

Regulatory Update

UK, Winter 2024 – 2025

Issued 7 March 2025



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1. FCA UPDATES & DEVELOPMENTS

1.1 Risks of partnering with unregulated crypto firms (fiat to crypto on/off ramp services)

On 26 November 2024, the Financial Conduct Authority (FCA) announced that crypto assets have been brought within the scope of the financial promotion's regime, as detailed on its [new webpage](#). This integration is part of the FCA's ongoing efforts to regulate the promotion of crypto assets and ensure compliance with established financial standards.

The FCA has redefined regulated firms to include:

- Crypto asset firms registered under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs).
- Payment services and electronic money (e-money) firms authorised or registered under the Payment Services Regulations 2017 (PSRs) or Electronic Money Regulations 2011 (EMRs).
- Firms authorised under the Financial Services and Markets Act 2000 (FSMA).

Considerations were made for:

- Crypto asset firms registered under the MLRs providing fiat to crypto and crypto to fiat (on/off ramp) services to unregistered crypto asset firms.
- Payment services and e-money firms authorised or registered under the PSRs or EMRs providing on/off ramp services or other payment services to unregistered crypto asset firms.
- FSMA authorised firms, such as banks, that may be providing services to unregistered crypto asset firms.

The potential consequences include:

- Consumer harm
- Financial crime
- Unfair competition and undermining UK competitiveness

1.2 FCA publishes policy - PS24/17 and Finalises Updates to the Financial Crime Guide

On 29 November 2024, the Financial Conduct Authority (FCA) released Policy Statement [PS24/17](#), detailing significant updates to its Financial Crime Guide (FCG). These revisions aim to enhance the guide's effectiveness as a crucial resource for financial institutions by providing clearer regulatory expectations and improving tools for assessing and strengthening financial crime prevention measures

Key improvements to the FCG include enhanced guidance on sanctions, with expanded coverage of monitoring, improved reporting mechanisms, and new self-assessment tools. The revisions also broaden the risk management approach by integrating proliferation financing concerns into overall financial crime risk frameworks. Furthermore, the updated FCG includes more detailed guidance on implementing and optimising

transaction monitoring systems, as well as new sections addressing crypto asset-related risks and incorporating Consumer Duty considerations. Content has also been modernised with updated case studies reflecting current financial crime trends and refreshed references to align with the latest regulatory landscape.

The FCA expects all supervised entities to thoroughly review these changes and assess their current systems and controls for adequacy and proportionality. This revised guidance applies broadly, encompassing all FCA-supervised firms for financial crime purposes, as well as those under Money Laundering Regulations oversight.

1.3 FCA Issues Handbook Notice 124: Key Updates and Changes

On 29 November 2024, the Financial Conduct Authority (FCA) issued [Handbook Notice 124](#), detailing significant updates to its regulatory framework. This notice summarises the modifications approved by the FCA Board on 31 October and 28 November 2024.

Key points include:

- The Long-Term Investment Fund (Amendment) Instrument 2024 removes all references to long-term investment funds from the FCA Handbook, following the repeal of the LTIF Regulation.
- New instruments have been introduced to establish a simpler post-trade transparency regime for bonds and certain over-the-counter derivatives, balancing efficiency with protection for liquidity providers.
- The Critical Third Parties instruments aim to manage systemic risks posed by certain third parties to the UK financial sector, allowing regulators to monitor these risks effectively.
- Changes have been made to regulate firms operating pensions dashboard services through the Pensions Dashboard Service Instrument 2024.
- The Financial Crime Guide has been updated with new guidance on sanctions, proliferation financing, and transaction monitoring, as well as references to crypto assets and the Consumer Duty.
- The Access to Cash Sourcebook has been amended to include designated coordination bodies in the definition of 'firm', ensuring consistent enforcement of relevant legislation.

The notice also provides feedback on consultations related to the Long-Term Investment Fund Amendment and the Access to Cash Sourcebook, without separate policy statements. These changes reflect the FCA's ongoing efforts to adapt its regulatory framework to evolving financial markets and technologies.

