

Regulatory Update

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Regulatory Update June 2025 – UK Region

This UK regulatory update includes a roundup of the latest news and publications from the Financial Conduct Authority (FCA), including: the FCA's publication of an Investment Advice Assessment Tool to support suitability reviews; the forthcoming launch of an enhanced Handbook platform as part of its digital strategy; and the FCA's decision to withdraw its proposed "name and shame" approach in the updated enforcement policy.

1. FCA UPDATES & DEVELOPMENTS

1.1 FCA CP25/16: Quarterly Consultation Paper No. 48

On 6 June 2025, the FCA published Consultation Paper [CP25/16](#): Quarterly Consultation Paper No. 48, outlining several regulatory simplifications, set out below:

Chapter 3 – Reporting Requirements

To ease administrative pressures on firms, the FCA proposes reducing the frequency of REP009 submissions from quarterly to annually. In addition, it plans to remove the requirement for nil returns for REP008. Together, these changes aim to streamline reporting processes and allow firms to focus more on core activities.

Chapter 4 – Cryptoasset Exchange-Traded Notes (cETNs)

Building on its broader approach to innovation and market access, the FCA is also considering lifting the ban on the retail sale, marketing, and distribution of cryptoasset ETNs—provided they are listed on a UK Recognised Investment Exchange. These instruments would be reclassified as Restricted Mass Market Investments, ensuring that while access is broadened, robust consumer protection measures remain in place.

Chapter 7 – Assessment of Value (AoV)

In line with the overarching goal of reducing compliance complexity, the FCA proposes simplifying AoV reporting for authorised fund managers. Rather than requiring detailed disclosures, firms would only need to include a summary of the assessment and its conclusions in their annual reports, helping to cut down on duplication and reporting costs.

1.2 FCA Publishes Investment Advice Assessment Tool to Support Suitability Reviews

On 11 June 2025, the Financial Conduct Authority (FCA) launched its [Investment Advice Assessment Tool](#) (IAAT) to help personal investment firms understand how the FCA assesses the suitability of investment advice and related disclosures. The tool is designed to support firms in reviewing their advice practices, particularly in response to complaints or during past business reviews. It does not apply to retirement income or defined benefit transfer advice.

The IAAT outlines the key factors the FCA considers in its file reviews and is accompanied by an instruction guide to help firms use the tool effectively or interpret FCA review outcomes. While use of the IAAT is voluntary, it offers a structured framework aligned with regulatory expectations and may also be useful for:

- Professional indemnity insurers
- Legal consultants
- Trustees and sponsoring employers of defined contribution schemes

Firms can use the IAAT to assess advice given after 3 January 2018, and its use is subject to a licensing agreement. The FCA encourages firms to use the current version of the IAAT to ensure consistency with its latest assessment methodology.

1.3 FCA Finalises Rules for PISCES Sandbox in PS25/6

On 10 June 2025, the FCA published Policy Statement [PS25/6](#), setting out the final rules for the Private Intermittent Securities and Capital Exchange System (PISCES) sandbox. PISCES is a new type of private market infrastructure designed to facilitate intermittent trading of shares in private companies, with the aim of broadening access to capital and enhancing UK market competitiveness.

The sandbox will run until June 2030, allowing the FCA to test and refine the framework before establishing a permanent regime. Key elements of the final rules include:

- Disclosure requirements for PISCES operators and participating companies
- Rules for organising and running trading events, including transparency and investor protections
- Market oversight and anti-manipulation measures
- Obligations for trading intermediaries around promotion and distribution to retail investors

Entities wishing to operate a PISCES platform must apply for a PISCES Approval Notice (PAN) and comply with the sandbox's regulatory framework. The FCA will consult on related fees in November 2025.

1.4 FCA's Emily Shepperd Outlines Balanced Regulatory Strategy at ABI Event

On 17 June 2025, Emily Shepperd, Chief Operating Officer of the FCA, delivered a [speech](#) at the Association of British Insurers event in London titled *"Eating your regulatory greens: a balanced strategy to support financial services"*.

Shepperd outlined the FCA's five-year strategy, likening its core pillars to a "nutritious four-a-day":

- Fighting financial crime – the antioxidants, protecting integrity and trust
- Being a smarter regulator – the fibre, clearing out inefficiencies
- Supporting sustained economic growth – the carbohydrates, fuelling the market
- Helping consumers navigate financial lives – the vitamins and minerals, essential for resilience

She emphasised the FCA's commitment to being proportionate, predictable, and purposeful, especially in how it engages with firms of varying sizes. The speech also reinforced the FCA's focus on clarity, speed, and transparency in its regulatory approach, while acknowledging the importance of industry collaboration in shaping effective outcomes.

