

Regulatory Update

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1. FCA UPDATES & DEVELOPMENTS

1.1 FCA releases document on how it analyses the costs and benefits of its policies.

On 6 February 2024, the FCA released a [document](#) on how it analyses the costs and benefits of its policies.

The FCA last published its approach to Cost Benefit Analysis (CBA) in 2018. This new publication gives an update, explains the core principles of the FCA's methodology, expands on how the FCA estimates benefits and updates its Standardised Cost Model.

The Financial Services and Markets Act 2023 requires the FCA to establish an independent CBA Panel and prepare and publish a Statement of Policy in relation to CBA after consultation with the Panel. Later in 2024 the FCA will establish the CBA Panel and consult then on the approach to CBA set out in this document, along with the other elements that will eventually form its published Statement of Policy.

The FCA undertakes and commissions research externally to continuously improve its CBA practices and methods. Alongside this update of how it does CBA, it is also publishing external research, including on valuing consumers' time and will continue to do this especially in areas where estimation methods and evidence of impacts are developing. This ensures its CBA practitioners can draw on the latest and most relevant evidence and best practice methodologies when assessing the impact of its policies.

The FCA intends to keep its approach to measuring impact up to date and evolving over time and welcome views from stakeholders at any point about the approach and techniques it uses.

1.2 FCA sends notice to provide information related to incidents of non-financial misconduct.

On 6 February 2024, the FCA sent a [notice](#) requiring firms to provide information related to incidents of non-financial misconduct. The FCA is doing this as part of a sector-wide information gathering exercise and is requiring all regulated Lloyd's Managing Agents & London Market Insurers (including P&I Clubs) and Lloyd's and London Market Insurance Intermediaries (and Managing General Agents) to complete the survey attached to the notice.

The FCA's view sets out that non-financial misconduct is misconduct and not an additional principle. Non-financial misconduct includes individuals' conduct for issues such as (but not limited to) bullying, sexual harassment, and discrimination whether in or outside the workplace. The FCA is requesting data that includes incidents that took place at the office, working from home, working offsite, and social situations related to work. This can include incidents that happened in any work-related capacity or event and may include events that have been organised through work, including staff social events, off-site training and conferences, client entertainment or sponsored events. It would not include private events organised by members of staff among themselves with no other connection to work.

The FCA expects firms to have effective systems in place to identify and mitigate risks relating to non-financial misconduct. Should allegations or evidence of non-financial misconduct become known, it expects a regulated firm to take them seriously, have the internal procedures to investigate them promptly and fairly, and to take appropriate action when allegations are upheld.

1.3 Financial watchdog stops thousands of misleading ads and promotions.

On 14 February 2024, the FCA published a [press release](#) announcing that over 10,000 financial adverts and other promotions were withdrawn or changed in 2023 following intervention from the FCA, an increase of 17% year-on-year.

The FCA also published 2,285 alerts to help prevent consumers from losing their money to scams, up from 1,800 in 2022.

After being given new powers by the Government, the regulator has focused on illegal cryptoasset promotions to UK consumers, issuing 450 consumer alerts between 8 October 2023 and 31 December 2023.

The regulator has highlighted its concern at the rise of influencers promoting financial products, including credit and investments on social media which often targets younger age groups.

Lucy Castledine, Director of Consumer Investments at the FCA, said:

'People need clear, fair and accurate information to base their financial decisions on. We will continue to intervene and take action when we identify firms not meeting our minimum standards.'

As of 7 February 2024, authorised firms need permission from the FCA if they want to approve promotions for unregulated persons. This makes sure firms approving financial promotions have the required competence and expertise for the promotions being offered.

This is underpinned by the Consumer Duty which came into force in July 2023. The Consumer Duty requires firms to demonstrate that they are providing consumers with information that helps them to make effective and informed decisions about financial products and services.

