



Insurance Regulatory eBulletin

Round up of regulatory developments in March 2024

Welcome to our Insurance Regulatory eBulletin

Welcome to this edition of our Insurance Regulatory eBulletin, which aims to keep you updated with significant regulatory developments from March 2024 and their implications across the insurance sector.

This edition contains details of the various publications arising from the PRA review of the Solvency II regime. In addition, it contains details of the FCA's business plan for 2024-2025 and therefore its areas of emphasis over the next 12 months. Details have also been provided regarding the FCA's updated documents setting out its approach to supervision, customers and international firms. For motor insurers the findings of the FCA's review into insurers valuation of vehicles also will be of significant interest.

With regards of corporate governance, March saw the publication by the FRC of the details of extensive upgrades to the financial reporting standards applicable in the UK and the Republic of Ireland.

I have highlighted certain elements included in this month's edition. However, there is much detail included in this eBulletin, referenced to the source documents. I hope you will find this helpful in identifying matters relevant to yourself. Please do not hesitate to contact myself or your usual BDO contact if you have any concerns over any matter highlighted in this update. For more information about our audit, tax and advisory services to the insurance sector, visit our [insurance services](#) page.

I hope you enjoy reading this latest update.



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PRUDENTIAL REGULATION

WOMEN IN FINANCE CHARTER

On 21 March, HM Treasury updated its [policy](#) paper on Women in Finance Charter, which asks financial services firms to commit to implement four key industry actions to improve the representation of women in senior managerial roles in financial services:

- ▶ having one member of the senior executive team who is responsible and accountable for gender diversity and inclusion;
- ▶ setting internal targets for gender diversity in senior management;
- ▶ publishing progress annually against these targets in reports on the firm's website; and
- ▶ having an intention to ensure the pay of the senior executive team is linked to delivery against these internal targets on gender diversity.

BUILDING A SMARTER FINANCIAL SERVICES REGULATORY FRAMEWORK: NEXT PHASE

On 21 March, HM Treasury [published](#) a follow-up paper outlining the next phase of delivering a Smarter Regulatory Framework for the UK by replacing assimilated law on financial services. The Financial Services and Markets Act 2023 (FSMA 23) repeals assimilated law for financial services in order to create a Smarter Regulatory Framework which is tailored to the UK. Assimilated law will be replaced with rules set by independent and expert regulators, operating within a framework set by government and Parliament.

SS1/24 EXPECTATIONS FOR MEETING THE PRA'S INTERNAL MODEL REQUIREMENTS FOR INSURERS UNDER SOLVENCY II

The PRA has [published](#) a supervisory statement which outlines expectations for meeting its internal model (IM) requirements for insurers under Solvency II. The PRA's expectations are set out in the following categories:

- ▶ forecast of the probability distribution associated with a partial IM;

- ▶ including new risks in the IM;
- ▶ data used in the IM;
- ▶ model validation process;
- ▶ validation tools;
- ▶ documentation standards;
- ▶ minimum content of the documentation;
- ▶ circumstances that prevent the IM from functioning effectively; and
- ▶ changes to the IM.

This supervisory statement is effective from 31 December 2024.

SOLVENCY II: CAPITAL ADD-ONS

The PRA has published a statement of policy (SoP) setting out the approach that it expects to use in relation to [capital add-ons](#). The SoP is relevant to all UK Solvency II firms, the Society of Lloyd's, its members and managing agents. It is also relevant to all UK holding companies.

This SoP is effective from 31 December 2024.

SOLVENCY II INTERNAL MODELS: PERMISSIONS AND ONGOING MONITORING

The PRA has published a [SoP](#) setting out its approach to considering applications and granting permissions for the use of internal models (IMs) for the purpose of calculating the Solvency Capital Requirement (SCR). The SoP is most relevant to firms that have permission to use an IM to calculate their SCR, but it will also be of interest to UK Solvency II firms seeking permission to using an IM and to UK Solvencies II firms that are part of groups within the European Economic Area (EEA) or non-EEA groups with a group IM.

The SoPs will be effective from 31 December 2024.