1.4 PRA CP17/24: Enhancing Operational Resilience Through Incident and Third-Party Reporting

On December 13, 2024, the Prudential Regulation Authority (PRA) issued Consultation Paper [17/24 \(CP17/24\)](#) titled "Operational resilience: Operational incident and outsourcing and third-party reporting". This consultation paper proposes a framework for timely, accurate, and consistent reporting of operational incidents and material third-party arrangements.

The key objectives of CP17/24 are:

- To establish standardized reporting requirements for operational incidents and material third-party arrangements.
- To allow the PRA to collect high-quality, consistent data on risks to firms and the financial sector.

- To enhance the PRA's ability to monitor and assess systemic risks and vulnerabilities.

CP17/24 proposes amendments to the PRA Rulebook and introduces a new draft supervisory statement on operational resilience expectations. The consultation is open until March 14, 2025, with implementation planned no earlier than the second half of 2026.

This initiative is part of the PRA's broader efforts to strengthen the regulatory framework for operational resilience, addressing the increasing complexity of operational risks and the growing reliance on third-party service providers in the financial sector.

1.5 FCA Proposes New Operational Incident and Third-Party Reporting Requirements

On 13 December 2024, the Financial Conduct Authority (FCA) published Consultation Paper [CP24/28](#), proposing new rules for operational incident and third-party reporting. These proposals aim to enhance operational resilience in the financial sector and align with international standards.

Key Points:

Operational Incident Reporting:

- Applies to regulated firms, payment service providers, UK Recognised Investment Exchanges, registered trade repositories, and credit rating agencies.
- Introduces a standardised definition of "operational incident" and reporting thresholds.
- Requires firms to submit initial, intermediate, and final incident reports.

The FCA propose the following definition of an "operational incident": "A single event or a series of linked events that disrupts the firm's operations, where it either:

- disrupts the delivery of a service to the firm's clients or a user external to the firm;
- or
- impacts the availability, authenticity, integrity or confidentiality of information or data relating or belonging to the firm's clients or a user external to the firm".

The FCA proposes the firms must report an "operational incident" to the FCA where it breaches one or more of the following reporting thresholds:

1. **Consumer Harm:** The incident could cause or has caused intolerable levels of harm to consumers, and they cannot easily recover as a result.
2. **Market Integrity:** The incident could pose or has posed a risk to market stability, market integrity, or confidence in the UK financial system.
3. **Safety and Soundness:** The incident could pose or has posed a risk to the safety and soundness of the firm and/or other market participants.

Reporting Thresholds

The FCA directs that, when assessing whether it should report an operational incident by comparing it to the thresholds, firms should also consider a range of factors, including but not limited to the following:

- The direct and indirect impact on the firm’s clients or the wider sector.

The FCA expects firms to consider if the operational incident has caused or has the potential to cause, harm to their clients. It also expects firms to consider the impact of the incident on other firms and the wider sector, including and not limited to its counterparties and other market participants.

- The direct and indirect impact on the firm’s consumers.

The FCA requires firms to assess the impact of incidents against the consumer harm threshold by considering both direct and indirect harm. The FCA proposes that the concept of "intolerable harm" from operational resilience rules will be used, requiring firms to identify important business services that could cause intolerable harm if disrupted. However, for operational incident reporting, the threshold is lower: firms must report incidents that have the potential to cause intolerable harm, not just those that have already caused it. This proactive approach aims to identify potential harm before it materialises. The FCA recognises that firms will need to use their own judgements based on their clients and services, when assessing if an incident has the potential to cause an intolerable level of harm.

The FCA does not provide a definition of intolerable harm, but it directs that, in general, intolerable harm is more severe than inconvenience. The FCA goes on to say that this could be where the firm is unable to restore a client’s financial position post-disruption, or where there have been serious non-financial impacts that cannot be effectively addressed. It also provides that this also includes situations where firms are unable to provide consumers with essential services they rely on day-to-day, providing examples such as preventing them from accessing their accounts, using ATMs or paying bills.