1.4 FCA Market Watch 77 – Trading by Organised Crime Groups

On 14 February 2024, the FCA published [Market Watch 77](#), which focuses on trade by organised crime groups (OCGs) and how firms can mitigate the risks of being used to facilitate their trade.

Suspicious trading by members of OCGs in products whose underlying securities are UK and internationally listed equities, forms a significant component of the overall volume of suspicious trading the FCA observes in equity markets.

Section 45 (6) of the Serious Crime Act 2015 defines an OCG as a group that:

- has as its purpose, or as one of its purposes, the carrying on of criminal activities, and
- consists of 3 or more persons who act, or agree to act, together to further that purpose.

Under Part V Section 52 of the Criminal Justice Act 1993, insider dealing is a criminal offence.

The FCA views the following to be characteristic of the activity of OCGs in equity spread bets and CFDs:

- a pattern of trading before merger and acquisition (M&A) announcements, and before press speculation about M&A

- pro-active recruitment of sources of inside information
- the use of intermediaries who broker inside information
- using umbrella accounts at overseas broking firms, which do not display equivalent standards of safeguards to UK firms, and through which the identities of the account holders may be masked
- the use of facilitators, including employees of authorised firms, to open accounts with such overseas firms
- feeding stories about mergers and acquisitions, both true and false, to major financial media outlets, to benefit from the ensuing price movements
- links with other types of serious crime.

What firms should look out for:

Executing firms should be alert to the possibility of being used to facilitate insider dealing by members of OCGs. They should also be familiar with their obligations to counter the risk of being used to further financial crime under SYSC 6.1.1R.

Suspicious that a firm might be executing trades on behalf of OCGs could be triggered by:

- clients regularly generating Suspicious Transaction and Order Reports (STORs)
- clients frequently trading before announcements of M&A activity
- clients opening positions shortly before, and closing those positions immediately after, publication of speculation about M&A in the media, without waiting until any relevant issuer has commented on the speculation
- several clients trading in the same security for the first time
- clients with any connection to other current or former clients about whom the firm has concerns, or whose trade has resulted in STORs. This might include trading in similar ways.

Advisory firms should be alert to members of their staff who have access to inside information being approached by members of OCGs with a view to disclosing inside information.

What firms can do to guard against OCGs.

Some measures executing firms may want to consider in order to guard against being used to facilitate insider dealing by OCGs include:

- communicating to all clients, both existing and prospective, that the firm has a zero-tolerance approach to market abuse, has an open relationship with its regulator, submits STORs to the FCA, terminates accounts based on very low thresholds of suspicion, and liaises with other law enforcement agencies as appropriate
- requesting all overseas broking firms that are clients to submit documentary evidence of adequate surveillance arrangements and a zero-tolerance approach to market abuse
- regarding trades placed before media reports of M&A as potentially suspicious, and submitting STORs where appropriate, even if no public confirmation of the matter described in the media reports is made.

Measures that advisory firms may want to consider to guard against staff being recruited by OCGs as sources of inside information include:

- advising staff who work in M&A advisory, whose names don't regularly appear in regulatory announcements, of the risks of including references to having access to inside information in their social media profiles. It's likely that OCGs' recruitment of information sources is targeted at junior members of staff
- considering whether it's appropriate to reference the names of staff engaged in M&A advisory in the firm's own social media profiles, beyond its principal senior contacts

The FCA's enforcement powers

As well as considering taking these steps, firms should be aware that in addition to enforcement investigations, the FCA has a range of tools at its disposal to enforce compliance of firms' obligations under its Handbook. This includes FSMA s.166 reports, voluntary requirements, and own-initiative variation of permissions.

1.5 FCA requests information from firms about delivery of their ongoing advice services and the Consumer Duty

On 15 February 2024, the FCA wrote to a number of financial adviser firms [requesting information](#) about their delivery of ongoing services, for which their clients continue to be charged after advice has been given.

In its survey, the FCA asks if firms have assessed their ongoing services in response to the introduction of the Consumer Duty, and whether they have made any changes as a result.

