

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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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 HM TREASURY

- 1.1 Financial crisis management - HM Treasury publishes updated version of MoU with Bank of England - 1 September 2025** - HM Treasury has published an updated version of its memorandum of understanding (MoU) with the Bank of England on resolution planning and financial crisis management. The MoU has been revised to reflect developments since the adoption of the previous version in October 2017 including, among other things, the UK's departure from the EU, the introduction of the resolution regime for central counterparties (CCPs) by Schedule 11 of the Financial Services and Markets Act 2023 and the recapitalisation payment mechanism introduced by the Bank Resolution (Recapitalisation) Act 2025.

[Memorandum of understanding](#)

- 1.2 Secondary competitiveness and growth objective - HM Treasury and PRA respond to second House of Lords Committee report - 4 September 2025** - The House of Lords Financial Services Regulation Committee has published letters from HM Treasury and the PRA responding to its second report on the secondary international competitiveness and growth objective of the FCA and the PRA. The report identified various constraints on the financial services sector's ability to grow, such as high compliance costs and operational inefficiencies, and called on the government to streamline the financial regulatory framework following an assessment of its impact on firms.

The response by HM Treasury outlines ongoing and planned reforms that address the recommendations of the Committee, including those announced in the government's 'Financial Services Growth and Competitiveness Strategy' published in July 2025. These include: (i) reform of the Financial Ombudsman Service, which will provide greater clarity on its regulatory role and relationship with the FCA; (ii) an FCA report (to be delivered by the end of September) on how it plans to address concerns about the application of the FCA's consumer duty for firms primarily engaged in wholesale activity; and (iii) the introduction of a new regime of targeted support which will be operational by early next year. Notably, HM Treasury does not intend to commission a new study to assess compliance costs or undertake further review of the secondary objective metrics at this time.

The response by the PRA similarly lists a number of initiatives that the PRA is taking forward which it thinks will make material contributions to enhancing competitiveness and growth, including those stemming from the strategy. These include accelerated timelines for new firm authorisations, changes to reduce the burden of the Senior Managers and Certification Regime without diluting accountability and enhancements to the approval process for internal ratings based (IRB) models.

[HM Treasury response](#)

[PRA response](#)

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2 FINANCIAL CONDUCT AUTHORITY

- 2.1 SM&CR conduct rule breaches reporting - FCA publishes update - 28 August 2025** - The FCA has published a press release confirming that firms do not need to submit a nil return for REP008 if there are no conduct rule breaches under the Senior Managers and Certification Regime. This applies to firms with a reporting period ending on or after 31 August 2025, and although firms will still see the task on their 'My FCA' task list, it will be automatically removed after the due date passes with no late fee applied. Alongside the press release, the FCA has also updated its webpage on REP008 to reflect the changes. This update is expected to benefit 36,000 firms and forms part of the FCA's 'Transforming Data Collection' programme.

[Updated webpage](#)[Press release](#)

BANKING AND FINANCE //

3 BANK OF ENGLAND

- 3.1 Innovation in money and payments - Bank of England publishes speech - 3 September 2025** - The Bank of England (the Bank) has published a speech delivered by Sarah Breeden, Deputy Governor for Financial Stability, on innovation in money and payments. Breeden sets out her vision for a "multi-money" system where different forms of money - including traditional and tokenised commercial bank deposits, stablecoins and central bank money - are freely exchangeable. Breeden explains that this would deliver the benefits of innovation to UK households and businesses, whilst safeguarding trust in money itself.

To deliver this vision, Breeden points to the importance of three separate strands: underlying infrastructure, regulatory frameworks and overall strategy. Of particular interest, Breeden notes that the Bank will launch a synchronisation lab that will allow central bank settlement to be fully integrated with transactions happening on other ledgers next year, alongside its blueprint for how a digital pound could work. Breeden also confirms that the Bank will be setting out revised proposals for a regulatory regime for systemic stablecoins later this year, following consultation on this subject in 2023. These will include revised proposals that would allow systemic stablecoins to hold a portion of their backing assets in a subset of high quality liquid assets (HQLA).

