

Regulatory Update

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1. FCA UPDATES & DEVELOPMENTS

1.1 FCA updates its webpage on Cryptoasset AML/CTF regime: feedback on good and poor quality applications

On 6 October 2023, the FCA updated its [webpage](#) on Cryptoasset AML/CTF regime with feedback on good and poor quality applications made to the FCA under the Money Laundering Regulations. Firms should read this feedback to help them prepare their applications for registration.

The FCA has been the anti-money laundering and counter-terrorist financing supervisor of UK cryptoasset businesses since 10 January 2020. Since January 2020, only 14% of applications have been registered, with 10% rejected, 4% refused and 73% withdrawn. The FCA rejected submissions that didn't include key components necessary for them to carry out an assessment, or the poor quality of key components meant the submission was invalid.

1.2 ASA announces FCA rules on advertising cryptoassets

On 6 October 2023, the Advertising Standards Authority (ASA) [announced](#) that following the introduction of new rules by the FCA, the ASA will no longer regulate technical claims in ads for most cryptoassets in non-broadcast media.

On 8 October 2023 the FCA took over the regulation of ads for 'qualifying cryptoassets' – cryptoassets that are transferable and fungible, including cryptocurrencies and utility (fan) tokens – and introducing new rules. The rules apply to all firms marketing qualifying cryptoassets to UK consumers, regardless of which country they are based in, or the technology used. However, cryptoassets as a product remain unregulated. The new rules do not cover cryptoassets that are non-fungible, such as Non-Fungible Tokens (NFTs), or Limited Payment Tokens that can only be redeemed with the issuer and used for the payments of specific goods and services, such as non-monetary customer loyalty points. The ASA will therefore continue to regulate all ads for these types of cryptoassets.

Qualifying cryptoassets have been classified as 'Restricted Mass Market Investments', meaning that they may be marketed to UK consumers subject to certain restrictions, in addition to the overarching requirement that financial promotions must be fair, clear and not misleading. The restrictions include; requirements to include clear risk warnings, risk summaries and a ban on incentives to invest such as refer a friend bonuses and new joiner bonuses.

1.3 FCA updates its webpage with landing slots for funds in temporary marketing permissions regime

On 9 October 2023, the FCA updated its [webpage](#) on landing slots for funds in temporary marketing permissions regime (TMPR). The process of exiting the TMPR and the notification of landing slots is still under review.

Once the Treasury makes regulations under s271A FSMA approving certain countries or territories, the FCA expects to contact fund operators shortly afterwards with information on landing slots for exiting the TMPR. Operators of UCITS in the TMPR should ensure the FCA holds the correct contact email address (as shown on the FS Register) as this will be used to contact the firm with details of the process and landing slot. This email address should be for the operator and not an external consultancy firm or other third-party. Firms needing to update their firm or fund details should email recognisedcis@fca.org.uk.

If funds registered under TMPR are no longer marketing in the UK they should be removed via Form TMPR CH.

Further information will be published on the FCA's website in due course.

1.4 FCA speech “Updating and improving the UK regime for asset management: our priorities”

On 12 October 2023, the FCA published a [speech](#) by its Chair, Ashley Alder, at the Investment Association's Annual Dinner. The highlights were as follows:

- proportional regulation, together with ways in which regulation can drive innovation, lies behind much of the FCA's thinking about investment management
- following the asset management discussion paper, the FCA will be pursuing three main priorities for reform; making the regime for alternative fund managers more proportionate, updating the regime for retail funds, and supporting technological innovation
- the FCA recognises the role the sector has to play in mobilising domestic savings to fund productive investment in the UK - the FCA is also pursuing reforms to promote the medium to long-term growth of the UK economy.

The FCA will be consulting on amending the AIFMD regime and re-evaluating the AIFMD rules for non-UCITS retail funds next year. In 2025 it will review the regulatory reporting regime.

1.5 PRA and FCA issue joint Policy Statement on remuneration: ratio between fixed and variable components of total remuneration ('bonus cap')

On 24 October 2023, the FCA and PRA published a joint [Policy Statement](#) to remove the existing limits on the ratio between fixed and variable components of total remuneration ('the bonus cap').