It also asks for data on the number of clients due a review of the ongoing suitability of the advice as part of the service, how many received that review, and how many paid for ongoing advice but whose fee was refunded as the suitability review did not happen.

The FCA is collecting this information to assess what, if any, further regulatory work it may undertake in this area. The FCA anticipates providing a further update having considered firms' responses.

Around 20 of the largest advice firms are receiving the survey so that the widest possible understanding of market practice is achieved. Their selection is not based on any particular concerns with those firms.

The regulator had indicated it would undertake some cross-firm work in this area in a [letter sent in December 2022](#). In this letter, the FCA set out its concerns that advice firms were not adequately considering the relevance, nature and costs of these ongoing services for all their clients.

A further [letter sent in January 2023](#) explained how advice firms should approach the incoming [Consumer Duty](#), reminding firms that it requires firms to act in good faith towards customers, avoid causing them foreseeable harm, and enable and support them to pursue their financial objectives.

In a [Consumer Duty webinar](#) with firms in December 2023, the FCA raised concerns that it appeared some consumers may be paying for a service, such as an annual review, but were not receiving it.

In 2021, the FCA [published a strategy](#) to support a thriving consumer investment market. The data gathering announced today on ongoing services forms part of that work to raise standards so people can invest with confidence. Central to that strategy is ensuring people can access advice if they want it and have trust in the services on offer.

1.6 FCA publishes guidance on good practice and areas for improvement in Consumer Duty implementation.

On 20 February 2024, the FCA published [good practice and areas for improvement in the Consumer Duty implementation](#).

The Consumer Duty came into force for open products and services on 31 July 2023. The FCA welcomes the improvements made by many firms to deliver better outcomes for their customers. However, some firms are falling behind.

Under the Duty, firms must act to deliver good outcomes for retail customers. Firms should aim to continuously address issues that risk causing consumer harm.

The FCA has committed to highlight good practice and areas for improvement.

This publication builds on its review of firms' [implementation plans](#) and their [fair value frameworks](#) and previous communications. It:

- reminds firms of the consumer outcomes required by the Duty
- sets out recent good practice, including in response to the FCA's early supervisory work, to deliver these outcomes
- highlights areas for improvement where firms have more to do.

Firms should consider these findings and continue to make improvements in line with good practice. Firms that identify gaps should address these.

The findings may be useful for firms when considering what changes they need to make to meet the 31 July 2024 implementation deadline for closed products and services.

The FCA will act where it identifies firms that are delivering poor customer outcomes.

1.7 FCA publishes speech by Sheldon Mills on the Consumer Duty – the art of the possible in a year.

On 20 February 2024, the FCA published a [speech](#) delivered by Sheldon Mills, FCA Executive Director of Consumers & Competition at a KPMG event. Highlights include:

- Firms have made solid progress in many areas of the Consumer Duty and the clock is now ticking for closed products and services to comply.
- The FCA is ready to work with industry on meeting the closed product deadline and urge firms to prioritise areas where there is the greatest risk of consumer harm.

- The FCA is also publishing its small firms survey and its good and bad practice guide to help firms on their Consumer Duty journey. (see above article)

1.8 FCA publishes Dear CEO Letter to the Asset Management Sector

On the 1 March 2024, the FCA published its interim update to its asset management and alternatives supervision strategy. This interim update is in the form of a 'Dear CEO Letter' and is ostensibly to bring together progress on (1) the August 2022 'Dear CEO Letter' that focussed on the FCA's supervision strategy and (2) the February 2023 'Dear CEO Letter' that focussed on firms that directly manage or advise mainstream investment vehicles. The FCA stated that there is a significant volume of business and regulatory change to be delivered in 2024 and that engagement with firms and industry bodies is important to inform any future regulatory changes so that the FCA may assess the outcomes that will be delivered.

Setting and testing higher standards.