1.5 FCA, PRA, PSR and Bank of England Revise MoU on Payments Regulation

On 24 June 2025, the FCA, Prudential Regulation Authority (PRA), Payment Systems Regulator (PSR), and the Bank of England published a revised [Memorandum of Understanding](#) (MoU) outlining their respective roles and responsibilities in the UK's payments sector.

The updated MoU strengthens coordination among the authorities and supports the delivery of the National Payments Vision (NPV).

Key updates include:

- Clearer delineation of each authority's regulatory remit and policy responsibilities
- Enhanced information sharing and joint initiatives, such as responses to market developments and fraud prevention
- A commitment to collaborative oversight of payment systems infrastructure, including the Faster Payments System refresh
- Reinforcement of the FCA and PSR's growing collaboration ahead of their planned regulatory consolidation.

The revision follows an annual review mandated by the Financial Services (Banking Reform) Act 2013, and reflects feedback from industry stakeholders, trade bodies, and consumer groups. The authorities aim to provide a more efficient, transparent, and joined-up regulatory environment for payments in the UK.

1.6 FCA Flags Weaknesses in Risk Management and Wind-Down Planning at E-Money and Payments Firms

On 26 June 2025, the FCA published [findings](#) from a multi-firm review of risk management and wind-down planning practices at e-money and payments firms.

The review revealed that none of the firms assessed fully met the FCA's expectations, particularly those outlined in Finalised Guidance 20/1 on assessing adequate financial resources.

Key areas for improvement include:

- Enterprise-wide risk management frameworks: Many firms lacked clear risk appetites and failed to identify all material risks. Oversight of operational activities was limited, and financial resource assessments relied too heavily on judgment rather than stress testing.

- Liquidity risk management: Firms often depended on cash balances without conducting proper stress testing. The FCA highlighted the need for firms to quantify liquid resources and set appropriate liquidity triggers for wind-down scenarios.
- Group risk considerations: Firms did not adequately assess risks arising from group structures and interdependencies, which could affect the availability of financial and non-financial resources.

The FCA expects firms to review their current arrangements against these findings and implement necessary improvements to strengthen resilience and ensure orderly wind-downs if needed.

1.7 Handbook Notice No 131

On 27 June 2025, the Financial Conduct Authority (FCA) issued [Handbook Notice No. 131](#), outlining significant updates to the FCA Handbook and related materials. These changes were approved by the FCA Board and Executive Regulation and Policy Committee (ERPC) during meetings held on 9 May, 22 May, 9 June, and 25 June 2025.

The notice introduces several new instruments, notably:

- Enforcement Guide (Amendment) Instrument 2025
- Enforcement Guide (Consequential Amendments) Instrument 2025
- Private Intermittent Securities and Capital Exchange System (PISCES) Instrument 2025
- PISCES (Consequential Amendments) Instrument 2025
- Data Decommissioning Instrument 2025
- Compliance Oversight Function (SMF16) and Insurance Special Purpose Vehicle Instrument 2025
- Training and Competence Sourcebook (Amendment) Instrument 2025
- UK Listing Rules (Amendment) Instrument 2025
- Technical Standards (MiFIR – Derivatives Trading Obligation and Transparency) (Amendment No. 2) Instrument 2025
- Handbook Administration (No. 74) Instrument 2025

This update is particularly notable for implementing changes to the FCA's Enforcement Guide and for formally establishing the Private Intermittent Securities and Capital Exchange System (PISCES) platform—an initiative aimed at enhancing capital markets infrastructure.

1.8 FCA PS25/7: Removal of RegData Returns and Notification Requirements

On 27 June 2025, the Financial Conduct Authority (FCA) issued [Policy Statement 25/7 – Data Decommissioning: Removing reporting and notification requirements \(PS25/7\)](#). This follows Consultation Paper 25/8 (CP25/8), published on 16 April 2025, which proposed eliminating outdated data returns and notification obligations. The consultation closed on 14 May 2025.

Key Outcomes

The FCA has confirmed the removal of several reporting requirements, effective immediately:

- FSA039 – Client money and client assets

- RMA-F – Section F of the Retail Mediation Activities Return (RMAR)
- Form G – Event-driven individual adviser complaints notification

Note: This Policy Statement confirms the removal of the above RegData Returns, which firms will no longer be required to submit. FSA039 and RMA-F will be switched off in RegData from 11 July 2025.

The FCA continues to advance its data decommissioning workstream, with further proposals currently under consultation in CP25/16, published as part of the June Quarterly Consultation.

1.9 FCA to Launch Enhanced Handbook Platform as Part of Digital Strategy

On 26 June 2025, the Financial Conduct Authority (FCA) updated its Handbook [webpage](#) to announce the upcoming launch of a new and improved Handbook website. This initiative is part of the FCA's broader five-year strategy to become a more data-driven and agile regulator.