SOLVENCY II REGULATORY REPORTING WAIVERS

The PRA has published a SoP setting out the PRA's approach to [waiving](#) the submission of

certain Solvency II reporting requirements in the Reporting Part of the PRA Rulebook, using its statutory powers under Section 138A of the Financial Services and Markets Act (FSMA). In particular, this SoP:

- ▶ lists the reporting requirements applicable to individual firms and third-country branch undertakings granted the waivers set out in this SoP; and
- ▶ explains the steps a firm must take to apply for a waiver and how the decision will be communicated to the firm.

The waivers will be effective from 31 December 2024.

PS3/24 REVIEW OF SOLVENCY II: REPORTING AND DISCLOSURE PHASE 2 NEAR-FINAL

The PRA has [published](#) a final policy statement providing feedback to responses to consultation paper CP14/22 - Review of Solvency II: Reporting phase 2 and Chapter 7: Reporting and disclosure in CP12/23 - Review of Solvency II: Adapting to the UK insurance market. The Policy Statement sets out the PRA's final reporting and disclosure policy, and should be read in conjunction with PS2/24 - Review of Solvency II: Adapting to the UK insurance market, which sets out the PRA's final policy on other elements of Solvency UK policy. The rule instruments and policy material under both these Policy Statements are near-final. They contain the PRA's final policy in the form of near final rules and updated near final policy materials, and is relevant to UK Solvency II firms, the Society of Lloyd's and its members and managing agents, insurance and reinsurance undertakings that have a UK branch, and firms and UK holding companies required to publicly disclose or report group information to the PRA.

PS4/24 - PRA STATEMENT ON THE REVIEW OF RULES

In this [Policy Statement](#) - PS4/24, the PRA explain how it addresses the responses, and its reasoning behind the changes made in the framework where appropriate.

The PRA received 13 responses to the five questions included in CP11/23. Overall, the responses did not raise major concerns with the

PRA's rule review framework. However, respondents shared ideas about how aspects of the PRA statement could be changed. For example, they suggested further ways for stakeholders to engage with the PRA. Moreover, they proposed additional information on rule reviews that the PRA could publish, such as the outcomes of reviews. Some respondents also made suggestions on how the PRA prioritises and selects rules for review, highlighting the importance of the PRA's secondary objectives. Finally, respondents welcomed the framework's flexibility that comes with a mix of quantitative and qualitative methods, which can be used depending on the context of a review and the availability of data.

PS6/24 - FINANCIAL SERVICES COMPENSATION SCHEME - MANAGEMENT EXPENSES LEVY LIMIT (MELL) 2024/25

On 28 March the PRA [published](#) a policy statement providing feedback to responses to the consultation paper CP1/24- Financial Services Compensation Scheme - Management Expenses Levy Limit 2024/25. The policy statement also contains the PRA's final PRA rules for the Financial Services Compensation Scheme (FSCS) Management Exp Expenses Levy Limit (MELL) for 2024/24.

The PRA has indicated that it will apply the draft MELL to the FSCS from 1 April 2024, the start of the financial year.

FINANCIAL SANCTIONS GUIDANCE FOR MARITIME SHIPPING

The Office of Financial Sanctions Implementation (OFSI) and HM Treasury have [published](#) a guidance document, which provides financial sanctions guidance for entities and individuals that operate in, or with, the maritime shipping sector, especially those involved in areas that may be subject to UK financial sanctions restrictions, including the handling of goods.

The OFSI has also published the [Maritime Factsheet](#) on UK Financial Sanctions, which includes information on:

- ▶ regulation compliance;
- ▶ common evasion practices; and

- ▶ maritime shipping & insurance.

NEW PRA RULEBOOK WEBSITE

The Bank has announced that the new PRA Rulebook [website](#) will be launched on 10 April 2024. The PRA has migrated all Rulebook content and metadata to its new platform and has begun adding PRA supervisory statements (SS) and SoPs, to be completed by year-end.

THE BANK'S APPROACH TO ENFORCEMENT: PROPOSED CHANGES TO STATEMENTS OF POLICY AND PROCEDURE FOLLOWING THE FINANCIAL SERVICES AND MARKETS ACT 2023

On 28 March the Bank issued a [consultation](#) paper proposing changes to the Enforcement SoPP to describe how the Bank, including the PRA, intends to use the enforcement authorities added or enhanced by the Financial Services and Markets Act 2023 or contained in the Securitisation Regulations 2024.