The FCA and PRA want to strengthen the effectiveness of the remuneration regime by increasing the proportion of compensation that can be subject to the incentive setting tools within the remuneration framework.

These changes should also help remove unintended consequences of the bonus cap. In particular, the growth in the proportion of the fixed component of total remuneration, which reduces a firm's ability to adjust variable remuneration to absorb losses or for material poor performance or misconduct that subsequently comes to light.

The Policy Statement applies to banks, building societies and PRA-designated investment firms.

The requirements came into effect on 31 October 2023. The changes apply to current and future performance years.

1.6 FCA updates webpage on UK SFTR news

On 23 October 2023, the FCA updated its webpage on UK Securities Financing Transactions Regulation (UK SFTR) news.

Updated UK SFTR Validation Rules and XML Schemas

On 1 August 2023, the FCA published draft UK SFTR Validation Rules and XML schemas to support the ongoing reporting of securities financing transactions under UK SFTR and invited comments from stakeholders. The amendments are in response to industry feedback and to address data quality issues. The FCA has considered the feedback it received and made minor amendments to the draft versions where appropriate. A description of the amendments can be found in the 'changes' tab of the final UK SFTR Validation Rules.

The FCA has now published final versions of the UK SFTR Validation Rules and XML schemas on its UK SFTR reporting webpage.

The changes to the Validation Rules and XML schemas will be applicable from 25 November 2024.

New UK SFTR Errors and Omissions Form

On 23 October 2023, the FCA published a new UK SFTR Errors and Omissions Form. Going forward, the FCA requests that firms use the new form to notify them about any errors or omissions in their securities financing transaction reports pursuant to Article 4 of UK SFTR. The FCA expects firms to notify as soon as practicably possible following identification of any errors and/or omissions with their UK SFTR reporting.

The new form can be found on the [UK SFTR reporting webpage](#).

1.7 FCA warns about common issues with crypto marketing

On 25 October 2023, the FCA published a [warning](#) on common issues with crypto financial promotions. A change in legislation has brought cryptoasset promotions under the FCA's remit. From 8 October, the FCA has been supervising firms against the new regime that is designed to give consumers the right information and risk warnings. Since 8 October, the FCA has identified three common issues with cryptoasset financial promotions. These include:

- promotions making claims about the 'safety', 'security' or ease of using cryptoasset services without highlighting the risk involved
- risk warnings not being visible enough due to small fonts, hard-to-read colouring or non-prominent positioning
- firms are failing to provide customers with adequate information on the risks associated to specific products being promoted.

The FCA expects authorised firms approving the financial promotions of cryptoasset firms to take their regulatory obligations seriously. Where this is not happening, the FCA will take action and have already placed [restrictions on an authorised firm](#) to restrict it from approving cryptoasset financial promotions.

1.8 FCA publishes new webpage: Cryptoasset registration: information for applicants.

On 26 October 2023, the FCA published a new webpage: [Cryptoasset registration: information for applicants](#). The webpage provides information about the FCA's requirements and expectations of cryptoasset business for AML/CTF regime registration.

1.9 HMT publishes final proposals for UK cryptoasset regulation

On 30 October 2023, HM Treasury published its final proposals for UK cryptoasset regulation, through the following documents:

- [Response to the consultation and call for evidence for the future financial services regulatory regime for cryptoassets](#). This document provides the government's response to the consultation and call for evidence on the future financial services regulatory regime for cryptoassets, which was published on 1 February 2023 and closed on 30 April 2023. It summarises the feedback received by HM Treasury in response to the consultation, and details how this has influenced further development of the government's approach.
- [The Government's response to the consultation managing the failure of systemic digital settlement asset \(including stablecoin\) firms](#). In May 2022, HM Treasury published the consultation document 'Managing the failure of systemic Digital Settlement Asset (including stablecoin) firms.' The consultation ran from 31 May 2022 until 2 August 2022, and the Government received 26 responses.
- [Policy Statement: Update on plans for the regulation of fiat-backed stablecoins](#). This document provides additional detail following the UK regulatory approach to cryptoassets, stablecoins, and distributed ledger technology in financial markets [consultation response](#) published in April 2022. This update will inform development of the Financial Conduct Authority and Bank of England's approaches for regulating stablecoin issuers and custodians, and systemic digital settlement asset payments systems and service providers respectively.

