

# FINANCIAL REGULATION WEEKLY BULLETIN

Major UK and European regulatory developments of interest to banks, insurers and reinsurers, asset managers and other market participants

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If you have any comments or questions, please contact: [Selmin Hakki](#).

Slaughter and May also produces a periodical Insurance Newsletter. If you would like to go on the distribution list, please contact: [Beth Dobson](#).

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## GENERAL //

### 1 FINANCIAL OMBUDSMAN SERVICE

- 1.1 The Mills Review on the long-term impact of AI on retail financial services - FOS publishes response - 2 April 2026** - The Financial Ombudsman Service (FOS) has published its response to the FCA's review into the long-term impact of AI on retail financial services (the Mills review). The response focuses on the potential impacts from consumers and professional representatives using AI in the financial services redress system, and financial firms' use of AI.

The FOS and financial services firms have observed an increase in consumers and professional representatives using AI for the purposes of complaint submissions and general correspondence. While the FOS acknowledges that generative AI can help consumers organise their complaint, it can also present challenges by creating unduly lengthy, incoherent submissions containing 'hallucinations'. In some cases, use of generative AI has led to parties taking more entrenched positions, with a knock-on impact on resources.

At present, the FOS is receiving very few complaints about firms' use of AI. The FOS is encouraging the FCA to publish guidance calling for firms to evidence that automated triage and prioritisation actively identifies and supports vulnerable customers. The FOS emphasises that consumers can request that firms take additional considerations into account, and are entitled to receive plain English explanations, where AI influenced an outcome. The FOS further encourages the FCA to set clear expectations for firms to provide the FOS and the consumer with a clear rationale as to how AI contributed to an outcome. The FOS and welcomes clarity on expectations for record-keeping, paths to human escalation, and dispute handling where no human is involved.

Finally, the FOS is aware that consumer groups, such as Citizens Advice, have reported that they are already seeing consumer protection issues around people getting financial 'advice' from AI. Where consumers receive financial 'advice' from unregulated individuals, firms, or AI platforms, the FOS explains that this falls outside its remit, and the consumer may have to consider alternative routes for resolution.

[FOS response to 'The Mills Review'](#)

## BANKING AND FINANCE //

### 2 EUROPEAN BANKING AUTHORITY

- 2.1 CRR - EBA consults on revised guidelines on limits on exposures to shadow banking entities- 9 April 2026** - The European Banking Authority (EBA) has published a consultation paper on revised guidelines under the Capital Requirements Regulation (575/2013) (CRR) on limits on exposures to shadow banking entities carrying out banking activities outside a regulated framework. The EBA aims to align the guidelines with the updated EU large-exposure reporting framework, following

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the adoption of Commission Delegated Regulation (EU) 2023/2779 in January 2024. Feedback is welcome until 9 July 2026.

[EBA consultation paper: Limits on exposures to shadow banking entities under CRR](#)

[Press release](#)

### 3 FINANCIAL CONDUCT AUTHORITY

- 3.1 Buy-Now, Pay-Later - FCA publishes directions and form relating to temporary permissions regime - 2 April 2026** - The FCA has published directions and a notification form relating to the temporary permissions regime (TPR) for deferred payment credit (DPC) lenders, also known as buy-now, pay-later lenders. The TPR will allow firms who carry on a DPC activity to continue to do so on a temporary basis after the FCA starts regulating DPC on 15 July 2026.

The directions, made under the Financial Services and Markets Act 2000 (Regulated Activities etc.) (SI 2025/859), specify that firms can complete a notification form to register for temporary permission from 15 May 2026, for a fee of £280. The last day on which firms can notify to register for temporary permission is 1 July 2026, and firms within the TPR may then apply for a Part 4A permission (or variation of permission) to undertake a DPC activity between 8 July 2026 and 15 January 2027.

