

Regulatory Update

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1. FCA UPDATES & DEVELOPMENTS

1.1 FCA update on OFR developments and publication of final rules

On 17 July 2024, the FCA published [Policy Statement PS24/7: Implementing the Overseas Funds Regime \(OFR\)](#).

The FCA announced that the gateway for eligible funds to apply for recognition under the OFR was scheduled to open in September for new schemes and, starting from October, for funds currently in the temporary marketing permissions regime (TMPR). The FCA subsequently announced that the new scheme applications would be accepted from 30 September 2024. For funds that were currently in the TMPR, the 'landing slots' were announced as follows:

3-month rolling landing slot for firms to apply	Landing slot date	Operator name buckets
Landing slot	30 September 2024	OFR opening for new scheme applications
1	1 October 2024 - 31 December 2024	Stand-alone schemes
2	1 November 2024 - 31 January 2025	A
3	1 January 2025 - 31 March 2025	B
4	1 March 2025 - 31 May 2025	C
5	1 April 2025 - 30 June 2025	D and E
6	1 May 2025 - 31 July 2025	F
7	1 June 2025 - 31 August 2025	G
8	1 July 2025 - 30 September 2025	H
9	1 August 2025 - 31 October 2025	I
10	1 September 2025 - 30 November 2025	J and K
11	1 October 2025 - 31 December 2025	L
12	1 November 2025 - 31 January 2026	M
13	1 December 2025 - 28 February 2026	N
14	1 January 2026 - 31 March 2026	O and P
15	1 February 2026 - 30 April 2026	Q and R
16	1 March 2026 - 31 May 2026	S
17	1 April 2026 - 30 June 2026	T
18	1 May 2026 - 31 July 2026	U
19	1 June 2026 - 31 August 2026	V
20	1 July 2026 - 30 September 2026	W - Z and firm with digit in title

The new rules will promote effective competition in the interests of consumers, by offering UK investors a broad choice of investment funds.

The new rules came into force on 31 July 2024.

The FCA will issue a 'direction' to each fund operator in the TMPR, 8 weeks prior to the fund operator's landing slot opening, informing the fund operator how to apply. These directions will be sent by email to the Chief Compliance Officer (the details of which have been provided to the FCA).

This direction will be binding.

Firms have been asked to consider the impact, including potential tax implications on UK investors if they wish to remove any funds from the TMPR.

For a fund that is in the TMPR, the FCA directs that the operator must not apply for it to be a recognised scheme under section 271A of the Financial Services and Markets Act 2000 until such period as the FCA may specifically direct.

1.2 FCA publishes Quarterly Consultation Paper No.44

On 8 July 2024, the FCA published [Quarterly Consultation Paper No. 44](#), which covers the following topics:

- Introduction of criminal background checks on owners and controllers at the Authorisation's gateway.
- Changes to SUP 11.3.1BG and delete SUP Annex 6G following the FCA's recent consultation on proposed non-Handbook guidance for the prudential assessment of acquisitions and increases in control.
- Changes reflecting amendments that the Treasury made to the UK MiFID delegated regulation in the Handbook.
- Delete COLL 5.2.30R(1)(c) so that the provisions in COLL 5.2.29R apply at the sub-fund level of an umbrella Collective Investment Scheme (CIS) investing in units of other CIS.
- Clarification that the 25% limit set out in COLL 5.2.29R(3) must be applied at the level of the individual sub-funds of an umbrella CIS when its units are held by another CIS.
- Removal from the Handbook of certain EU withdrawal related provisions which have now expired and to rename certain terms.
- To make a consequential amendment to the UK version of Commission Delegated Regulation (EU) 2015/2 of 30 September 2014, the regulatory technical standards for the presentation of the information that credit rating agencies make available to the FCA.
- Remove references to long-term investment funds (LTIFs), the LTIF Regulation and EEA LTIFs from the Handbook following the government's repeal of the LTIF Regulation on 1 January 2024.
- Modifications to the MiFIR technical standards.

Comments closed on 12 August 2024.