To identify where intolerable harm may occur, firms should consider factors other than just the services it provides. This could include the following:

- number and types of clients disproportionately affected by the impact such as vulnerable customers
- financial loss to clients
- financial loss to the firm where this could harm the firm’s clients
- level of reputational damage where this could harm the firm’s clients

The FCA also directs that it expects firms to consider the implications of the incident on its adherence to the Consumer Duty, and on its ability to continue treating its consumers fairly under Principle 6 – Customers’ interests – and Principle 12 Consumer Duty of the FCA’s Principles for Businesses.

- The firm’s ability to provide adequate services

FCA directs that it expects a firm to consider whether the operational incident could significantly disrupt the delivery of its services. This could include the firm being unable to:

- provide a business service or services for an extended period of time, particularly where an important business service is disrupted
- meet its obligations to its clients and counterparties
- complete or process a significant number of transactions
- avoid disruption causing harm to clients and counterparties

- The firm’s or the sector’s reputation

The FCA expects the firm to consider whether the operational incident risks damaging its own reputation, or that of the financial sector. If the incident affects the firm's own reputation, it could breach the safety and soundness threshold. However, if it affects the reputation of, or confidence in, the financial sector, it could breach the market integrity threshold. It could also affect the firm's ability to maintain liquidity and function correctly within the market.

The FCA also directs that, where relevant, firms should consider whether an incident could result in a loss of confidence in the firm itself or the wider financial sector. This could include incidents that cause the firm's clients or counterparties to question the firm's business model, its ability to manage risks to the firm and its business model, or the overall stability and strength of the financial market. The FCA provides the example that firms should consider whether the incident:

- has, or is likely to have, significant coverage in the media such as social media, local and national news
 - could lead to the firm receiving multiple complaints from clients or financial counterparts
 - risks the firm losing clients or financial counterparts, with a material impact on its business because of the incident
 - The firm's ability to meet its legal and regulatory obligations
- The FCA expects the firm to consider whether the operational incident could result in failure to meet its legal and regulatory obligations. This could include legal obligations to clients, other firms, and market participants (for example, service under a contract); and regulatory obligations to the FCA or other regulators (for example, the ability to comply with rules or submit regulatory returns).

- The firm's ability to safeguard the availability, authenticity, integrity or confidentiality of data or information relating or belonging to a client or user.

The FCA expects the firm to consider whether the operational incident could compromise its ability to safeguard information or data belonging to a client or user. The FCA also directs that this includes assets:

- becoming temporarily or permanently inaccessible or unusable
- having questionable authenticity (for example, a data source becoming untrustworthy)
- becoming inaccurate or incomplete
- being accessed by or disclosed to an unauthorised party or system

The FCA provides a non-exhaustive list of examples:

- unauthorised access to firm data or firm infrastructure (including office premises) where data belonging to an end user may have been accessible
- loss in sensitive data belonging to an end user
- a cyber-attack on the firm
- an internal server error resulting in data loss

The FCA provides ten useful; case studies that firms will find helpful in understanding how to approach the application of these reporting thresholds to any operational incident that may arise.

Third-Party Arrangements Reporting:

Firms falling within this part of the regime are required to notify the FCA of material third party arrangements and to maintain and annually submit a register of material third-party arrangements.

The following firms fall within the scope of this enhanced reporting regime:

- An enhanced scope Senior Managers & Certification Regime (SM&CR) firm
- A bank
- A PRA designated investment firm
- A building society
- A Solvency II firm
- A Client Assets Sourcebook (CASS) large firm
- A UK recognised investment exchange (RIE)
- An authorised electronic money institution or an authorised payment institution
- A consolidated tape provider

Objectives:

- Improve consistency and timeliness of incident reporting.
- Enhance visibility of material third-party arrangements and identify systemic risks.

The consultation period ends on 13 March 2025, with final rules expected in the second half of 2025. These proposals mirror similar initiatives by the PRA and Bank of England, aiming to strengthen the UK's financial sector resilience.