The FCA said that, during 2024, it will continue to work to make sure governance bodies of buy side firms are looking after investors' interests, particularly in cases of market disruption, stressed market conditions and the consolidation that it sees in the buy side market. The FCA reminded firms of the findings, published on 10 August 2023, of its [multi firm review of authorised fund managers' assessments of value](#) carried out during the first half of 2023. Any authorised fund managers who have not yet reviewed their assessment of value process and benchmarked it against the FCA's expectations would be well advised to do so. The FCA's focus on the assessment of value is to be expected, and so it is interesting that the FCA has said nothing about how either the COLL AOV rules, or the consumer duty price and value assessment outcome, will be applied to funds seeking to be distributed through the forthcoming Overseas Funds Regime. This omission is surprising given it may be expected to be of considerable interest to the audience of this 'Dear CEO Letter'.

The FCA also announced that during this year it will assess, looking through its consumer duty lens, how asset managers have considered price and value of products and services provided to unit linked funds. The FCA also reminds firms of the approaching 31 July 2024 deadline by which time the consumer duty will apply to closed products and that firms should be well along their road map for complying with the consumer duty in respect of closed products. The FCA informs firms that it will issue a separate communication on consumer duty in due course.

Operational resilience

The FCA addressed the harms to consumers and market integrity that can be caused by operational disruptions at firms. The FCA explained that it has been working with several firms to assess preparedness for complying with the rules on operational resilience and reminded firms that will fall within the scope of the forthcoming regime of the importance the regulator placed on such firms being where they should be on mapping out impact tolerances, risk identification and testing so that they are able to meet the implementation deadline of 31 March 2025.

SDR and investment labels.

The FCA warned firms that promote their ESG credentials of the need to ensure that their governing bodies are appropriately structured to oversee and review management information around those activities, third-party ESG information providers used and the claims made by firms. Not unsurprisingly, the FCA warned that it would be concerned if firms made exaggerated or misleading sustainability related claims.

Resourcing for change management

The FCA acknowledges the considerable amount of current and planned regulatory change impacting the asset management sector. It also referenced the cost cutting programmes employed by some firms that are struggling to attract or maintain AuM and warned that it will examine such firms' governance and resourcing of programmes to implement both SDR and operational resilience to ensure potential harms to investors and markets are being addressed.

Valuation practices for private assets

The FCA is keen to ensure that investors in private markets are able to trust that valuations of private assets are robust and reliable in all market conditions. It is currently conducting a multi firm review examining valuation practices for private assets that will look at (inter alia):

- the personal accountability for valuation practices in firms
- the governance of valuation committees
- the information reported to boards about valuations and the oversight by boards of the valuation practices.

The results of this multi firm review will be communicated by the FCA.

Prevention of financial crime and sanctions

The FCA reminds firms of the importance it places on firms having controls in place to counter the risk that they may be used to further financial crime, and that this includes ensuring compliance with the UK sanctions regime; warning that a failure to comply with the regime could be a breach of the threshold conditions.

Risks in the funds market

The FCA reminded firms of its concerns regarding the resilience of money market funds and funds with significant liquidity mismatches. The FCA also reminded firms of its concerns regarding the transmission of risk from the non-bank financial sector to the wider market, particularly where there are large, concentrated positions in markets and highly-leveraged positions. The FCA warned that firms with exposure to these assets must have robust risk management practices that address these issues. The FCA also referenced the work it continues to do with the Bank of England as part of the "System-Wide Exploratory Scenario" (SWES) aimed at improving the Bank of England's understanding of the behaviours of banks and non-bank financial institutions during stressed financial market conditions and how these behaviours may interact to amplify shocks to the UK financial markets that are core to UK financial stability.

Fund tokenisation.

The FCA provided a few words on the work it is doing with the Technology Working Group on fund tokenization as well as the work it is doing on this the Monetary Authority of Singapore's Project Guardian alongside the Financial Services Agency of Japan and the Swiss FINMA.

Regulatory changes.