Providing her own view on what these developments mean for payments and money in the UK, Breeden concludes by emphasising that a multi-money mixed ecosystem will need to be underpinned by interoperability. This means that both the hard, technical infrastructure and the 'soft' infrastructure such as regulatory standards will need to be harmonised - or at least compatible - across different forms of money, allowing them to be freely and frictionlessly exchanged at par.

[Speech](#)

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- 3.2 Enhancing the resilience of the gilt repo market - Bank of England publishes discussion paper - 4 September 2025** - The Bank of England (the Bank) has published a discussion paper and an accompanying press release on potential measures to enhance the resilience of the UK government bond ('gilt') repo market. This paper - which has been developed in close consultation with the FCA and with input from HM Treasury and the UK Debt Management Office - follows and builds on findings from the Bank's system-wide exploratory scenario exercise (SWES), published in November 2024 and reported on in a previous edition of this Bulletin.

The paper explores potential measures to strengthen the gilt repo market and ensure it can fulfil its vital role in the UK financial system, including during periods of stress. The paper focuses on two possible options, namely greater central clearing of gilt repo and minimum haircuts or margins on non-centrally cleared gilt repo transactions. The Bank is seeking feedback on how these options could be practically designed and implemented to strengthen the gilt repo market, as well as on any potential costs that might arise.

The paper also considers additional options that may bolster the resilience of the gilt repo market. These could be implemented as alternatives to, or alongside, greater central clearing or minimum haircuts such as greater public and private counterparty disclosures. Responses to the paper should be submitted by 28 November 2025. After receiving and considering the responses, the Bank will publish a feedback statement and will continue to engage with the industry on potential measures.

[Discussion Paper](#)

[Press release](#)

4 RECENT CASES

- 4.1 *Re Credit Suisse International and another*, [2025] EWHC 2174 (Ch), 17 July 2025** - The High Court has sanctioned a banking business transfer scheme under Part VII of the Financial Services and Markets Act 2000, enabling Credit Suisse International to transfer its remaining business to UBS AG London Branch, with its EEA-related business moving to UBS Europe SE. The business to be transferred includes intra-group deposits, repo and like transactions under master agreements, loan agreements, matured structured deposits with unclaimed proceeds and some remaining liabilities under debt issuance programmes.

Among other things, the court was satisfied that there was no significant adverse impact for the transferring customers. It considered mitigating measures put in place to address certain technical issues, including whether the transfer would constitute a new transaction for the purposes of any new margin or closing regulations, changes to the reporting of trades and custodian arrangements.

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SECURITIES AND MARKETS //

5 EUROPEAN SECURITIES AND MARKETS AUTHORITY

- 5.1 **Guide to registration process - published by ESMA - 18 August 2025** - ESMA has published a guide (ESMA80-1286971524-881) (dated 14 August) on the assessment criteria and procedures applicable to its registration process for credit rating agencies, trade repositories, securitisation repositories, administrators of EU critical benchmarks and third country benchmarks, and certain data reporting services providers.

The Annex to the guide provides an overview of the legal framework relating to benchmark administrators under the Benchmarks Regulation ((EU) 2016/1011), credit ratings agencies under the CRA Regulation (1060/2009) and trade repositories under EMIR (648/2012).

[ESMA Registration guide \(ESMA80-1286971524-881\)](#)

6 FINANCIAL CONDUCT AUTHORITY

- 6.1 **IFPR - FCA publishes newsletter - 1 September 2025** - The FCA has released its latest IFPR newsletter, offering updates on the Investment Firms Prudential Regime (IFPR). In this edition, the FCA reminds firms that they must inform it as soon as they become aware of the creation of an investment firm group (IFG) or a change to their existing investment firm group. The newsletter also refers to the FCA's finding that MiFIDPRU investment firms that are LLPs may be incorrectly treating allocated profits as CET1 capital. It sets out issues that these firms should consider for determining whether LLP profits qualify as CET1 capital.