1.10 FCA publishes Feedback Statement on long-term asset funds financial services compensation scheme coverage

On 30 October 2023, the FCA published [FS23/7: Long-Term Asset Funds \(LTAFs\) Financial Services Compensation Scheme Coverage Feedback Statement](#).

In Policy Statement PS23/7, the FCA set out new rules to enable a broader range of retail investors and pension schemes to appropriately access Long-Term Asset Funds (LTAFs) whilst ensuring understanding of the risks involved. It also asked for views on whether it might be appropriate to remove Financial Services Compensation Scheme (FSCS) cover for regulated activities relating to LTAFs, as a first step toward change with a broader consideration of FSCS coverage for non-standard assets to follow. The FCA stated that, following the consultation, if it decided to exclude LTAFs from FSCS coverage, it would consult on detailed rules later in 2023. The consultation closed on 10 August, and the FCA received 17 responses.

The FCA has considered the position carefully, in light of the feedback received, and has decided not to take forward the proposal to exclude FSCS cover for regulated activities relating to LTAFs at this time.

1.11 FCA Market Watch 75

On 31 October 2023, the FCA published [Market Watch 75](#), which focuses on market soundings.

The FCA provided the following recent observations.

- The FCA has observed cases where Market Sounding Recipients (MSRs) have traded the relevant financial instruments during the time period after a Disclosing Market Participant (DMP) has initially communicated with them or sought their consent to receive the sounding and inside information, but before the DMP has disclosed the inside information. The DMPs did not, during the initial communication, disclose the identities of the financial instruments or the nature of the proposed transaction and the likelihood of it taking place. However, the MSRs were still able to identify those details using other information available to them. Frequently, this has occurred where there has been a delay between DMPs requesting the MSR's consent and the MSR giving it.
- In these instances, the MSRs have provided rationales that are not easily reconcilable with the circumstances of the trading. For example, an MSR selling a financial instrument immediately after a DMP has sought its consent to receive inside information, then buying the same quantity of the financial instrument back in the subsequent placing does not reconcile with 'Rebalancing a portfolio'. Nor does this rationale reconcile easily with instructions to trade being phrased with urgency.

The FCA provides the following actions that firms can take to minimise the risks of insider dealing and market manipulation.

- DMPs should take particular care when making soundings on financial instruments that have few actors and where potential external information the MSRs hold could reasonably be used to identify the relevant financial instrument. This might include assessing the scripts they use at all stages of the sounding. When initially communicating with MSRs, and seeking their consent to receive the market sounding and inside information, DMPs should also be alert to the risk of unlawfully disclosing inside information. They should consider whether the information provided at this stage is essential for MSRs to decide if they wish to receive the information. They may want to tailor the information they plan to give, depending on the nature of the transaction, so that they do not inadvertently disclose inside information. DMPs may also want to consider specific arrangements and scripts where the MSR is a private individual whose awareness of possible breaches may be less than those of corporate clients.
- DMPs should carefully consider and assess the standardised information which they intend to provide to MSRs in their initial communications and requests for consent. DMPs should make clear at the start of any market sounding that the communication is a market sounding. This gives the MSR the opportunity to decline, and reduces the risk of disclosing any inside information arising from the market sounding.
- MSRs should consider putting in place the 'Gatekeeper' arrangements highlighted in Market Watch [51](#) and [58](#). These include appointing specific teams or staff in compliance as the first point of contact for DMPs. MSRs should also ensure that staff who receive and process market soundings are properly trained in relevant internal procedures and UK MAR prohibitions on unlawful use of inside information.
- DMPs and MSRs should consider minimising time intervals between the DMP's initial communications and requests for consent, and the MSRs consenting to such requests. Reducing this time period will

help minimise the risks of insider dealing where there are delays to MSRs responding to DMPs' requests for consent.

