

# 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 CONDUCT AUTHORITY

- 1.1 Multi-firm review into climate reporting - FCA sets out findings - 6 August 2025** - The Financial Conduct Authority (FCA) has set out the results of its review into climate reporting by asset managers, life insurers and FCA-regulated pension providers. The review looked at a sample of 10 entity reports disclosed in line with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations and 77 product reports from 8 of the same entities. The FCA is now considering how to streamline and enhance its sustainability reporting framework and has updated its sustainability reporting requirements webpage to clarify how firms in scope of both TCFD and Sustainability Disclosure Requirements rules can report efficiently under both regimes.

[FCA review findings](#)[Updated sustainability reporting requirements webpage](#)

- 1.2 Multi-firm review into off-channel communications - FCA sets out findings - 7 August 2025** - The Financial Conduct Authority (FCA) has set out the results of its review into firms' approach to off-channel communications, that is, communications that take place outside of monitored, recorded channels a firm has permitted.

The FCA's rules on the recording and monitoring of telephone and electronic communications are detailed in SYSC 10A and reaffirmed in Market Watch 66, which was published in January 2021. The FCA explains that robust record keeping and monitoring of communications is essential for firms to detect and investigate misconduct, and serves as an important safeguard for firms in client disputes and litigation.

Most, but not all, firms in the FCA's sample continue to identify breaches of their internal policies. These occurred across all staff grades, with 41% involving individuals at director grade or above. The FCA states that ongoing breaches demonstrate the importance of firms also focussing on improvements in behaviour and not just in detecting off-channel communications. It further suggests a number of key questions that firms may wish to consider, including whether leadership sets a strong 'tone from the top' and encourages 'speak up' culture for compliance with SYSC 10A.

[FCA review findings](#)

### 2 FINANCIAL OMBUDSMAN SERVICE

- 2.1 FOS publishes quarterly complaints data for Q1 2025/6 - 7 August 2025** - The Financial Ombudsman Service (FOS) has published data relating to complaints it received during Q1 of this financial year, which is April to June 2025/26. The data shows that financial complaints requiring FOS intervention have fallen to their lowest level in over a year. In an accompanying press release, the FOS observes that the fall in case numbers has been particularly significant across

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certain issues, for instance complaints about perceived irresponsible and unaffordable lending have halved. Following the recent introduction of charges for professional representatives who bring more than ten complaints a year, the FOS expects that the next set of quarterly data will show even fewer complaints brought through this route.

[FOS Quarterly complaints data: Q1 2025/26](#)

[Press release](#)

## BANKING AND FINANCE //

### 3 SUPREME COURT

- 3.1 **Motor finance - Supreme Court finds lenders not liable in bribery or dishonest assistance for commissions paid to motor dealers - 1 August 2025** - The Supreme Court has handed down a unanimous judgement overturning the Court of Appeal's judgment in respect of *Hopcraft and another v Close Brothers Limited* (UKSC/2024/0157) and *Wrench v FirstRand Bank Limited (London Branch) t/a MotoNovo Finance* (UKSC/2024/0159), and partially allowing the appeal in respect of *Johnson v FirstRand Bank Limited (London Branch) t/a MotoNovo Finance* (UKSC/2024/0158). Slaughter and May acted for Close Brothers in the Supreme Court stage of the appeal.

The Supreme Court has determined that motor dealers acting as credit brokers do not owe fiduciary duties to their customers and that a fiduciary duty is necessary for liability in bribery. As a result, lenders are not liable in the tort of bribery, or for assisting a breach of fiduciary duty, for paying commission to the motor dealers without consent. However, the Supreme Court also confirmed that in some circumstances lenders may be liable under the Consumer Credit Act 1974 if it can be demonstrated, on the particular facts of the case, that the relationship between the customer and the lender is unfair.

On 3 August 2025 the FCA announced that it would consult on an industry-wide scheme to compensate motor finance customers who were treated unfairly. We summarise this development separately below.

[Hopcraft and another \(Respondents\) v Close Brothers Limited \(Appellant\); Johnson \(Respondent\) v FirstRand Bank Limited \(London Branch\) t/a MotoNovo Finance \(Appellant\); Wrench \(Respondent\) v FirstRand Bank Limited \(London Branch\) t/a MotoNovo Finance \(Appellant\)](#)

### 4 OFFICIAL JOURNAL OF THE EUROPEAN UNION

- 4.1 **CRR - Delegated Regulation on extraordinary circumstances for continuing use of internal models published in OJEU - 1 August 2025** - Commission Delegated Regulation (EU) 2025/789 supplementing the Capital Requirements Regulation (575/2013) (CRR) with regard to regulatory technical standards (RTS) specifying the conditions and indicators the European Banking

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Authority (EBA) is to use to determine whether extraordinary circumstances have occurred for the purposes of Articles 325az(5) and 325bf(6) has been published in the Official Journal of the EU. The RTS cover (i) the conditions that must be met for the EBA to recognise extraordinary circumstances; and (ii) a non-exhaustive list of indicators that the EBA should consider when identifying whether extraordinary circumstances have occurred.

