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New Self-Reporting Guidance Released by the SFO | Recent News | Horizon Scanning

NEW SELF-REPORTING GUIDANCE RELEASED BY THE SFO //

The Serious Fraud Office (SFO) has issued new Guidance, setting out the key factors it will consider when deciding whether to invite a corporate to enter into a deferred prosecution agreement (DPA[1]) as an alternative to prosecution.

The guidance is a welcome step toward greater clarity for corporates on the DPA process. It outlines the SFO's expectations around self-reporting, defines what constitutes meaningful co-operation, and sets out the potential benefits for those that comply. More broadly, it reflects a desire by the SFO to adopt a more constructive and transparent approach to corporate engagement. As SFO Director Nick Ephgrave stated at the time of publication, "I am a man you can do business with… work with us and we will work with you."

A central aim of the new guidance is to reverse the recent decline in both voluntary self-reports and the use of DPAs. Since the DPA regime was introduced in 2014, the SFO has agreed 12 DPAs - but none since 2021. In an apparent effort to help address this, the SFO has introduced a new default position: where a company promptly self-reports and fully co-operates, it will be invited to negotiate a DPA, save in 'exceptional circumstances'. This is a departure from the previous approach, under which even self-reporting corporates remained at risk of prosecution.

Self-reporting

The new starting point is clear: a prompt self-report is a key factor in favour of a DPA. However, it must be accompanied by genuine co-operation to qualify. Conversely, a company that does not self-report, may still be eligible for a DPA if it provides exemplary co-operation. The Guidance confirms that only in exceptional circumstances will a combination of a prompt self-report and full co-operation lead to prosecution rather than an invitation to negotiate a DPA.

While the guidance is designed to encourage early self-reporting, it offers limited detail on what constitutes a 'prompt' disclosure. Reassuringly however, it recognises that some preliminary internal investigation is often necessary to understand the nature and extent of the suspected misconduct before a self-report can be made. However, determining the precise point at which a company's knowledge of wrongdoing triggers a self-report remains a nuanced, and case-specific judgment that organisations and their advisers must continue to approach with care.

[1] A DPA is a Court approved agreement between a company and a prosecutor that settles a criminal case against the company, as an alternative to prosecution of a company, where it is in the public interest.

Hall marks of co-operation

The Guidance reaffirms that genuine co-operation involves going “beyond what the law requires” and provides a detailed, practical checklist of behaviours the SFO considers either co-operative or unco-operative.

Notably, it offers clearer direction on how companies should approach internal investigations in a co-operative manner - emphasising the need for early engagement with the SFO, advance notice of key steps (such as proposed interviews), and a willingness to share interview notes.

The Guidance also broadens expectations around disclosure in self-reports, requiring organisations to provide all known facts, identify relevant individuals, and locate key materials. Additional indicators of co-operation include disclosing prior misconduct, detailing any disciplinary actions taken, and providing financial information on any gain or harm caused by the offence. At the same time, the SFO cautions against submitting excessive or unnecessarily large amounts of material - warning that doing so may be viewed as unco-operative - highlighting the need for a balanced and targeted approach to disclosure.

The privilege paradox

The Guidance also restates the SFO’s established position on legal professional privilege: asserting privilege will not be penalised, but waiving it is considered a sign of significant co-operation. This creates a tension – while maintaining privilege should not be held against a company, doing so may limit their ability to demonstrate significant co-operation and secure full co-operation credit, especially in cases that were not self-reported. Although not a new stance, the clear restatement offers a useful reference for organisations navigating privilege issues in discussions with the SFO.

Time is of the essence

The Guidance also introduces some clearly defined targets on timelines for both the DPA negotiation process and the progression of investigations – aimed at improving the efficiency of the SFO’s processes. It specifies that the SFO ‘will seek to’ respond to a self-report within 48 hours, decide whether to open a formal investigation within six months, and conclude DPA negotiations within an additional six months. Most of the new targets will be welcome news for corporates, given past experiences where self-reports have gone unacknowledged for months, or even remained unanswered, and where DPA negotiations have stretched on for years.