- Firms and their employees should be aware of the breadth of information that the FCA can request and which is available to us when reviewing trades, communications and documentation relating to soundings. The FCA will intervene when we have reason to suspect behaviour detrimental to confidence in, and the fairness of, UK markets.

1.12 FCA announces partnership with global regulators to foster digital innovation with Project Guardian

On 31 October 2023, the FCA [announced](#) it is partnering with regulators across the world as part of the Monetary Authority of Singapore's (MAS) Project Guardian, a collaborative initiative with the financial industry that explores fund and asset tokenisation use cases, and decentralised finance.

The FCA joins MAS, Singapore's central bank, the Financial Services Agency of Japan (FSA), and the Swiss Financial Market Supervisory Authority (FINMA) as part of the project.

The project aims to share knowledge and examine the benefits, regulatory challenges, and commercial use cases of asset and fund tokenisation.

1.13 FCA publishes Dear Remuneration Committee Chair letter

On 31 October 2023, the FCA published a [Dear Remuneration Committee Chair letter](#) sent to level one banks, building societies and PRA designated investment firms.

The letter covers the following topics:

- ratio between fixed and variable components of total remuneration
- putting consumers' needs first
- culture and accountability
- diversity and inclusion
- sustainability in finance.

The FCA expects addressees to take this letter into account in their role as the Remuneration Committee Chair and welcomes their response on how they will be adopting the principles outlined in the letter.

2. REGULATORY REFORM

2.1 HM Treasury publishes letter with update on Edinburgh reforms

On 25 October 2023, HM Treasury published a [letter](#) from the Chancellor, responding to a request for an update on the delivery of the Edinburgh reforms. The letter refers to the following key milestones:

- publishing near final legislation to reform the UK's prospectus regime on 11 July 2023, delivering the recommendations as made in Lord Hill's UK Listing Review

- accepting all of the recommendations made to government by the Independent Investment Research Review, chaired by Rachel Kent
- publishing a draft Statutory Instrument to deliver a regulatory framework for a UK consolidated tape by the end of 2023
- bringing forward legislation in December 2022 and March 2023 to implement reforms recommended in the Wholesale Markets Review
- on 7 February 2023, launching a consultation on a UK retail central bank digital currency alongside the Bank of England
- launching the updated Green Finance Strategy on 30 March 2023.

Further information on each of the reforms is attached to the letter.

3. PRA

3.1 PRA publishes Discussion Paper on Securitisation: Capital requirements

On 31 October 2023, the PRA published [Discussion Paper DP3/23 – Securitisation: capital requirements](#).

The Capital Requirements Regulation (CRR) sets out capital requirements for securitisation exposures. The Prudential Regulation Authority (PRA) intends to consult on draft PRA rules to replace firm-facing requirements in Part Three, Title II, Chapter 5 (the ‘Securitisation Chapter’) of the CRR in 2024 H2, subject to HM Treasury (HMT) making the necessary legislation. This discussion paper (DP) is intended to prepare for that consultation by raising certain key issues for feedback from firms and collecting data in order to inform the PRA’s approach.

The DP closes on Wednesday, 31 January 2024. The PRA may also engage with market participants to gather additional data to support policy development.

4. EU REGULATORY UPDATES

4.1 ESMA guidelines on MiFID II product governance come into force

On 3 October 2023, the ESMA [guidelines](#) on the MiFID II product governance requirements came into force. These guidelines apply in relation to the manufacturing or distribution of financial instruments and structured deposits. In particular, these guidelines apply in relation to the following requirements:

- Article 9(3) of Directive 2014/65/EU1 (MiFID II)
- Article 16(3) and 16(6) of MiFID II
- Article 24(1) and 24(2) of MiFID II
- Articles 9 and 10 of the Commission Delegated Directive (EU) 2017/5932 (MiFID II Delegated Directive).