1.3 Bank of England and FCA publish second set of Q&As on UK EMIR reporting and consult on additional Q&A

On 12 July 2024, the Bank of England and the FCA published [amended UK EMIR reporting requirements](#), which go live on 30 September 2024. A set of Q&As were also published, which are divided into the following topics:

- transitional arrangements
- reconciliations
- errors and omissions
- derivative identifiers
- action and events
- venues
- exchange traded derivatives
- margin and collateral
- clearing
- position level reporting
- asset class and product specific.

For derivative trades entered into before 30 September 2024, there will be a 6-month transition period for entities responsible for reporting to update those outstanding derivative reports to the new requirements. This ends on 31 March 2025.

This set of Q&As relates to the arrangements for transitioning to the updated derivative reporting framework under UK EMIR during the period from 30 September 2024 to 31 March 2025.

1.4 FCA sets out final rules for new UK listing regime

On 17 July 2024, the FCA published Policy Statement [PS24/6: Primary Markets Effectiveness Review](#), which sets out its final rules for a new, simplified and more competitive UK listing regime, which came into force on 29 July 2024.

The new rules aim to encourage prospective issuers to choose a UK listing by streamlining the rules and removing the 'premium' and 'standard' listing segments in favour of a new commercial companies category for equity shares.

The changes are also designed to remove frictions to growth once companies are listed, while continuing to place an emphasis on disclosure that puts information in the hands of investors to inform their investment decisions.

1.5 FCA Handbook Notice 121

On 26 July 2024, the FCA published [Handbook Notice 121](#), which describes the changes made to the FCA Handbook by the Executive Regulation and Policy Committee and the FCA Board under their legislative and other statutory powers. The changes to the Handbook are covered in the instruments in the list below:

- Periodic Fees (2024/2025) and Other Fees (No 2) Instrument 2024
- UK Listing Rules (Consequential Amendments) Instrument 2024
- Collective Investment Schemes (Schemes Authorised in Approved Countries) Instrument 2024
- Access to Cash Sourcebook Instrument 2024
- Access to Cash Sourcebook (Amendment) Instrument 2024
- Decision Procedure and Penalties Manual (Digital Securities Sandbox) Instrument 2024
- Payment Optionality (Investment Research) Instrument 2024.

1.6 FCA launches call for input on review of its requirements following introduction of the Consumer Duty

On 29 July 2024, the Financial Conduct Authority (FCA) launched a [call for input](#) so it can refine its retail conduct rules under the Consumer Duty. The FCA is seeking ways to simplify retail conduct rules and guidance, especially potential areas that create regulatory costs with no consumer benefits.

The FCA invites comments on issues including:

- which detailed rules or guidance could be simplified to rely on high-level rules, or have interactions with other rules which could be clarified
- how any steps to simplify the rules and guidance affect its statutory objectives
- the appropriate balance between high-level and more detailed rules
- the potential benefits and costs from simplifying the rules.

Comments should be sent to the FCA by 31 October 2024.

1.7 FCA publishes secondary international competitiveness and growth objective report 2023/24

On 29 July 2024, the FCA published its [Secondary International Competitiveness and Growth Objective report 2023/2024](#). This report sets out how, in the last year, the FCA has:

- put the UK's international competitiveness and economic growth at the heart of the FCA
- helped financial services firms to succeed, including by improving the way the FCA operates and setting international standards

- prioritised work which helps the financial services sector to facilitate UK economic growth and competitiveness
- supported and driven innovation
- fostered trust in the financial services sector and reduced the costs of harm and firm failure
- acted proportionately to achieve its primary objectives while not impeding growth.

1.8 FCA launches new webpage: Apply to be a UK UCITS Man Co

On 31 July 2024, the FCA launched a new webpage: [Apply to be a UK UCITS Man Co](#).

The webpage has information on how to apply to the FCA to become a management company for a UK UCITS, what permissions the firm will need and how much the firm will need to pay.