However, the six-month period to decide on whether to open a formal investigation may be less positively received. While it represents progress compared to some lengthy pre-investigation phases we have seen, it still raises questions about why a faster decision-making process cannot be achieved.

Concluding remarks

While the new Guidance does not represent a radical shift in the SFO’s position, it clarifies and builds on existing practices, offering a more transparent and structured framework for corporates when engaging with the agency. The real test, however, will be whether the SFO can translate the new Guidance into faster, more effective investigations and timely resolutions. Achieving that will require more than policy reform - it demands a broader cultural shift within the organisation, particularly at the operational level.

For further analysis, see our client briefing: *From Fog to Focus: SFO Sharpens its Stance on Corporate Co-operation*.

RECENT NEWS //

SFO Round-Up: Two new Corruption Investigations; Publication of the 2025/2026 Business Plan; and Launch of New Anti-Corruption Taskforce

In April, two new SFO matters were made public, signalling a renewed focus on corruption enforcement. The first involves the prosecution of United Insurance Brokers Limited (UIBL), in relation to an alleged failure to prevent bribery connected to reinsurance contracts in Ecuador. Later in April, the SFO announced another bribery probe - this time through dawn raids - focusing on UK-based firm Blu-3 and former associates of construction group Mace. Individuals at Blu-3 are suspected of paying over £3 million in bribes connected to the construction of a Microsoft data centre in the Netherlands. These cases bring the total number of bribery investigations, launched since Nick Ephgrave took over as Director of the SFO, to three. They also reflect a shift from the SFO's recent emphasis on domestic fraud investigations.

On 3 April, the SFO published its Business Plan for 2025/26, setting out its priorities for the year ahead within the framework of its broader five-year strategy. The plan reflects increasing expectations on organisations to detect and prevent economic crime - particularly in light of the upcoming 'failure to prevent fraud' offence, which the SFO described as a "landmark moment" in corporate crime enforcement. In his foreword, Ephgrave points to early signs of momentum since the strategy's launch, including eight new investigations, quicker charging decisions (notably, charges in the Axiom Ince case were brought within 15 months), and five trials are already listed for 2026. Key initiatives in the 2025/26 plan include:

1. **A new case management system** aimed at improving investigation efficiency
2. **Updated corporate co-operation guidance**, published on 24 April (and addressed in more detail above)
3. **Continued investment in legal tech**, including further rollout of Technology Assisted Review (TAR) to support document-heavy investigations
4. **Enhanced surveillance and cryptoasset capabilities**, including strengthened covert investigation tools
5. Renewed efforts to push for legislative change which would allow **financial rewards for whistleblowers**
6. **Rollout of the SFO's prevention programme** - a pilot initiative aimed at tackling economic crime at its root - though details on this programme remain limited.

The business plan signals a clear intent to modernise the SFO's operational capabilities while sustaining pressure on corporate misconduct, not least through the agency's newly expanded legislative toolkit.

In March, the SFO, France's PNF, and Switzerland's OAG launched a new anti-corruption taskforce aimed at strengthening intelligence sharing and the coordination of cross-border investigations. While operational specifics remain limited, the move is symbolically significant - presenting a united European front at a time when FCPA enforcement in the US is more unpredictable under the Trump administration. Speaking at a recent London conference, SFO Director Nick Ephgrave emphasised that the taskforce is not simply a reaction to the downturn in US enforcement - though he acknowledged the timing was helpful. The SFO also confirmed it has recently signed a memorandum of understanding with Indonesia's anti-corruption commission (KPK), further strengthening its international ties.

CPS Secures Bribery Convictions in Energy and Demolition Sectors

The Crown Prosecution Service (CPS) has secured convictions in two separate bribery cases involving individuals in the energy and demolition industries. Six individuals — including former senior executives at E.ON and British Gas — were convicted in relation to a £2 million bribery scheme relating to the award of commercial contracts between 2011 and 2015. On 1 May 2025, Mark Baker and Matthew Heyward were sentenced to three years and ten months and two and a half years in prison, respectively. The remaining defendants received sentences ranging from suspended terms to four years' custody.

