational resilience.

[ASK A QUESTION ->](#)

[FCA Publication ->](#)

FCA Scale-up Unit Now Open for Solo-Regulated Firms to Apply

20 May 2026

The FCA has announced that applications are now open for solo-regulated firms to join its Scale-up Unit, expanding a pilot initiative previously limited to dual-regulated firms. The initiative forms part of the FCA’s broader strategy to support growth, innovation and UK competitiveness within financial services.

The Scale-up Unit is designed to support fast-growing regulated firms through more direct regulatory engagement, including dedicated case support, improved navigation of FCA processes and earlier dialogue on regulatory expectations. The FCA has stated that the initiative is intended to help firms “scale sustainably” while maintaining regulatory standards.

For insurance and reinsurance firms, the initiative may be particularly relevant for firms operating innovative distribution models, embedded insurance structures, MGA platforms, data-led underwriting models or cross-border service arrangements. Firms experiencing rapid operational growth may benefit from earlier engagement on governance, operational resilience, outsourcing and Consumer Duty expectations.

Importantly, the FCA has clarified that the Scale-up Unit is not a relaxation of regulatory standards and does not guarantee positive authorisation or supervisory outcomes. Instead, the focus is on improving regulatory accessibility and reducing unnecessary friction for high-growth firms.

Applies to: All Firms

ACTION FOR FIRMS

[ASK A QUESTION ->](#)

[FCA Publication ->](#)

FCA and PRA finalise Phase 1 SM&CR reforms

24 May 2026

The FCA and PRA have finalised Phase 1 reforms to the Senior Managers & Certification Regime (SM&CR), alongside updates to PRA SS35/15. Most changes took effect on 24 April 2026 and are intended to reduce operational burden while preserving the core accountability framework. For insurers, reinsurers and Lloyd’s managing agents, the most significant development is the regulators’ clarification of the SMF7 (Group Entity Senior Manager) function. The PRA has reinforced that the assessment should focus on “real influence” over UK regulated activities rather than formal job title or group seniority.

The revised approach places greater emphasis on substance over form. Individuals operating at group, parent or shareholder level may fall within scope where they exert ongoing influence over regulated activities or strategic decision-making affecting the UK entity. This is likely to increase scrutiny of governance structures, delegated authority arrangements and informal decision-making processes within complex international groups.

The reforms also introduce several operational simplifications, including greater flexibility around Statements of Responsibilities (SoRs) and Management Responsibilities Maps (MRMs), changes to the 12-week rule, extended validity periods for criminal record checks, streamlined certification processes, updated guidance on regulatory references and conduct rule notifications.

Importantly, the PRA and FCA continue to emphasise that governance documentation must accurately reflect how decisions are made in practice. The reforms therefore reduce administrative friction, but do not reduce expectations around accountability, governance oversight or evidencing decision-making.

Applies to: All Firms offering credit

ACTION FOR FIRMS

- Review internal controls and TC policies in light of
 - FCA Policy Statement PS26/6
 - PRA Policy Statement PS12/26
 - updated PRA Supervisory Statement SS35/15.

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[BoE Publication ->](#)

HM Treasury confirms shorter FCA and PRA approval timelines

12 May 2026

HM Treasury has confirmed a package of reforms intended to shorten statutory decision-making deadlines for the FCA and PRA as part of the Government’s broader competitiveness and growth agenda. The reforms were confirmed in HM Treasury’s response published on 12 May 2026 following its 2025 consultation on reforming the UK regulatory framework.

The changes will amend the Financial Services and Markets Act 2000 (FSMA) and are intended to accelerate authorisations, variations of permission (VoPs), Senior Managers & Certification Regime (SMCR) approvals and certain financial promotion approval applications.

The revised statutory deadlines include:

- new firm authorisations reduced from 6 months to 4 months for complete applications,
- VoPs reduced from 6 months to 4 months,
- SMCR approvals reduced from 3 months to 2 months,
- financial promotion approval applications reduced from 6 months to 4 months.

For incomplete applications, the FCA and PRA will generally retain a 10-month determination period. Importantly for insurance firms, HM Treasury confirmed there will be no reduction to the existing 3-month statutory deadline for complete insurance distribution authorisation applications.

However, the FCA and PRA continue to operate accelerated pathways for certain wholesale insurance firms and insurance special purpose vehicles (ISPVs).

Alongside the statutory changes, the regulators have also agreed non-statutory “stretching targets”,

Applies to: All Firms offering credit

ACTION FOR FIRMS

ASK A QUESTION ->



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