The FCA finished with a summary of its policy priorities for the UK asset management sector during 2024. It provided some insight to its status regarding migration of the inherited rules under MiFID, AIFMD and UCITS into its Handbook. No doubt aware of the House of Commons Treasury Committee's criticism for the lack of identifiable progress in making any new rules, [Edinburgh Reforms One Year On: Has Anything Changed?](#), the FCA, while acknowledging that the time frame for migration of these regulations into the FCA handbook is yet to be determined, the regulator expects to make significant progress this year. The FCA says that it will adopt a "lift and drop" approach under which significant parts of the regulations will be transferred into the FCA Handbook, while taking the opportunity to make changes to progress the three main priorities for reform identified through feedback:

- making the regime for alternative fund managers more proportionate
- updating the regime for retail funds
- supporting technical innovation.

The FCA also takes the opportunity to remind its audience that it is consulting on the disclosure regime for retail distribution and the replacement regime to PRIIPs and its advice guidance boundary review.

Overseas funds regime

The FCA makes brief reference to the fact that the offshore funds regime gateway for recognitions of overseas funds from equivalent jurisdictions to be marketed into the UK will begin this year which will be of considerable interest to EEA UCITS wishing to transition from the Temporary Marketing Permissions Regime and into the Overseas Funds Regime.

From this summary, it may be seen that, while there are some clear steps for firms to take to address the key themes identified, these could have been much more clearly communicated in a much shorter document. A significant amount of the document seems to be a defence to the House of Commons Treasury Committee's criticism "only when the policy conclusions from these consultations have been implemented in regulatory rule changes can these be deemed to be financial services reforms that have been delivered."

2. REGULATORY REFORM

2.1 Labour's plan for financial services

At the end of January 2024, the Labour party published its [Financing Growth: Labour's Plan for Financial Services](#) based on six policy priorities:

1. Deliver inclusive growth of the UK's financial services sector by scaling regional financial centres alongside established hubs in London and Edinburgh and unlocking the full potential of the mutuals sector.
2. Enhance the international competitiveness of the UK's financial services sector by pursuing a more joined up and innovation-centred approach to regulation and supervision, streamlining the regulatory rulebook in line with the Consumer Duty, strengthening its international engagement in financial services, and building a more collaborative relationship with the EU.

3. Reinforce consumer protection and financial inclusion by exploring alternative models for increasing financial resilience including longer-term fixed rate mortgages, adopting a coordinated cross-sectoral approach to fraud prevention, creating a national financial inclusion strategy, and regulating the Buy Now Pay Later sector.
4. Lead the world in sustainable finance by making the UK a global hub for green finance activity, delivering a world-leading green finance regulatory framework, and partnering with the financial services sector to support the decarbonisation of UK homes.
5. Embrace innovation and fintech as the future of financial services by becoming a global standard-setter for the use of AI in financial services, delivering the next phase of Open Banking, defining a roadmap for Open Finance, embracing securities tokenisation and a central bank digital currency, and establishing a regulatory sandbox for financial products to reach underserved communities.
6. Reinvigorate the UK's capital markets by reviewing the pensions and retirement savings landscape, enabling greater consolidation of all types of schemes, empowering the British Business Bank to invest more in growth capital, establishing a British 'Tibi' scheme to increase institutional investment in venture capital and small cap growth equity, and increasing investment in infrastructure and green industries through Solvency UK reforms.

This is Labour's first statement of intent for financial services.

3. FINANCIAL CRIME

3.1 FCA update on reducing and preventing financial crime

On 8 February 2024, the FCA published an [update](#) on its progress on reducing and preventing financial crime, and four areas of focus in the coming year.