The suggested techniques for exercising the extra enforcement authorities are consistent with the approaches taken by the Bank and the PRA in other settings where they have enforcement powers. The consultation paper follows the recent implementation of legislation that gives the Bank (including the PRA) greater enforcement responsibilities.

Comments should be submitted on or before 28 June 2024.

HMT CONSULTS ON IMPROVING THE EFFECTIVENESS OF THE MLRS

The HM Treasury has issued a [consultation](#) on improving the effectiveness of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs). The consultation forms part of a wider programme of work aimed at reducing money laundering, which was set out in the Economic Crime Plan 2023-26.

Comments should be submitted on or before 9 June 2024.

CONDUCT REGULATION

THE HALLMARKS OF A FUTURE-FIT WORKFORCE

On 5 March, Emily Shepperd, FCA Authorisations Chief Operating Officer and Executive Director delivered a [speech](#) at TheCityUK and Financial Services Skills Commission Future Skills Conference. The highlights of the speech are as follows:

- ▶ the importance of tapping into skills markets outside of London in order to better reflect consumer demographics;
- ▶ the importance of building strong and healthy cultures of inclusivity to attract and retain talent; and
- ▶ the increased ability of a highly skilled and agile workforce to respond and adapt to changing world events and new ways of working.

SPEECH - INVESTING IN OUTCOMES: A REGULATORY APPROACH TO DELIVER FOR CONSUMERS, MARKETS AND COMPETITIVENESS

On 14 March, Nikhil Rathi, FCA Chief Executive delivered a speech on Investing in outcomes: a regulatory approach to deliver for consumers, markets and competitiveness at the Morgan Stanley European Financials Conference.

The key points raised were:

- ▶ The FCA wants a deeper, more open relationship with investors, analysts, and the markets as a whole - particularly now that we have more freedom to tailor our rules to our markets.
- ▶ The FCA will be pragmatic when looking at enforcement of the Consumer Duty, tackling breaches that pose the greatest risk of harm but looking favourably on firms that have made reasonable efforts to address concerns.
- ▶ The FCA are not a price regulator and will not stand in the way of well-run businesses

making profits in the face of effective competition.

- ▶ In dealing with motor finance claims, the FCA has intervened and are now to establish the facts and are aiming for earlier clarity than previous redress events.
- ▶ Firms and their investors need honest conversations about the balance between short-term shareholder returns and long-term investment to ensure medium-term competitiveness.

BUSINESS PLAN 2024/25

On 19 March, FCA [published](#) its Business Plan for 2024/25. The Business Plan details the work the FCA will do over the next 12 months to help deliver the commitments in its Strategy. The FCA's focus for the year ahead takes into account the external environment and the new regulatory framework. It will continue to test higher standards through embedding the Consumer Duty, seek to support long-term financial wellbeing for consumers and unlock innovation in retail investment markets, and promote competition and positive change.

FCA'S APPROACH TO SUPERVISION

On 19 March, the FCA [published](#) an updated version of its document on its approach to supervision. The document sets out how the FCA carries out its regulatory oversight. It is designed to help firms, consumers and markets understand how it works, and fulfil its accountability to Parliament and to the public. The FCA's approach to regulation is proportionate, prioritising key areas of focus and focusing on firms that pose a higher risk to meeting its objectives.

FCA'S APPROACH TO CONSUMERS

On 19 March, the FCA [published](#) an updated version of its corporate document on its approach to consumers. The document sets out how the FCA will use its powers and tools to protect consumers of financial services, in line with its consumer protection objective.

FCA'S APPROACH TO INTERNATIONAL FIRMS

On 19 March, the FCA [published](#) an updated version of its guidance on its approach to international firms. The document sets out the FCA's expectations for international firms providing or seeking to provide financial services that require authorisation in the UK. The FCA is not changing existing rules or other provisions in its Handbook. The guide covers:

- ▶ how the FCA will assess international firms against minimum standards when they apply for authorisation and during ongoing supervision by the FCA;
- ▶ the FCA's general expectations for international firms;
- ▶ circumstances when international firms could present higher risks of harm; and
- ▶ how those risks can be mitigated.