In a separate case, four individuals were convicted of corruption charges in the demolition sector. Arben Hysa was sentenced to three and a half years for paying over £600,000 in bribes to three Keltbray managers between 2012 and 2018, securing contracts worth £15 million. The three managers received prison sentences of between two and three and a half years. The CPS has confirmed that confiscation proceedings are underway in both cases to recover criminal proceeds.

FCA Round-up: 'Name and Shame' Proposals Abandoned; Launch of New Five-Year Strategy Focused on Economic Growth and Efficiency; First Enforcement Action against a Recognised Investment Exchange; and Guilty Plea to Insider Dealing Charges

The FCA has confirmed it will not proceed with its controversial proposal to name firms at an earlier stage of enforcement investigations (CP24/2). First published in February 2024, the proposal attracted immediate and widespread criticism from industry stakeholders, government officials, and parliamentary committees. In response to this feedback, the FCA issued a revised proposal in November 2024, introducing new measures such as extending the notice period for announcements and incorporating consideration of reputational impact into its disclosure decisions. Despite these changes, significant concerns remained and in March 2025, the FCA formally dropped the proposal. However, several transparency-related elements from the original consultation will still be taken forward, including:

1. **Reactive Announcements -** the FCA will confirm the existence of investigations once they have been publicly disclosed by firms, other regulators, or through market announcements.

2. **Notices on Unauthorised Activity** – they will continue to publish the names of entities operating outside the regulatory perimeter, where doing so may help protect consumers.

3. **Anonymous Case Updates** - general enforcement trends will be shared through outlets like *Enforcement Watch*, without identifying specific firms under investigation.

These retained measures reflect a more measured and balanced approach to transparency, avoiding the more controversial aspects of the FCA's original proposal. A final policy statement is expected by June 2025.

In the same announcement, the FCA also confirmed it will not move forward with its Diversity & Inclusion proposals (CP23/20), citing "industry feedback and forthcoming legislative changes." However, it will continue with its work on non-financial misconduct (NFM), with further updates on this expected in June 2025. In the meantime, the FCA has underscored its commitment to addressing NFM through enforcement action, as demonstrated in its recent decision notice banning and fining Robin Crispin Odey in connection with conduct following allegations of sexual harassment against him. Mr Odey has referred the decision to the Upper Tribunal.

The FCA has also published a new five-year strategy, which marks a clear shift from its previous three-year plan. The focus is now on fostering growth and competitiveness, aligning with the government's agenda to reduce regulatory burdens and stimulate growth. To achieve its objectives, the FCA has outlined four key priorities:

1. **Becoming a Smarter Regulator –** by focusing on investing in technology, people, and systems to improve efficiency; digitising and simplifying authorisations and data processes; reducing supervision intensity for firms acting in good faith; publishing fewer, more strategic market reports annually; and streamlining the enforcement case portfolio.

2. **Supporting Economic Growth –** through enhancing UK competitiveness and tailoring rules to local market needs and responding to calls to "regulate for growth, not just risk".

3. **Helping Consumers Navigate Financial Decisions –** by embedding the Consumer Duty into firm practices; encouraging consumer investment and mortgage accessibility; and improving customer support and financial literacy.

4. **Combating Financial Crime –** via prioritising collaboration with firms and regulators and increasing intelligence-sharing and fraud awareness, especially around investment and APP fraud.

From an enforcement and intervention perspective, the FCA's new strategy is expected to lead to greater supervisory engagement, broader dissemination of best and poor practices, and more targeted data requests. Key areas of focus will likely include firms' use of technology -

particularly AI - and their ability to deliver good customer outcomes, in line with the Consumer Duty.