The Delegated Regulation will enter into force on 21 August 2025.

[Commission Delegated Regulation \(EU\) 2025/789](#)

## 5 EUROPEAN BANKING AUTHORITY

- 5.1 Pillar 3 ESG risk disclosures - EBA publishes opinion - 5 and 6 August 2025** - The European Banking Authority (EBA) has published an opinion (dated 5 August) - described as a “no action letter” - on the application of Pillar 3 disclosure requirements on ESG risks (EBA/Op/2025/11) under the Capital Requirements Regulation (575/2013) (CRR), as amended by the CRR III Regulation ((EU) 2024/1623).

The letter formalises guidance already set out by the EBA in its May 2025 consultation paper on relevant draft implementing technical standards in light of the European Commission's proposed Directive amending Directives 2006/43/EC, 2013/43/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements (COM(2025) 81 final) (known as Omnibus I).

[Opinion on the application of the provisions relating to disclosures on ESG risks \(EBA/Op/2025/11\)](#)

[Press release](#)

- 5.2 CRR - EBA publishes draft RTS on prudential treatment of cryptoasset exposures - 5 August 2025** - The European Banking Authority (EBA) has published a final report (EBA/RTS/2025/04) on draft regulatory technical standards (RTS) on the calculation and aggregation of cryptoasset exposure values under Article 501d(5) of the Capital Requirements Regulation (575/2013) (CRR), as amended by the CRR III Regulation ((EU) 2024/1623). The RTS address implementation aspects and will ensure harmonisation of the capital requirements on cryptoasset exposures by institutions across the EU.

The EBA will now submit the draft RTS to the European Commission for adoption.

[Draft Regulatory Technical Standards on cryptoasset exposures](#)

- 5.3 CRR - EBA publishes final draft RTS on equivalent mechanism for unfinished property - 6 August 2025** - The European Banking Authority (EBA) has published a final report (EBA/RTS/2025/05) on draft regulatory technical standards (RTS) on the equivalent mechanism for unfinished property under the Capital Requirements Regulation (575/2013) (CRR), as amended by the CRR III Regulation ((EU) 2024/1623).

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The draft RTS sets out what constitutes an equivalent legal mechanism for the purposes of the conditions under which retail immovable property that is still under construction can be eligible for preferential risk weight treatment. The final draft takes a broader approach than the proposals consulted on in May 2024, in that it recognises existing national completion guarantee schemes in certain EU member states, subject to safeguards.

The EBA will now submit the draft RTS to the European Commission for adoption.

[Draft Regulatory Technical Standards on equivalent mechanism for unfinished property](#)

## 6 FINANCIAL CONDUCT AUTHORITY

- 6.1 Motor finance - FCA publishes statement announcing its intention to consult on a compensation scheme for motor finance customers - 3 August 2025** - The Financial Conduct Authority (FCA) has published a statement announcing its intention to consult on an industry-wide scheme to compensate motor finance customers who were treated unfairly. This follows the Supreme Court judgement on motor finance commissions in *Johnson v FirstRand Bank Ltd (London Branch) (t/a MotoNovo Finance) [2025] UKSC 33*, which was handed down on 1 August 2025 and is summarised above.

The FCA aims to publish the consultation by early October 2025 and for it to be open for six weeks, with the scheme becoming effective in 2026.

### [FCA statement](#)

- 6.2 Motor finance - FCA publishes letter and SRA publishes press release addressed to claims management companies - 31 July 2025** - The Financial Conduct Authority (FCA) has published a letter to claims management companies (CMCs), dated 31 July 2025, requesting that if they engage in claims management activities related to motor finance, they review their financial promotions in order to ensure compliance with FCA rules. The FCA details its concerns about promotions that, among other things, exaggerate potential claim values, create a false sense of urgency, and sign up consumers without consent.

The FCA underscores its expectation that all financial promotions are clear, fair and not misleading, and that they accurately reflect the nature and status of any potential claims. The FCA will proactively monitor the market to assess compliance, and will take appropriate action where non-compliant financial promotions are identified.

Separately, the Solicitors Regulation Authority (SRA) has published a press release in conjunction with the FCA, warning law firms and CMCs to make sure they are complying with rules around how motor finance commission claims should be handled. This follows concerns about the conduct of some law firms and CMCs in this area, including those regarding a failure to advise consumers about the availability of free-to-claim alternatives.