4.2 ESMA guidelines on certain aspects of the MiFID II suitability requirements come into force

On 3 October 2023, the ESMA [guidelines](#) on certain aspects of the MiFID II suitability requirements came into force.

ESMA expects these guidelines to promote greater convergence in the interpretation of, and supervisory approaches to, the MiFID II suitability requirements, by emphasising a number of important issues, and thereby enhancing the value of existing standards. By helping to ensure that firms comply with regulatory standards, ESMA anticipates a corresponding strengthening of investor protection.

4.3 ESMA to launch Common Supervisory Action on MiFID II sustainability requirements

On 3 October 2023, ESMA [announced](#) it is to launch a Common Supervisory Action with National Competent Authorities (NCAs) on the integration of sustainability in firms' suitability assessment and product governance processes and procedures in 2024.

The goal of the CSA will be to assess the progress made by intermediaries in the application of the key sustainability requirements, which entered into application in 2022 following the amendments to the MiFID II Delegated Acts.

The CSA will cover the following aspects:

- how firms collect information on their clients' 'sustainability preferences'
- which arrangements firms have put in place to understand and correctly categorise investment products with sustainability factors for the purpose of the suitability assessment
- how firms ensure the suitability of an investment with respect to sustainability (including the use of a 'portfolio approach')
- how firms specify any sustainability-related objectives a product is compatible with as part of the target market assessment of the investment product.

ESMA believes this initiative, and the related sharing of practices across NCAs, will help ensure consistent application of EU rules and enhance the protection of investors in line with ESMA's objectives.

4.4 European Parliament Committee on Economic and Monetary Affairs publishes reports on proposed omnibus directive and proposed regulation amending the Regulation on PRIIPs.

On 5 October 2023, the European Parliament Committee on Economic and Monetary Affairs published a [draft report](#) on the proposed omnibus directive and a [draft report](#) on the proposed regulation amending the Regulation on PRIIPs.

The reports consider the following matters in the Explanatory Statements:

- inducements
- best interest test

- value for money benchmarks
- supervision and cross-border practices
- influencers
- financial literacy
- data providers
- PRIIPS.

4.5 EMSA publishes updated Q&As on MiFID II and MIFIR

On 13 October 2023, ESMA updated its Q&As on [MiFID II and MIFIR market structure topics](#) to include the following questions under the topic Access to CCPs and trading venues.

- To what extent can a trading venue apply different fee schedules to CCPs under Article 36 of MiFIR? Is it possible for a trading venue to apply different fee schedules depending on whether a CCP has close links to the trading venue?
- Can a trading venue that has already granted access to a CCP charge new fees, whether one off or ongoing, that were not agreed in the access arrangement, and if so, under which circumstances?

On 27 October 2023, ESMA updated its Q&As on [MIFID II and MIFIR transparency topics](#) to delete section 5, topic 12 covering the minimum size of orders held in an order management facility for non-equity financial instruments.

5. FINANCIAL CRIME

5.1 A legal precedent for sanctioned controllers?

On 6 October 2023, the English Court of Appeal (Court of Appeal) handed down its judgment in [Mints v PJSC National Bank Trust \[2023\] EWCA Civ 1132.](#)

Since the Russian invasion of Ukraine, the global sanctions regime has been through significant change, with sanctions packages issued in bulk and proscribed lists amended frequently. Financial institutions, law firms, accountancies and many other firms have all worked hard to ensure that they maintain a firm understanding of the complex and ever-changing sanctions requirements.

The Court of Appeal (England and Wales) made a judgement on the case between Boris Mints, Dmitry Mints, Alexander Mints, and Igor Mints (the “Appellants/Defendants”) and PJSC National Bank Trust and PJSC Bank Okritie Financial Corporation (the “Respondents/Claimants”). The appeal raised three issues in relation to sanctions:

Can a judgment be lawfully entered for a designated person by the English court?

Can the Office of Financial Sanctions Implementation (“OFSI”) licence settlement or fee payments to or from designated persons following a judgement?