1.6 FCA Advances Cryptoasset Regulation with Discussion Paper on Admissions, Disclosures, and Market Abuse

On 16 December 2024, the Financial Conduct Authority (FCA) released Discussion Paper ([DP24/4](#)), seeking feedback on proposed rules for cryptoasset admissions and disclosures (A&D) and the market abuse regime for cryptoassets (MARC).

This initiative is part of the FCA's broader plan to expand its regulatory remit for cryptoassets beyond current anti-money laundering regulations. The discussion paper is open for feedback until March 14, 2025, inviting responses from UK and international stakeholders.

The A&D regime aims to:

- Improve market integrity in crypto asset trading
- Ensure consumers have necessary information before trading
- Require controls for fair and orderly trading conditions
- Further reduce risks of money laundering and fraud

The proposed A&D regime will be similar to traditional securities markets, including:

- Minimum disclosure requirements in admission documents
- A 'necessary information test' for document preparers
- Potential liability for inaccurate or misleading disclosures
- Cryptoasset trading platforms (CATPs) will have increased responsibilities, including due diligence on crypto assets and ensuring accurate disclosures

The MARC regime will aim to prohibit insider dealing and market manipulation in crypto assets traded on regulated platforms.

This discussion paper is a crucial step in the FCA's Cryptoasset Roadmap, which outlines a series of regulatory developments leading to a comprehensive crypto asset regime by 2026.

1.7 FCA introduces Criminal Background Checks for Controllers in Handbook Notice 125

On 20 December 2024, the Financial Conduct Authority (FCA) issued [Handbook Notice 125](#), outlining several changes to the FCA Handbook. A significant update is the introduction of criminal background checks for owners at the Authorisation gateway and applications for approval for changes in control. These measures came into force on 17 January 2025. This modification, initially proposed in November 2023, aims to strengthen the prudential assessment of acquisitions and increases in control.

These modifications, approved by the FCA Board and Executive Regulation and Policy Committee, reflect ongoing efforts to refine and strengthen financial regulations in the UK.

1.8 FCA unveils New Report on Money Laundering Risks in Capital Markets

On 23 January 2025, the Financial Conduct Authority (FCA) released an updated analysis on Money Laundering Through Markets ([MLTM](#)) risk. The report focuses on the use of capital markets to launder illicit funds, making them appear legitimate.

Key Findings:

- Progress and Gaps: While some improvements have been made since the 2019 thematic review, significant gaps in anti-money laundering controls persist.
- Focus on Wholesale Brokers: The FCA concentrated on wholesale brokers due to their crucial role in facilitating deals in capital markets.
- Risk Underestimation: Many firms underestimate their exposure to money laundering risks.
- Over-reliance on Third Parties: Firms often depend too heavily on others in the transaction chain for due diligence checks.
- Information Sharing: Limited information sharing between firms was identified as a concern.
- SAR Awareness: Insufficient awareness of the MLTM suspicious activity reports glossary code was noted.

The FCA emphasises the need for stronger oversight, enhanced due diligence, and risk-based approaches to combat MLTM effectively. This report serves as a call to action for financial services firms to strengthen their systems and controls and consider innovative solutions like AI in their compliance efforts.

1.9 FCA unveils New Supervisory Strategy for Wholesale Brokers

On 24 January 2025, the Financial Conduct Authority (FCA) released a [Dear CEO letter](#) outlining its updated supervisory strategy for wholesale brokers. This comprehensive strategy focuses on four key areas:

Key Areas:

- **Broker Conduct:** The FCA will assess how firms manage their brokers, expecting robust controls to detect and address misconduct. Firms with weak frameworks may face restrictions or enforcement actions.
- **Culture:** Using results from the 2024 non-financial misconduct (NFM) survey, the FCA will engage with firms, particularly focusing on outliers. They will scrutinise policies for reporting NFM concerns, case management, and processes for ensuring fair outcomes.
- **Business Oversight:** The regulator will thoroughly test firms' frameworks, with particular interest in the use of remuneration tools like deferrals, clawback, or malus in cases of proven misconduct.
- **Financial Resilience:** The FCA will ensure firms have implemented good practices following its liquidity review. It will also assess contingency funding plans and frameworks to ensure compliance with the Investment Firm Prudential Regime.