[Buy-Now, Pay-Later TPR directions](#)

[Updated webpage](#)

## SECURITIES AND MARKETS //

### 4 FINANCIAL CONDUCT AUTHORITY AND BANK OF ENGLAND

- 4.1 Transaction and post-trade reporting - FCA and the Bank of England publish terms of reference for taskforce - 2 April 2026** - The FCA and the Bank of England (the Bank) have published the terms of reference for their new transaction and post-trade reporting taskforce. The taskforce aims to inform the design of a long-term approach to harmonising transaction and post-trade reporting requirements across the UK Markets in Financial Instruments Regulation, UK European Market Infrastructure Regulation and UK Securities Financing Transactions Regulation regimes.

The taskforce will comprise a diverse set of senior representatives drawn from firms involved in transaction and post-trade reporting, with working groups co-chaired by the FCA and the Bank. Market participants who are interested in joining the taskforce are invited to apply by 23 April 2026, and members are appointed in a personal capacity.

[Terms of reference](#)

[FCA press release](#)

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## 5 FINANCIAL CONDUCT AUTHORITY

- 5.1 Primary Market Bulletin No. 62 - published by the FCA - 8 April 2026** - The FCA has published Primary Market Bulletin No. 62, in which it covers key aspects of its misleading statements case against Carillion plc and its review of sponsors' work on the modified transfers process.

The FCA flags its concerns that UK micro-cap or small-cap issuers are being targeted directly as part of potentially manipulative schemes to affect those issuers' share prices. Specifically, it is concerned about an increase in fake investor takeover approaches. These are situations where parties posing as genuine investors may either leak news of the supposed takeover online or push the issuer to disclose the approach to the market, with the aim of increasing the share price (and profiting). The FCA is also concerned about equity fundraising linked to "pump-and-dump" schemes.

[Primary Market Bulletin No.62](#)

# ASSET MANAGEMENT //

## 6 FINANCIAL CONDUCT AUTHORITY

- 6.1 Asset management authorisation applications - FCA publishes review findings to help firms - 9 April 2026** - The FCA has published the findings of its review of authorisation applications from UK asset management firms. The FCA reviewed 292 applications submitted between September 2024 and September 2025 from firms intending to manage funds or individual mandates on behalf of investors in the UK.

The FCA identified examples of good practice across the sector, including firms that have individuals based in the UK for a proportionate amount of time for the business model they are undertaking and the risk the business poses and firms that use service level agreements to effectively monitor outsourced providers.

However, the FCA also found areas for improvement, including examples of firms run by senior managers lacking the right to work in the UK or being unable to make day-to-day decisions without offshore approval, and firms underestimating their accountability for outsourced activities.

[FCA review: Asset management authorisation applications](#)

## 7 INVESTMENT ASSOCIATION

- 7.1 Risk disclosure and retail investment culture - IA publishes report and guidance following the Risk Warnings Review - 9 April 2026** - The Investment Association has published the final report of the Risk Warnings Review on supporting a new retail investment culture, alongside practical guidance for firms on disclosing risks in mainstream investment promotions. The Risk Warnings Review was commissioned by the Chancellor in July 2025 as part of the Leeds Reforms, with a

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central objective of reframing industry use of risk warnings on mainstream investment products to improve investor understanding and promote confident participation.

The Review finds that current practice in risk communication has been informed by the interaction of the existing rulebook, supervisory messages over many years and industry interpretation that is predominantly cautious. In consequence, reliance on standardised phrases such as “capital at risk” has become a compliance standard rather than an effective tool for consumer understanding. New consumer research commissioned for the Review shows that current warnings are widely misunderstood, frequently ignored, and in many cases actively deter appropriate engagement with long-term investing.

The Review identifies immediate actions firms can take under the current rulebook, alongside a number of structural issues requiring regulatory and supervisory change. The latter include amending FCA financial promotion rules to support contextual, journey-based risk communication and to reduce reliance on mechanical or formulaic disclosure.

#### [Supporting a New Retail Investment Culture](#)

[Practical guidance on the disclosure of mainstream investment promotions](#)

[Press release](#)

## INSURANCE //

### 8 EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY

- 8.1 **Criteria for small and non-complex undertakings and groups under Solvency II - EIOPA publishes report - 7 April 2026** - The European Insurance and Occupational Pensions Authority (EIOPA) has published a report containing the technical specification for the calculation of criteria for small and non-complex undertakings (SNCUs) and groups (SNCGs) under the Solvency II Directive (2009/138/EC). This follows recent revision of the Solvency II framework by the Solvency II Amending Directive ((EU) 2025/2) to apply the principle of proportionality, and the introduction of the new category of SNCUs and SNCGs.