Does a designated person 'control' an entity within the meaning of Regulation 7 of the Russia (Sanctions) (EU Exit) Regulations 2019 ("the Regulations") where the entity is not a personal asset of the designated person, but the designated person is able to exert influence over it by virtue of the political office that he or she holds at the relevant time?

The Court determined "Yes" to the first two points, which essentially settled the case before the third issue was ruled upon. Yet, the most interesting and impactful, albeit brief, point made by the Court, particularly in relation to the interpretation of the Regulations, is in relation to issue three. The Court concluded that the first Claimant, PJSC National Bank Trust, is effectively controlled by Vladimir Putin and Elvira Nabiullina, the Governor of the Central Bank of Russia, by virtue of their political offices, and as such is also a designated person. The Judge made it clear that, based on the language of Regulation 7(4), as Vladimir Putin is at the apex of a command economy, he controls everything. The same can be said of Aleksander Lukashenko of Belarus.

Whilst the Court did not make a judgment on issue three, the judge certainly shared his view of the application of the regulation, obiter dictum. This is usually not binding in terms of precedent. However, the rationale of the Court is likely to be considered in future cases, which leaves the Foreign, Commonwealth & Development Office ("FCDO") and OFSI in a difficult position, as they do not agree with the Court's view.

It will be interesting to see whether and how the Regulation may be amended, or indeed what the FCDO and OFSI will do next. Given the potential importance of this ruling, we recommend careful observation of any further communications in relation to this matter.

5.2 FCA publishes key findings on proceeds of fraud – detecting and preventing money mules

On 19 October 2023, the FCA published its [key findings](#) from its review of payment account providers' systems and controls against money mule activity. The FCA made the following observations.

- Some firms have been working to tackle the issue of money mules, implementing various measures and advanced technologies to detect and prevent their services from being exploited by criminal groups.
- Some firms are also taking proactive steps to pilot innovative solutions, products and systems aimed at bolstering their detection and monitoring capabilities when it comes to identifying money mules. These include using stronger risk assessment tools, monitoring and transaction analysis to identify and stop money mule activity. Many have also strengthened customer checks during onboarding to minimise the chances of mule accounts being established.
- Despite these significant measures, firms must continue to play their part in line with the national Economic Crime Plan and Fraud Strategy. The FCA expects firms to remain vigilant by updating their controls as threat changes, working in partnership with others through industry and law enforcement data sharing initiatives, so that their controls remain proportionate, and risk based.

The FCA provided examples of good practices and areas that need improvement in the following areas:

- governance, management information and risk assessment
- systems and controls

- use of intelligence, industry engagement and data sharing
- communication and awareness
- training.

The FCA expects payment account providers to consider their own organisation's arrangements, systems and controls against the findings. It is vital that firms have a proactive approach to identifying and swiftly remedying any weaknesses identified in their anti-fraud systems and controls. Firms should have proportionate and adequate systems and controls to mitigate the risk of money mules.

Firms must consistently adapt their detection and monitoring methodologies, prioritising the identification of money mule activities alongside educating consumers about the inherent risks involved.

5.3 Economic Crime and Corporate Transparency Act

On 26 October 2023, the [Economic Crime and Corporate Transparency Act 2023](#) received Royal Assent.

The Act seeks to:

- prevent organised criminals, fraudsters, kleptocrats and terrorists from using companies to abuse the UK's open economy
- strengthen the UK's broader response to economic crime
- support enterprise by enabling Companies House to deliver a better service.

Section 198 of the Act creates a new offence of "failure to prevent fraud". This offence only relates to "outward fraud"; that is fraud committed by a "person associated with the entity" with the intention to benefit the entity. It is a defence for the relevant body to prove that, at the time the fraud offence was committed - the body had in place such prevention procedures as it was reasonable in all the circumstances to expect the body to have in place. The offence only applies to Large Companies", which is defined as meeting two of the three following tests:

- 1. Turnover in the preceding financial year exceeds £36m
- 2. Balance sheet total in the preceding financial year exceeds £18m
- 3. Number of employees exceeds 250 in the preceding financial year
- It also applies to whose Parent Undertaking meets these tests on aggregate basis.