Fraud:

- One of the biggest levers available in the fight against fraud, and wider financial crime, is prevention. Prevention is reinforced through working with industry and partners to strengthen the wider system to reduce and 'design out' the risk of harm where possible, and through initiatives to inform and educate the public. The FCA has continued to invest in fraud prevention initiatives, often working alongside public and private sector partners.
- Alongside prevention, the FCA recognises the need for a strong enforcement response to maximise the deterrence impact of its fraud work. It has taken robust action with firms and individuals who dishonestly abuse their regulated status. At the same time, it has invested more in its capacity to deal with the harm caused by those who operate outside its regulatory perimeter. Since April 2023, it has charged 15 individuals with fraud offences, with more to be charged imminently. The FCA is committed to taking enforcement action within its remit and will continue to work with partner agencies to strengthen its collective enforcement response under the national Fraud Strategy.

- The FCA has worked to improve its own capability to tackle fraud, investing in its systems together with developing the strength and capacity of its people, with over 70 new people joining the FCA to work on fraud-related initiatives since April 2022.

Money laundering and sanctions progress includes:

- Developing and rolling out a synthetic data sanctions testing tool that allowed the FCA to test over 90 firms and [publish the results in September 2023](#).
- Maintaining a robust and proportionate approach to authorisation. By the financial year to 31 December 2023, 40% of Annex I applications (firms offering certain services that are registered with the FCA for anti-money laundering purposes only) were rejected, withdrawn or refused, along with over 88% of Crypto registrations under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs). Those firms who have the right standards, following the [guidance](#) and expectations that the FCA has clearly set out, are achieving registration with 43 now registered. But those that do not have sufficient AML controls, designed to ensure confidence in the financial system and prevent money laundering, can expect to be refused.
- The FCA has conducted and published multi-firm reviews, including on money laundering controls related to cash through the post office, to share its expectations of how firms should ensure their controls are proportionate to the risk.

The FCA has been working with firms in the following ways:

- publishing the FCA's findings from reviews to give the industry feedback to help firms improve their controls
- a TechSprint focused on tackling APP Fraud held in September 2022, and a follow up event in September 2023, together with City of London Corporation and Smart Data Foundry, to launch the APP fraud synthetic dataset, to better understand how data can be shared to tackle fraud
- targeted engagement with payments firms through a [Dear CEO letter](#) in March 2023 and a webinar with 1,200 attendees in July 2023
- co-leading the work on establishing an approach to public and private prioritisation, and strengthening the role of the NCA's National Economic Crime Centre (NECC) as the system leader ([Economic Crime Plan 2, Action 33](#)).

The FCA outlines four areas to focus on and questions for firms' boards to ask:

1) Data and technology

- Does my firm know how criminals are likely to be using new technology to target our customers and business? Does my firm have a way of keeping updated on new techniques or typologies?
- How is my firm keeping updated with good practice? Is my firm targeting investment in technology and data to address our firm's and customers' key financial crime risks?
- How is my firm measuring the outcomes we are achieving here?
- If my firm is using third party technology to detect, is the technology calibrated to the risks my firm faces and its customer base?

2) Collaboration:

The FCA strongly encourages firms and cross-sector partners to participate in data sharing initiatives and explore the latest advances in data sharing technology to improve collaboration. This will result in a more informed view of economic crime threats.

3) Consumer awareness:

- Is my firm raising awareness among our customers of the fraud risks relevant to the business we do with them?
- Are we using/being consistent with the language/approaches proposed by public bodies or our association?
- Are we getting feedback? How do we know if it is working?

4) Metrics – measuring effectiveness:

Firms should be able to measure their own effectiveness at preventing financial crime through using outcomes and metrics. The FCA encourages firms to consider how their interventions could contribute towards a reduction in overall rates of financial crime.

- What metrics is the board getting on the firm's outcomes on tackling financial crime?
- How are these metrics tied to activities or work programme metrics, and budgets?
- How does the firm compare with its peers?

Next steps

While recent progress has been made in addressing the rise in financial crime, bolder and more innovative solutions need to continue to make a bigger dent.

The FCA's recent multi-firm work highlighted that firms could do more to prevent fraud.