The letter also addresses prudential risk management, financial crime, and remuneration and broker misconduct. CEOs are expected to discuss this strategy with their Board by March 2025, understanding how these risks apply to their business and taking appropriate action to manage them effectively.

This new strategy reflects the FCA's commitment to maintaining a robust and well-governed wholesale broking sector, addressing key areas of concern while recognising the vital role these firms play in financial markets.

1.10 FCA Chief Executive Responds to Treasury Committee on Enforcement Reforms

On 28 January 2025, Nikhil Rathi, Chief Executive of the Financial Conduct Authority (FCA), responded to the Treasury Committee's inquiries regarding the FCA's proposed enforcement reforms. In his [letter](#), Rathi outlined several key changes to the FCA's enforcement approach:

- Streamlining the enforcement portfolio to focus on priority operations
- Raising the bar for opening enforcement investigations
- Investing in data and technology to improve analytics and alerting capabilities

Regarding the recent consultation on publicising enforcement investigations, Rathi acknowledged that the FCA could have communicated its proposals more clearly. He welcomed the feedback received and stated that the FCA has taken the constructive criticism into account to help reshape its proposals.

Rathi also explained that when assessing disruptions to the financial system or market under the revised public interest test, the FCA would consider factors such as firm size, complexity, and impact on markets and consumers. Additionally, the FCA would invite representations from the subject of the investigation.

These responses come amid ongoing discussions about the FCA's proposed shift towards more frequent public announcements of enforcement investigations. The Financial Services Regulation Committee has raised concerns about potential reputational damage to firms before case facts are established, as well as the risk of positioning the UK as an international outlier.

1.11 FCA updates UCITS Concentration Limits in Handbook Notice 126

On 31 January 2025, the Financial Conduct Authority (FCA) issued [Handbook Notice 126](#), which outlines changes to the Collective Investment Schemes Sourcebook. The FCA Board approved the Collective Investment Schemes Sourcebook (Concentration Limits) Instrument 2025, which came into effect on the same day. This instrument modifies the existing rules regarding UCITS schemes holding units of other collective investment schemes, with the aim of enhancing risk diversification in UCITS fund of funds.

The changes provide clarity on the application of the rule to umbrella/sub-fund structures and remove the rule in certain cases where both the investing UCITS scheme and the second scheme are managed by the same firm.

1.12 FCA to Launch 'My FCA' Portal in Spring 2025

On 30 January 2025, the Financial Conduct Authority (FCA) announced the upcoming launch of '[My FCA](#)', a new portal set to debut in spring 2025, in its January Regulatory round-up. This portal will enable registered and authorised firms to access Connect, RegData, and the Financial Services Register with a single sign-in using existing FCA credentials.

Key Benefits:

- Centralised view of regulatory reporting and attestation tasks.
- Streamlined access to regulatory information.

Additionally, the FCA plans to consult on discontinuing three regular returns and reducing the size of its Handbook while reviewing other returns.

2. REGULATORY REFORM

2.1 Consultation Paper (PRA CP16/24 / FCA CP24/23) Remuneration Reform

On 26 November 2024, the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) unveiled a joint consultation paper ([PRA CP16/24](#) / [FCA CP24/23](#)) proposing significant reforms to the remuneration regime for dual-regulated firms.

The structure is tailored to the UK market by:

- Reducing the number of Material Risk Takers (MRTs).
- Minimising the impact on MRTs by ensuring firms take responsibility for safeguarding processes.
- Aligning the deferral of variable remuneration, such as bonuses, with internal policies to ensure it reflects risk-taking behaviour and contributions.
- Enhancing proportionality and reducing the regulatory burden on small financial firms, particularly concerning buyouts.