The report aims to provide operational guidance to undertakings and supervisory authorities to support the accurate identification of eligible undertakings and the consistent calculation of the applicable risk indicators.

[EIOPA report: Technical specification for the calculation of criteria for Small and Non-Complex Undertakings \(SNCUs\) and Groups \(SNCGs\) under Solvency II \(EIOPA-BoS-26-102\)](#)

[Webpage](#)

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## FINANCIAL CRIME //

### 9 EUROPEAN COMMISSION

**9.1 MAR - European Commission adopts delegated regulations on disclosures and trading - 8 April 2026** - The European Commission has adopted two Commission Delegated Regulations under the Market Abuse Regulation (596/2014) (MAR), which are:

- a Delegated Regulation supplementing MAR as regards disclosure of inside information in protracted processes and delay of disclosure. This is due to enter into force on the third day following its publication in the Official Journal of the European Union; and
- a Delegated Regulation amending Commission Delegated Regulation (EU) 2016/522 as regards permissions for trading during closed periods, the list of designated trading venues that have a significant cross-border dimension in the supervision of market abuse, and the indicators of market manipulation. This is due to enter into force on the twentieth day following its publication in the Official Journal of the European Union.

[Commission Delegated Regulation \(EU\) of 8.4.2026 supplementing Regulation \(EU\) No 596/2014 of the European Parliament and of the Council as regards disclosure of inside information in protracted processes and delay of disclosure \(C\(2026\) 2149 final\)](#)

[Commission Delegated Regulation \(EU\) amending Commission Delegated Regulation \(EU\) 2016/522 as regards the permission for trading during closed periods, the list of designated trading venues that have a significant cross-border dimension in the supervision of market abuse, and the indicators of market manipulation \(C\(2026\)2152\)](#)

### 10 FINANCIAL CONDUCT AUTHORITY

**10.1 Customer due diligence processes and controls - FCA sets out findings from multi-firm review - 8 April 2026** - The FCA has published its findings following a multi-firm review of firms' customer due diligence (CDD) processes and controls. The FCA found that several firms clearly distinguished between standard CDD and enhanced due diligence. Most firms had documented procedures for verifying customer identity, but few had detailed enough procedures or practical guidance for staff. Some firms' policies and procedures did not explain what alternative evidence should be obtained when customers lack standard forms of identification.

The FCA further sets out examples of good and bad practice it observed and encourages firms to consider its suggestions and continue to review their CDD controls.

[FCA multi-firm review: Firms' customer due diligence process and controls](#)

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This Bulletin is prepared by the Financial Regulation Group of Slaughter and May in London. The Group comprises a team of lawyers with expertise and experience across all sectors in which financial institutions operate.

We advise on regulatory issues affecting firms across the financial services sector, including banks, investment firms, insurers and reinsurers, brokers, asset managers and funds, non-bank lenders, payment service providers, e-money issuers, exchanges and clearing systems. We also advise non-regulated businesses involved in financial regulatory matters. In addition, our leading financial regulatory investigations practice is regularly instructed by financial institutions requiring specialist knowledge of financial services regulation together with experience in high profile and complex investigations and contentious regulatory matters.

Most of the projects that we advise on have an extensive international or cross-border element. We work in seamless integrated teams with leading independent law firms which offer many of the most highly regarded financial institutions lawyers in Europe, the US and Asia, as well as strong and constructive relationships with local regulators.

Our Financial Regulation Group also produces occasional briefing papers and other client publications. The five most recent issues of this Bulletin and our most recent briefing papers and client publications appear on the Slaughter and May website [here](#).

If you would like to find out more about our Financial Regulation Group or require advice on a financial regulation matter, please contact one of the following or your usual Slaughter and May contact:

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