1.9 FCA helps improve crypto firms' compliance with new marketing rules

On 7 August 2024, the FCA published its [findings](#) from a review of how firms are implementing personalised risk warnings, the 24-hour cooling off period, client categorisation and appropriateness assessments. The findings include the following points:

- The FCA recognises that this is the first set of rules for all crypto firms marketing to UK consumers and adjusting to new regulation can be challenging.
- Firms have requested additional clarity on the expectations for these rules. The FCA wants to work collaboratively with the sector to raise standards and this publication will help firms meet their obligations and support consumers in making informed decisions.
- The FCA found some examples of firms demonstrating good practice which it has shared in [its good and poor practice](#) to help firms get their compliance with the rules right.
- However, it also found multiple instances where firms did not meet the required standards.
- The FCA urges all firms to read its good and poor practice, as well as its previously published [guidance GC23/1 \(PDF\)](#).
- The FCA has seen firms relying on industry comparisons to benchmark what is acceptable. Given the levels of poor practice in the market, firms should not be doing this. Instead, it expects firms to engage with the FCA directly to drive up standards across the sector.
- All firms communicating or approving financial promotions must make sure they have strong systems and controls for compliance in place.
- If firms do not improve, the FCA will act. It will also consider firms' compliance with regulatory requirements, including the financial promotions regime, as part of any application to be authorised under the future financial services regulatory regime for cryptoassets.
- The FCA will continue to work with the industry on this and other parts of the current and upcoming crypto regime.

2. FINANCIAL CRIME

2.1 FCA publishes review findings on treatment of PEPs and launches guidance consultation

On 18 July 2024, the FCA published its [findings](#) from its review on how effectively firms are following the current guidance on the treatment of politically exposed persons (PEPs) for anti-money-laundering purposes.

The FCA found most firms in the review had systems and controls in place, designed to implement the Guidance. However, all the firms it assessed needed to make improvements. Issues included:

- some firms used definitions for PEPs and RCAs that are wider than those in the regulations and the Guidance
- some did not have effective arrangements to assess if the PEP classification was still appropriate after the PEP had left public office
- some did not consider the customer's actual risk in their assessment and rating, and did not give a clear rationale for their risk rating
- firms needed to improve the clarity and detail of their communications with PEP and RCA customers
- most firms needed to improve their staff training
- some firms needed to update their policies to reflect recent legislative amendments to treat UK PEPs and RCAs as having a lower level of risk than a foreign PEP, unless they have other risk factors.

Based on the findings, the FCA expects all firms to check that their policies, procedures and controls are in line with the Guidance.

The FCA also proposes some targeted changes to the Guidance including to make sure it reflects recent changes to the Money Laundering Regulations, which became effective on 10 January 2024.

The FCA has launched a [consultation](#) on proposed targeted clarifications to the Guidance, which closes in October 2024.

This consultation will help the FCA identify if it needs to make any further changes. After it has assessed the responses, it will publish a new version of the Guidance.

3. ESG

3.1 FCA updates webpage on Sustainability disclosure and labelling regime

The FCA has updated its webpage on [Sustainability disclosure and labelling regime](#) over the summer as follows:

Temporary flexibility on 'naming and marketing' rules

Firms must ensure they make the necessary changes to meet the naming and marketing requirements by 2 December 2024. If firms are launching new products before this date, they should still be aware of and consider these requirements.

On 9 September 2024, to further help firms to comply with the SDR rules, the FCA [announced](#) that it is offering limited temporary flexibility to the naming and marketing rules in exceptional circumstances, until 2 April 2025.

Firm labels added to the page to download

Firms can now download the relevant label from the webpage.

Information added on notifying the FCA about use of an investment label

- this applies to those funds using or wanting to apply a label under the SDR and investment labels regime
- firms must meet the requirements of SDR and investment labels rules
- labels can be displayed from 31 July 2024
- firms must meet the naming and marketing rules from 2 December 2024
- firms must notify the FCA when using an investment label through the form on its online notification and applications system, [Connect](#)
- the FCA does not approve labels but firms are required to notify the FCA when they use, revise or stop using a label.

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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.