2.2 FCA Outlines Vision in 2025-2030 Strategy

On 27 November 2024, the Financial Conduct Authority (FCA) unveiled its new 5-year strategy for 2025-2030 through a [speech](#) delivered by Emily Shepperd. The FCA's new 5-year strategy will focus on four key themes: economic growth and innovation, financial crime, consumer resilience, and enhancing regulatory efficiency and effectiveness. This strategy has been developed in partnership with a wide range of stakeholders, reflecting the collaborative approach the FCA intends to take in its implementation. To support this, a debate on the appropriate risk appetite within the sector is necessary.

Defining focus areas:

- Efficient, Effective, and Proportionate Regulation: The FCA aims to streamline processes, reduce regulatory costs, and ensure predictability in its operations.
- Financial Crime: The FCA is intensifying efforts to combat financial crime through partnerships, data analysis, and innovative solutions.
- Consumer Resilience: The FCA is committed to ensuring consumers have access to appropriate financial products and the confidence to use them effectively.
- Growth and Innovation: The FCA aims to support a thriving financial services sector and a strong economy by reducing regulatory costs, fostering innovation, and facilitating investment.

2.3 FCA Consults on incorporating MiFID Organisational Regulation into Handbook Rules

On 14 November 2024, HM Treasury ([HMT](#)) confirmed in its policy paper on the next steps for reforming the UK's MiFID framework that it would revoke the firm-facing regulations within the MiFID Organisational Regulation (MiFID Org Regulation), allowing them to be replaced in the Financial Conduct Authority (FCA) Handbook

The UK version of the MiFID Org Regulation applies directly to UK MiFID investment firms. The FCA indicates that the Prudential Regulation Authority (PRA) will publish a separate consultation paper on restating relevant firm-facing provisions in the MiFID Org Regulation into PRA rules. Additionally, HMT will publish a draft statutory instrument (SI) outlining how the Government will address the non-firm facing elements of the assimilated MiFID Org Regulation.

Once the PRA has published its consultation and HMT has published the draft SI, the FCA will proceed accordingly.

Key Points include:

- The FCA proposes to move MiFID Org Regulation requirements into its Handbook.
- This action replaces EU law being revoked under the Smarter Regulatory Framework.
- The PRA will publish a similar consultation in early 2025.
- Both regulators aim to finalise rules in the second half of 2025.
- This initiative is part of adapting EU-inherited prudential rules to the UK regulatory approach.

2.4 FCA PISCES Sandbox Proposals

On 17 December 2024, the Financial Conduct Authority (FCA) unveiled Consultation Paper ([CP24/29](#)), outlining its proposed regulatory framework for the Private Intermittent Securities and Capital Exchange System (PISCES).

PISCES Sandbox: The PISCES platform will operate within a Financial Market Infrastructure (FMI) sandbox for five years. Firms wishing to run a PISCES platform will require FCA approval and will be subject to modified UK regulations under the sandbox regime.

Regulatory Framework: The FCA's proposed framework, detailed in CP24/29, will be established under the FMI sandbox created by HM Treasury. The FCA emphasises that this framework is temporary and may be updated based on operational learnings to shape a potential permanent regime.

HM Treasury's Role: HM Treasury plans to present a statutory instrument before Parliament by May 2025, providing the legal framework for the PISCES sandbox.

Next Steps: The deadline for responses to CP24/29 was 17 February 2025. The FCA expects to publish its final rules shortly after HM Treasury lays its statutory instrument. Further information for firms interested in becoming PISCES operators will be released in early 2025.

In essence, the FCA's consultation paper outlines the regulatory requirements for operators and issuers participating in the PISCES sandbox, offering flexibility in areas such as disclosure mechanisms while maintaining a proportionate and pragmatic approach to less liquid investments accessible to certain retail users.

2.5 FCA Proposes New Framework for Consumer Composite Investments

On 19 December 2024, The Financial Conduct Authority (FCA) has published Consultation Paper ([CP24/30](#)), proposing a new product information framework for Consumer Composite Investments (CCIs). This initiative aims to replace the existing EU-inherited PRIIPs Regulation and UCITS disclosure requirements with a more flexible and consumer-focused approach.