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- 6.3 FCA publishes policy statement on changes to the safeguarding regime for payments and e-money firms - 7 August 2025** - The Financial Conduct Authority (FCA) has published a policy statement (PS25/12) confirming changes to the safeguarding regime for payments and e-money firms to address weaknesses in firms' current safeguarding practices and to better protect customers of firms that fail. This follows publication of an FCA consultation paper (CP24/20) on this subject in September 2024, as previously reported on in this Bulletin.

In CP24/20, the FCA consulted on replacing the existing safeguarding regime with a CASS-style regime, making the changes in two stages. During the interim stage—which is referred to as the 'Supplementary Regime'—relevant rules will be set out in a new CASS 15 to improve compliance with the existing safeguarding requirements in the Electronic Money Regulations 2011 (SI 2011/99) (EMRs 2011) and the Payment Services Regulations 2017 (SI 2017/752) (PSRs 2017).

In PS25/12, the FCA confirms that it will go ahead with the Supplementary Regime, and sets out its final rules and guidance. Following stakeholder feedback, the FCA has made changes to ensure that rules are more proportionate for smaller firms, such as by removing the requirement for audits if a firm holds less than £100,000 in customer funds. The FCA has also increased the implementation period, and the new rules under the Supplementary Regime will come into force after nine months on 7 May 2026.

In CP24/20, the FCA had also consulted on an end-state stage—referred to as the 'Post-Repeal Regime'—which would involve replacing the safeguarding requirements of the EMRs 2011 and PSRs 2017 with a CASS-style regime where relevant funds and assets are held on trust for consumers. In PS25/12, the FCA highlights stakeholder concerns about the impact of imposing a statutory trust and receiving relevant funds directly into a designated safeguarding bank account. As a result, the FCA is not proposing to implement the proposals without further consideration and consultation. Once a full audit period has been completed, after the Supplementary Regime has come into force, the FCA will review its implementation and consult on further proposals if changes are necessary.

[FCA PS25/12: Changes to the safeguarding regime for payments and e-money firms](#)[Press release](#)[Webpage](#)

- 6.4 Multi-firm review into transaction governance in wholesale banks - FCA sets out findings - 7 August 2025** - The Financial Conduct Authority (FCA) has set out the results of its review of transaction governance in wholesale banks, examining the processes through which firms assess transaction risk. In summary, the FCA found no widespread weaknesses, although some banks

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had more robust processes than others. The FCA observes that stronger frameworks gave senior management greater confidence in identifying and mitigating risks effectively.

[FCA review findings](#)

## SECURITIES AND MARKETS //

### 7 FINANCIAL CONDUCT AUTHORITY

- 7.1 FCA opens retail access to crypto exchange traded notes - 1 August 2025** - The Financial Conduct Authority (FCA) has published Handbook Notice No. 132, in which it confirms that it will make changes to the FCA Handbook to enable the sale, distribution and marketing of cryptoasset exchange traded notes (cETNs) to retail clients where those cETNs are admitted to trading on a UK Recognised Investment Exchange (RIE).

This will be achieved through the Conduct of Business (Cryptoasset Products) Instrument 2025 (the Instrument), which comes into force on 8 October 2025. The Instrument also categorises UK RIE cETNs as restricted mass market investments for the purposes of the UK financial promotions regime, and applies marketing restrictions including risk warnings and appropriateness testing. It further excludes access to the Financial Services Compensation Scheme.

The FCA observes that its Consumer Duty will apply to firms offering these products to retail investors, and further confirms that the FCA's ban on retail access to cryptoasset derivatives will remain in place.

[FCA Handbook Notice No. 132](#)[Press release](#)

## INSURANCE //

### 8 EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY

- 8.1 AI governance and risk management - EIOPA publishes opinion - 6 August 2025** - The European Insurance and Occupational Pension Authority (EIOPA) has published the final version of its opinion (EIOPA-BoS-25-360) on artificial intelligence (AI) governance and risk management, together with a related impact assessment (EIOPA-BoS-25-363), following a February 2025 consultation, as previously reported in this Bulletin.

The opinion sets out baseline supervisory expectations for interpreting existing sectoral legislation - including the Insurance Distribution Directive ((EU) 2016/972), the Solvency II Directive (2009/138/EC) and the Solvency II Delegated Regulation ((EU) 2015/35) - in the context of AI systems. Going forward, EIOPA plans to develop more detailed analysis on specific AI use cases or issues arising from the use of AI systems in insurance, and to provide further guidance, where appropriate.