A beta version of the new site has now been released. During this testing phase, both the current and new Handbook websites will remain accessible to ensure a smooth transition and to allow for user feedback and technical adjustments.

Importantly, updates to rules and guidance will continue as normal throughout the beta period. The FCA plans to fully transition to the new platform later in 2025, aiming to improve usability, navigation, and access to regulatory content.

1.10 FCA CP27/17: Supporting consumers' pensions and investment decisions: proposals for targeted support

On 30 June 2025, the FCA published Consultation Paper [CP25/17](#), setting out proposals for a new targeted support regime. This forms part of the Advice Guidance Boundary Review, a joint initiative with HM Treasury (HMT) to modernise how consumers receive help with financial decisions.

The regime would allow authorised firms to provide non-personalised, scalable suggestions to groups of consumers with similar needs—without these being classified as regulated financial advice. This aims to help firms support more customers without triggering the full regulatory burden of advice.

To enable this, HMT has announced draft legislation to amend the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, with a policy note and statutory instrument due alongside the Chancellor's Mansion House speech on 15 July 2025.

While the current consultation focuses on pensions, the broader framework is intended to apply across retail investments and other financial products. The FCA also signalled future work on simplified advice and a clearer regulatory boundary between advice and guidance.

1.11 The FCA Retreats from “Name and Shame” Plan in Updated Enforcement Policy

On 3 June 2025, the FCA published its finalised Enforcement Guide ([PS25/5](#)), confirming that it will not proceed with its original proposal to routinely publish the names of firms under investigation.

Instead, the FCA will only announce investigations where one of three specific conditions is met:

- Consumer Protection – where the FCA is investigating suspected unauthorised financial services or unregulated activity, and an announcement would help warn consumers or support the investigation.
- Public Disclosure – where the fact of the investigation has already been made public by the subject, an affiliate, or a public body.
- Educational Value – where the FCA issues anonymised announcements, not naming or identifying the subject, but aiming to educate the market about the types of misconduct it is investigating.

This marks a clear retreat from the FCA’s earlier, more aggressive transparency stance, following strong industry feedback during consultation.

2. ENFORCEMENT ACTION

2.1 The FCA Secures Convictions in £1 Million Insider Dealing and Money Laundering Case

On 19 June 2025, the [FCA announced](#) that it had secured convictions against Redinel Korfuzi and Oerta Korfuzi for insider dealing and money laundering offences that generated over £1 million in unlawful profits.

- Redinel Korfuzi, a former research analyst at an asset management firm, used confidential, price-sensitive information obtained through his role to trade ahead of market announcements.
- Between December 2019 and March 2021, he conspired with his sister to trade in shares of at least 13 companies, using accounts held by her and others to conceal his involvement.
- The trades were executed using Contracts for Difference (CFDs), profiting from anticipated share price movements.
- The FCA’s market surveillance systems detected the suspicious trading patterns, despite efforts to disguise the activity.
- The pair were also convicted of money laundering, involving 176 cash deposits totalling nearly £200,000, unrelated to the insider trading.
- Two co-defendants were acquitted of all charges.
- The FCA will seek confiscation orders to recover the proceeds of crime.

“Those who use inside information to unlawfully make profits should be aware that we will identify them and bring them to justice.” — Steve Smart, FCA Joint Executive Director of Enforcement and Market Oversight.

3. PREVENTION of FINANCIAL CRIME

3.1 European Commission Updates List of High-Risk Third Countries for AML/CFT

On 10 June 2025, the European Commission adopted a [Delegated Regulation](#) amending the EU's list of high-risk third countries with strategic deficiencies in their anti-money laundering and counter-terrorist financing (AML/CFT) regimes.

This update brings the EU's list of high-risk third countries in line with recent changes adopted by the Financial Action Task Force (FATF), reinforcing the European Commission's ongoing commitment to protecting the EU financial system from external threats related to financial crime.

Key changes include:

- Countries added to the high-risk list: Algeria, Angola, Côte d'Ivoire, Kenya, Laos, Lebanon, Monaco, Namibia, Nepal, and Venezuela.
- Countries removed from the high-risk list: Barbados, Gibraltar, Jamaica, Panama, the Philippines, Senegal, Uganda, and the United Arab Emirates.
- These adjustments reflect the FATF's assessment of each jurisdiction's progress in addressing previously identified strategic deficiencies in their anti-money laundering and counter-terrorist financing frameworks.

The revised list forms part of the EU's legal obligations under the Fourth Money Laundering Directive (4MLD) and is implemented through a Delegated Regulation, which will enter into force 20 days after its publication in the Official Journal of the European Union.

Waystone Compliance Solutions

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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 at 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.