Key Points:

- The new regime will apply to a wide range of investment products, including structured deposits, open and closed-ended funds, contracts for difference, and insurance-based investment products.
- The FCA is moving away from rigid templates, allowing firms more freedom to tailor communications to meet consumer needs.
- The framework prioritises good consumer outcomes, empowering investors to make informed decisions.
- The new approach aims to simplify existing requirements while maintaining consistency and comparability across the market.
- The framework is designed to be technology-neutral, encouraging firms to develop innovative ways of presenting product information.

- The consultation period is open until 20 March 2025, with the new rules set to take effect after the repeal of the PRIIPs regime.
- This proposed framework represents a significant shift in the UK's approach to retail investment disclosures, aiming to balance consumer protection with market innovation.

2.6 FCA unveils a growth strategy in response to government growth call

On 17 January 2025, the Financial Conduct Authority (FCA) unveiled a [comprehensive plan](#) to boost economic growth in response to the UK Government's call for regulators to support the national growth mission. In a letter to Prime Minister Keir Starmer, FCA Chief Executive Nikhil Rathi outlined several initiatives aimed at reducing regulatory burdens, accelerating digital innovation, and enhancing the UK's financial services sector.

Key Proposals:

1. Streamlining Regulations:

- The FCA plans to simplify its handbook, make the Senior Managers and Certification Regime (SM&CR) more flexible, and remove redundant reporting requirements.

2. Fostering Innovation:

- Initiatives include implementing the National Payments Vision by 2025, introducing new payment methods under open banking, and leveraging the Data (Use and Access) Bill to advance open finance.

3. Easing Financial Restrictions:

- The FCA proposes relaxing mortgage lending rules, removing the £100 contactless payment limit, and reducing conduct requirements for wholesale insurers.

4. Supporting Startups:

- Plans include offering dedicated case officers and increased supervision for early and high-growth entities.

5. Reducing AML Burden:

- With government support, the FCA aims to relax know-your-customer requirements on small transactions.

These measures demonstrate the FCA's commitment to balancing effective regulation with economic growth, potentially reshaping the UK's financial landscape in the coming years.

2.7 FCA Consults on Further Proposals for Public Offer Platform Operators

On 31 January 2025, the Financial Conduct Authority (FCA) published consultation paper [CP25/3](#), seeking feedback on additional proposals for firms operating as Public Offer Platforms (POPs). This consultation builds upon the FCA's earlier proposals outlined in CP24/13 from July 2024.

Key Aspects of CP25/3:

1. Authorisation and Supervision:

- The FCA outlines its approach for authorising firms seeking to operate POPs.
- Initial thoughts on supervising POP operators are provided.

2. Transitional Regime:

- The FCA presents initial views on a potential transitional regime for existing authorised firms applying for Variation of Permission.
- Details of this transitional regime are subject to agreement with the Treasury.

3. Regulatory Changes:

- Proposed extension of the Financial Ombudsman Service's compulsory jurisdiction to cover POP operations.
- New fee structure for POP operators, including levies related to the Financial Ombudsman and Financial Services Compensation Scheme (FSCS).
- Updates to the Perimeter Guidance manual (PERG) to help firms identify required permissions.

4. Enforcement:

- CP25/3 references CP25/2 for certain enforcement powers that could apply to POPs as well as the operators of these platforms.

The consultation period for CP25/3 closes on 14 March 2025. The FCA aims to publish final rules for the entire Public Offers and Admissions to Trading Regulations (POATRs) framework, including rules for POP operators, in summer 2025. Subject to agreement with the Treasury, the new regime is anticipated to come into force by early 2026.

This consultation is part of broader reforms to the UK's public offers and admissions to trading regime, which will replace the current UK Prospectus Regulation. The new POP regime aims to facilitate capital raising for companies outside traditional public markets while ensuring appropriate investor protection measures are in place.

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.