The Home Office must issue guidance about the procedures that entities can put in place to prevent persons associated with them from committing fraud. The failure to prevent fraud offence will only come into force once this guidance is published.

6. ESG

6.1 GTAG publishes final advice paper on creating an institutional home for the UK Green Taxonomy

On 5 October 2023, the Green Technical Advisory Group (GTAG) published a final advice paper on [Creating an institutional home for the UK Green Taxonomy: exploring options.](#)

- The UK Government (HMG) reaffirmed its commitment to implement a UK Green Taxonomy in 2023. This is positive. It also raises questions about the long-term governance arrangements for the UK Green Taxonomy, including how and by whom it will be updated and how the question of whether it is appropriate to develop a 'Transition Taxonomy' will be answered.
- The Green Technical Advisory Group (GTAG) has assessed the options for creating an 'institutional home' for the taxonomy. These are informed by HMG's stated preference for bringing forward taxonomy-related disclosures.
- As a least regrets options, GTAG recommends that in the short term (next 3-6 months) HMG establish an Advisory Body to support implementation/development of the taxonomy through executive action. This could be achieved either by providing additional funding and responsibilities to an existing body (e.g., the Financial Reporting Council/Audit, Reporting and Governance Authority (FRC/ARGA)¹ or creating a new entity (e.g., "GTAG 2.0").
- An Advisory Body in the short-term was decided to be the best option, as it can support both voluntary and mandatory approaches to disclosure and also advance final implementation of mandatory disclosures via either of the main routes set out in this paper.
- GTAG further recommends that in parallel, preparing for the medium-term (post end-2024), HMG should initiate the process of legislating for long-term statutory decision-making powers. Again, this could be through granting powers/responsibilities and financial support to an existing body or to create a new organisation. The statutory footing would strengthen investor confidence in the Government's commitment to a robust and science-based taxonomy and also strengthen the UK's institutional green finance capability and thus governance credentials, which will strengthen the UK's leadership on this agenda internationally.
- GTAG assessed options for giving powers to an existing Advisory Body. The FRC/ARGA appears to be a good fit. Its focus is on promoting transparency and integrity in business. The FRC has a lab function that is considering a number of sustainable finance-related issues, including leading the UK's cross-regulator project to digitise corporate reporting standards using eXtensible Business Reporting Language (XBRL)-based taxonomies and wider environmental, social, and governance (ESG) data issues. It is also supporting the Department for Business and Trade (DBT) on International Sustainability Standards Board (ISSB) implementation in the UK. It has experience of bringing in technical experts to develop new policy areas and seems to be a strong option to further explore as the taxonomy's institutional home – subject to sufficient funding and resources being made available.

Waystone Compliance Solutions

Waystone Compliance Solutions offers a new and unique approach to compliance services at a corporate level.

Formed by merging four specialist compliance companies – we have the capabilities to help you manage regulatory risk right across your organisation and covering the UK, Middle East, United States and Asia.

We can provide key services from initial registration and licensing to compliance programme integration. Our compliance solutions span business strategies, market activities, operational and technology infrastructure not to mention sales and marketing procedures.

Our aim at Waystone is simple: to enable our clients to navigate the complex regulatory environment with confidence.

At Waystone, we have brought together the experience, the expertise, and the global reach to give you the certainty you need to address the ever-changing regulatory world. And by doing so, provide you with a secure route on the road to success.

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If you wish to discuss how Waystone can assist you with any of the issues raised in this regulatory update, please contact us the details below:

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This Regulatory Update provides information about the consultative documents and publications issued by various regulators which are still current, proposed changes to the Rules and Guidance set out in Handbooks, actual changes to Rules and Guidance that have occurred in the months leading up to the update and other matters of relevance to regulated firms. This Regulatory Update is intended to provide general summarised guidance only, and no action should be taken in reliance on it without specific reference to the regulators' document referred to therein.