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## ENFORCEMENT //

### 9 FINANCIAL CONDUCT AUTHORITY

- 9.1 Transaction reporting failures - FCA publishes final notice - 1 August 2025** - The Financial Conduct Authority (FCA) has published a final notice (dated 29 July 2025) issued to Sigma Broking Ltd, fining it £1,087,300 for failing to submit complete and accurate transaction reports for five years.

Between December 2018 and December 2023, transaction reports submitted by Sigma to the FCA were either incomplete, inaccurate or both. The deficiencies impacted 924,584 transactions, close to 100% of reportable transactions undertaken by all of its trading desks during this period. The reporting failures were caused by incorrect system setup and persisted uncorrected due to weaknesses in the firm's reporting processes. The deficiencies in reporting meant that Sigma breached Article 26 of the UK Markets in Financial Instruments Regulation (600/2014) and Principle 3 of the FCA's Principles for Businesses, which requires firms to take reasonable care to organise and control their affairs responsibly and effectively.

This is the second enforcement action against Sigma for inadequate transaction reports. The FCA previously fined the firm £531,600 in October 2022.

[Final notice](#)[Press release](#)

- 9.2 Woodford Equity Income Fund - FCA publishes decision notices in respect of Neil Woodford and Woodford Investment Management Ltd - 5 August 2025** - The FCA has published decision notices that it has issued to Neil Woodford and Woodford Investment Management Limited (WIM) for failures in the management of Woodford Equity Income Fund (WEIF).

WEIF was an investment fund managed by Mr Woodford and WIM, which was suspended in June 2019 leaving investors unable to access their money. The FCA has concluded that between 31 July 2018 and 3 June 2019, Mr Woodford and WIM failed to act with due skill, care and diligence in their roles, and in particular:

- made unreasonable and inappropriate investment decisions, which meant that at the time of suspension of the fund, only 8% of the investments held by WEIF could be sold within seven days; and
- failed to respond reasonably or appropriately to warning signs regarding the fund's liquidity profile.



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The FCA has further concluded that Mr Woodford held a defective and unreasonably narrow understanding of his responsibilities. Despite his senior role, he did not accept that he had a responsibility to oversee the management of the fund's liquidity, including in interviews conducted by the FCA. He also failed to provide proper oversight of WIM's relationship with Link Fund Solutions (Link), the WEIF's authorised corporate director, including after Link raised concerns about the fund's liquidity. The FCA considers Mr Woodford's and WIM's failings led to a significantly increased risk of the fund being suspended.

The FCA has decided to fine Mr Woodford £5,888,800 and ban him from holding senior manager roles and managing funds for retail investors. The FCA has also decided to fine WIM £40,000,000. Mr Woodford and WIM have referred the decision notices to the Upper Tribunal. The proposed actions set out in the decision notices will have no effect pending the Upper Tribunal's determination of the case.

[Press release](#)[Decision Notice 2025: Neil Woodford](#)[Decision Notice 2025: Woodford Investment Management Limited](#)

- 9.3 **FCA Enforcement Information Guide - FCA publishes updated version - 7 August 2025** - The Financial Conduct Authority (FCA) has published an updated version of its Enforcement Information Guide, which explains the FCA's regulatory enforcement process, in order to reflect changes in the FCA Handbook to the Enforcement Guide (ENFG) and the Decision Procedure and Penalties manual (DEPP). These changes to ENFG and DEPP were confirmed in the FCA's June 2025 policy statement (PS25/5) on its enforcement guide and greater transparency of FCA enforcement investigations, as previously reported on in this Bulletin.

[FCA Enforcement Information Guide \(August 2025\)](#)

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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:

Jan Putnis	<a href="mailto:jan.putnis@slaughterandmay.com">jan.putnis@slaughterandmay.com</a>
Nick Bonsall	<a href="mailto:nick.bonsall@slaughterandmay.com">nick.bonsall@slaughterandmay.com</a>
David Shone	<a href="mailto:david.shone@slaughterandmay.com">david.shone@slaughterandmay.com</a>
Kristina Locmele	<a href="mailto:kristina.locmele@slaughterandmay.com">kristina.locmele@slaughterandmay.com</a>
Sabine Dittrich	<a href="mailto:sabine.dittrich@slaughterandmay.com">sabine.dittrich@slaughterandmay.com</a>

London  
T +44 (0)20 7600 1200  
F +44 (0)20 7090 5000

Brussels  
T +32 (0)2 737 94 00  
F +32 (0)2 737 94 01

Hong Kong  
T +852 2521 0551  
F +852 2845 2125

Beijing  
T +86 10 5965 0600  
F +86 10 5965 0650

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