It also addresses common reporting and compliance issues, including inaccuracies in firms' reporting of the Own Funds Threshold Requirement (OFTR) and the Liquid Assets Threshold Requirement, the calculation of K-factor requirements and the application of the small companies audit exemption under section 478 of the Companies Act 2006.

[IFPR Newsletter](#)

- 6.2 **Algorithmic trading controls at principal trading firms - FCA publishes outcome of multi-firm review - 21 August 2025** - The FCA has published its findings following a multi-firm review of algorithmic trading controls at 10 principal trading firms (PTFs) of varying size. The review considered the firms' compliance with MiFID requirements on algorithmic trading controls set out in Commission Delegated Regulation (EU) 2017/589 (RTS 6). The FCA committed to the review in a 2023 portfolio letter addressed to PTFs, which identified algorithmic trading controls as a key area of focus.

In short, the FCA found that the level of compliance with RTS 6 varied significantly between firms, even taking account of the nature, scale and complexity of their trading activities. The findings address aspects of the firms' governance frameworks in this context, including the technical knowledge of the compliance function, algorithmic inventories and deployment of algorithms. The FCA has provided examples of good practice and areas of weakness, including in

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relation to pre- and post-trade risk controls and market abuse surveillance systems. The FCA has provided individual feedback to all firms involved, noting that it has, where appropriate, required attestations to ensure that progress is made.

[FCA observations on algorithmic trading controls](#)

INSURANCE //

7 FINANCIAL CONDUCT AUTHORITY

- 7.1 Life insurers' pension transfer process - FCA sets out findings from multi-firm review - 15 August 2025** - The FCA has published its findings following a multi-firm review of life insurers' pension transfer processes, based on data from 18 life insurers. The review considered the average time firms took to complete a pension transfer, how they monitored and delivered their transfer process, and the challenges they faced in achieving good customer outcomes. The FCA has set out its expectations, including under the consumer duty, on unreasonable barriers to pension transfers, such as "sludge" practices that create barriers to customers changing products, as well as unnecessary delays in the transfer process.

The FCA will follow up with firms that had slower transfer process times. It plans to publish, in due course, its feedback and any consultation proposals following its December 2024 discussion paper (DP24/3), which considered how best to ensure consumers make informed choices about whether to transfer.

[FCA findings](#)

FINANCIAL CRIME //

8 HM TREASURY

- 8.1 Money Laundering and Terrorist Financing (Amendment and Miscellaneous Provision) Regulations 2025 - HM Treasury publishes draft statutory instrument and policy note - 2 September 2025** - HM Treasury has published a draft version of the Money Laundering and Terrorist Financing (Amendment and Miscellaneous Provision) Regulations 2025, alongside a policy note. These Regulations are intended to close regulatory loopholes, address proportionality concerns and account for evolving risks in relation to money laundering and terrorist financing following a public consultation launched in March 2024 on improving the effectiveness of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs).

The amendments include provisions seeking to make customer due diligence more proportionate and effective by aligning CDD triggers across sectors and ensuring enhanced due diligence requirements are targeted to focus on the transactions and jurisdictions presenting the highest risk. They also amend the registration and change in control thresholds for cryptoasset firms to

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align with thresholds in the Financial Services and Markets Act 2000, delivering consistency across the cryptoasset sector and ensuring owners of cryptoasset firms involving complex ownership structures are not missed from fit and proper checks.

The Regulations are published for technical consultation, which closes on 30 September 2025. Subject to feedback and Parliamentary scheduling, the final instrument is expected to be laid in early 2026 and will come into force 21 days after being made, with specific provisions for cryptoasset businesses aligned to the commencement of the FSMA cryptoasset perimeter.

[The Money Laundering and Terrorist Financing \(Amendment and Miscellaneous Provision\) Regulations 2025](#)

[Policy note](#)

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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](#).

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