A key focus for the FCA in 2024 will be its work to support Government proposals to reform the AML supervisory regime.

3.2 OFSI publishes guidance on ransomware and financial sanctions

On 15 February 2024, the Office of Financial Sanctions Implementation (OFSI) published [guidance](#) on ransomware and financial sanctions which alerted people and businesses that:

- Ransomware is a significant threat to the UK. Ransomware payments to the criminal groups behind these attacks perpetuates the threat and does not guarantee victims will regain access to their data.
- His Majesty's Government (HMG) does not condone the making of ransomware payments.
- The National Cyber Security Centre (NCSC) provide guidance on cyber resilience measures that significantly reduce the risk and impact of a successful ransomware attack.
- If they have been subject to a ransomware attack, they should use HMG's Where to Report a Cyber Incident portal as soon as possible for direction on how to report their incident. Engaging with HMG will enable access to support for managing a cyber incident.

- HMG has and will take strong action against ransomware threat actors, including the use of financial sanctions. Financial sanctions prohibit making funds or economic resources available to an individual or entity subject to an asset freeze, including through a ransomware payment.
- Breaches of financial sanctions are a serious criminal offence and can carry a custodial sentence and/or the imposition of a monetary penalty.
- The Office of Financial Sanctions Implementation (OFSI) assesses all breaches of financial sanctions on a case-by-case basis. OFSI will take several factors into account that will aggravate or mitigate when determining the facts and how seriously OFSI views a case.
- If the mitigating steps outlined in its guidance are taken, OFSI and the National Crime Agency (NCA) would be more likely to resolve a breach case involving a ransomware payment through means other than a monetary penalty or a criminal investigation.

4. ESG

4.1 FCA releases new webpage on sustainability disclosure and labelling regime

On 2 February 2024, the FCA released a new webpage: [Sustainability disclosure and labelling regime](#).

The FCA introduced rules and guidance to help consumers navigate the market for sustainable investment products. The rules are:

- an anti-greenwashing rule that applies to all FCA-authorized firms who make sustainability-related claims about products and services
- investment labels, disclosure and naming and marketing rules that apply to UK asset managers
- targeted rules that apply to distributors of investment products to retail investors in the UK.

See [Policy Statement Sustainability Disclosure Requirements \(SDR\) and investment labels policy statement \(PS23/16\)](#) for more information, including Annex 2, which sets out an overview.

The FCA set out on its webpage how firms should consider the regime and, where relevant, take steps ahead of the rules coming into effect. This is not an exhaustive list.

All authorized firms should:

- prepare for the new anti-greenwashing rule if they make claims about the sustainability of their products or services, to ensure claims are fair, clear and not misleading
- read the FCA's accompanying consultation [\(GC23/3\)](#) on further guidance to the anti-greenwashing rule. The consultation has now closed.

UK asset managers should:

- familiarise themselves with the regime, summarised in Annex 2 and set out in full in Appendix 1 of [PS23/16](#).
- prepare to meet the relevant requirements in the implementation timeframes.

This includes:

- considering if they wish to label products that aim to achieve positive sustainability outcomes and, if so, assessing whether the relevant products meet the qualifying criteria
- assessing their products against the naming and marketing requirements and preparing to make any changes needed
- preparing the relevant consumer-facing disclosures, detailed product-level disclosures and other statements where relevant.

Carrying out associated actions such as:

- following the usual fund authorisations and amendments process
- notifying the FCA of use of a label through a form on its online notification and applications system
- preparing for ongoing actions including annual reviews, updating relevant disclosures, and the steps to be taken when changing a label.

All distributors should:

- prepare to make the labels and consumer-facing disclosures available as soon as reasonably practicable to retail investors, and to keep them up to date following changes made by the firm
- where relevant, prepare to add a notice on overseas funds to inform consumers that they are not subject to the regime.

The webpage also details the implementation timeframes, investment labels, general rules including application of the rules to ‘fund of funds’, and naming and marketing.

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.