In March, the FCA imposed its largest fine of the year - £9.25 million - on the London Metal Exchange (LME), marking the first enforcement action against a Recognised Investment Exchange (RIE). The penalty underscores that no regulated market participant is immune from sanction and highlights the importance of strong systems and controls in financial exchanges and regulated entities. The fine stems from deficiencies in LME's risk management during extreme market stress in March 2022, when the price of its three-month nickel futures contract more than tripled. The disruption posed systemic risks and threatened multiple member defaults. The FCA found breaches of key requirements under the Recognised Investment Exchanges sourcebook (REC) and Commission Delegated Regulation 2017/584 (RTS 7), including failures in risk mitigation, escalation procedures, and staff readiness.

On 9 May, professional day traders Matthew and Nikolas West pleaded guilty to six counts of insider dealing following an FCA prosecution. Between 2016 and 2020, Matthew West unlawfully used confidential information obtained through "wall crossing" to trade shares and tipped off his brother Nicholas West. Together, they generated £42,948 in illicit profits. Sentencing is set for 3 July 2025, when the FCA is expected to pursue confiscation orders.

OFSI Round-up: 2025 Annual Review Published and New Financial Penalties

The Office of Financial Sanctions Implementation (OFSI) has published its annual review, noting a moderate increase in enforcement activity. A total of 208 cases were allocated for investigation, up from 172 the previous year. Notably, almost a quarter of these cases originated from third-party sources rather than self-reports. OFSI also reported a significant rise in the number of investigations closed - more than triple the figure from the previous year. This increase is attributed (at least in part) to the expanded use of warning letters, enabling the agency to resolve cases more efficiently. While financial services remain the primary focus of OFSI's investigations, legal and professional services, as well as manufacturing, and maritime sectors also feature. Despite this reported activity, public enforcement of financial sanctions in the UK remains relatively limited. However, two recent penalties have brought the total number of fines issued by OFSI, since the start of the Russia-Ukraine conflict, to four:

- In March 2025, Herbert Smith Freehills (HSF) Moscow was fined £465,000 for making six payments - totalling around £3.9 million - to three designated Russian banks ahead of its office closure in May 2022. This is the first enforcement action against a law firm under the Russian sanctions regime.

- In May 2025, Svarog Shipping & Trading Company received OFSI's first penalty for failing to comply with an information request, incurring a £5,000 fine - highlighting the importance of timely and comprehensive responses to OFSI inquiries.

OFSI has indicated that more public enforcement actions are expected later in 2025 as investigations continue to progress.

Government Sanctions Review Released

On 15 May, the UK Government published its *Cross-Government Review of Sanctions Implementation and Enforcement*, launched in October 2024 to identify ways to strengthen the UK's sanctions enforcement framework. The review proposes consolidating asset-freezing and sanctions designation lists into a single register, aiming to simplify compliance for affected organisations. It also outlines plans to introduce an early settlement scheme and a streamlined penalty process for civil breaches of financial sanctions. However, the review offers limited detail on how the government intends to improve the currently low levels of enforcement. Implementation of the proposed measures is targeted for April 2026.

First UK Criminal Conviction for Russian Sanctions Breach

In April 2025, the Crown Prosecution Service (CPS) secured the UK's first criminal conviction for breaches of Russian sanctions since the invasion of Ukraine. Dmitrii Ovsiannikov, a former Russian deputy trade minister, was found guilty of six counts of violating UK sanctions by receiving funds from his wife, purchasing a car with his brother, and using his brother's bank accounts. He was also convicted of two counts of money laundering related to the evasion of sanctions. Ovsiannikov has been subject to UK sanctions since 2017 for his role as governor of occupied Sevastopol.

Mints sanctions case partially settles ahead of Supreme Court Hearing

A high-profile civil sanctions case involving exiled Russian businessman Boris Mints has partially settled shortly before its scheduled hearing at the UK Supreme Court. Six of the nine defendants—including Mints and his sons—have reached a confidential settlement with one of the claimant Russian banks. As covered in a previous edition of this Bulletin, the case concerns allegations of a conspiracy to enter into uncommercial transactions involving sanctioned bank PJSC Bank Otkritie and state-owned PJSC National Bank Trust (NBT). Significantly, the Court of Appeal's judgment raised important questions about the interpretation of "ownership and control" under the UK's Russia Regulations. While most of the claims have now been resolved, proceedings remain ongoing against the three remaining alleged co-conspirators.

FRC Round-up: Sanctions for PwC and EY and New Audit Probe into Post Office Accounts

In a notably active period for the Financial Reporting Council (FRC), both PwC and EY have received sanctions for audit failings. PwC was fined £2.89 million for deficiencies in the 2019 audit of Wyelands Bank, including failures in risk assessment and related-party transactions. Then in April, EY received two separate penalties: a £5 million fine for shortcomings in its audits of Thomas Cook's 2017–2018 financial statements, and a further £325,000 fine for breaching a rule that forbids one firm from auditing a Public Interest Entity (PIE) for a period longer than 10 years. Separately, the FRC has launched an investigation into EY's audits of Post Office Limited from 2015 to 2019, focusing on the audit matters related to the Horizon IT system and whether the firm met the relevant auditing standards in place at the time.

These regulatory developments come as UK Finance calls for a more streamlined and growth-friendly approach to audit regulation. In a recent policy paper, the industry body urged the government to simplify audit regulation ahead of the anticipated Audit Reform and Corporate Governance Bill, which will replace the FRC with a more powerful regulator - the Audit, Reporting and Governance Authority (ARGA).

New Sentencing Powers for Water Company Executives

With effect from 25 April 2025, the Water (Special Measures) Act 2025 (W(SM)A 2025) introduces strengthened enforcement powers targeting serious environmental breaches by water companies. Under the new provisions, executives found guilty of concealing unlawful sewage discharges may face up to two years' imprisonment. In addition, the legislation grants regulators new powers to recover the costs of criminal investigations and to prohibit executive bonuses where environmental standards have been breached. The reforms accompany £104 billion in private sector investment aimed at modernising water infrastructure and represent the most significant criminal enforcement development in the sector since privatisation.

What's new in Employment?

The Court of Appeal has given guidance on how employers should handle allegations of gross misconduct. In *Hewston v OFSTED*, the Court confirmed that an employee had been unfairly dismissed when he was summarily dismissed for conduct that the employer had not made clear would lead to summary dismissal. The Court also commented that the employee's subsequent attitude during the investigation and disciplinary proceedings should not have been regarded as having increased the seriousness of the conduct.

The parameters of whistleblowing protection have been tested again, with the Court of Appeal confirming that external job applicants are not covered by the provisions of the Employment Rights Act 1996 (with the exception of NHS applicants, who enjoy specific protection) (*Sullivan v Isle of Wight Council*, 4 April 2025). A government review into the whistleblowing legislation is ongoing, and various whistleblowing amendments to the Employment Rights Bill are under debate in the House of Lords.

The Employment Rights Bill will also establish a new Fair Work Agency (FWA), to combine the current enforcement roles of three separate bodies; HMRC (in relation to the national minimum wage), the Gangmasters and Labour Abuse Authority (in relation to labour exploitation) and the Employment Agency Standards Inspectorate (in relation to agency workers). It will also take on the powers of the Director of Labour Market Enforcement, which will be subsumed by the new Agency (for example, the ability to levy financial penalties on employers who fail to pay tribunal awards). The FWA will also have significant new powers (subject to consultation), including bringing employment tribunal proceedings on behalf of workers against employers, providing legal assistance to an employee bringing such proceedings, and/or recovering costs of enforcement action from defaulting employers it successfully prosecutes.

For more information about these or any other recent employment developments, please speak to a member of our Employment Team.

Horizon Scanning

What to look out for:

- **LIBOR Appeal Judgment:** The Supreme Court is expected to deliver its judgment in the high-profile LIBOR-rigging appeal brought by Tim Hayes. His final attempt to overturn his conviction was heard in March 2025.

- **New Corporate Offence Takes Effect:** The failure to prevent fraud offence under the Economic Crime and Corporate Transparency Act 2023 comes into force on **1 September 2025**. For analysis of the new offence and practical steps for compliance, see our client briefings: *Two Steps Forward, No Steps Back* and *Countdown to Compliance*.