LETTER TO DLUHC: MULTI-OCCUPANCY BUILDINGS INSURANCE

On 29 February, the FCA [wrote](#) to Michael Gove MP, Secretary of State for Levelling Up, Housing and Communities, providing an update on the FCA's work on multi-occupancy buildings insurance (MOBI), which has been a concern for leaseholders. The letter included information on different topics such as enhanced leaseholder rights and protections, insurer risk modelling, pricing of MOBI, adoption of the ABI/BIBA industry data standards and data availability.

FINDINGS OF MULTI-FIRM REVIEW INTO INSURERS' VALUATION OF VEHICLES

On 27 March, the FCA [published](#) their findings of their multi-firm review into insurers' valuation of vehicles. The report's findings outlined both the good practices and areas for improvement in different aspects such as the Valuation of vehicles, how to communicate an initial offer, handling disputed valuations and the treatment of policies after a claim settlement. The FCA will continue to engage with firms more generally and expect them to demonstrate how their valuation approach and broader total loss claims-handling processes reflect the expectations outlined.

REVIEW OF FIRMS' TREATMENT OF CUSTOMERS IN VULNERABLE CIRCUMSTANCES

On 15 March, the FCA announced that it is to conduct a [review](#) into how firms are acting to understand and respond to the needs of customers in vulnerable circumstances.

Under the Consumer Duty, firms should act to deliver good outcomes for all customers, including those with characteristics of vulnerability. The review will look at firms' understanding of consumer needs, the skills and capability of staff, product and service design, communications and customer service, and whether these support the fair treatment of customers in vulnerable circumstances.

The FCA has undertaken to share its findings by the end of 2024.

USING SYNTHETIC DATA IN FINANCIAL SERVICES

On 8 March, the FCA [published](#) a report by the Synthetic Data Expert Group (SDEG), which highlights the experiences of SDEG members in generating and utilising synthetic data within the financial services industry. In order to contribute to the efficient and secure deployment of synthetic data, the report seeks to assist industry and regulatory practitioners in gaining a thorough grasp of the technique, resources, practical opportunities and challenges related to synthetic data.

OPERATIONAL RESILIENCE

On 4 March, the FCA [published](#) an update regarding the importance of operational resilience and the requirements for firms. Firms have until 31 March 2025 to have:

- ▶ performed mapping and testing so that they can remain within impact tolerances for each important business service; and
- ▶ made the necessary investments to enable them to operate consistently within their impact tolerance.

FINANCIAL CRIME

On 11 March, the FCA updated its [guidance notes](#) for "Financial crime" which was first published on 30 July 2015.

CONSUMER DUTY IMPLEMENTATION: GOOD PRACTICE AND AREAS FOR IMPROVEMENT

The FCA has issued guidance relating to good practice and areas for improvement, identified in respect of the Consumer Duty, which took effect for open products and services on 31 July 2023. This [publication](#):

- ▶ reminds firms of the consumer outcomes required by the Duty;
- ▶ sets out recent good practice, including in response to our early supervisory work, to deliver these outcomes; and
- ▶ highlights areas for improvement where firms have more to do.

FG24/1 FINALISED GUIDANCE ON FINANCIAL PROMOTIONS ON SOCIAL MEDIA

The FCA has revamped its [social media guidance](#) this week, to help combat illegal, unclear and misleading financial promotions. This follows their consultation on draft guidance published in July 2023.

The guidance sets out how adverts across social media channels must be fair, clear and not misleading, meaning they must have balance and carry the right risk warnings so people can make well informed financial decisions.

Financial firms are responsible for all their promotions, even if they are working with others like influencers and need to ensure influencers they do work with, communicate to their followers in the right way.

WHISTLEBLOWING QUARTERLY DATA 2023 Q4

On 8 March, the FCA [published](#) the whistleblowing quarterly data for Q4 of 2023. The data shows the number of new whistleblowing reports that FCA received between October and December 2023 and how the information was received. In addition, this

report shared information regarding whistleblowing contact details and whistleblowing allegations.

HANDBOOK NOTICE 116

The FCA has [published](#) Handbook Notice 116, which describes the changes to the FCA Handbook and other materials under its legislative and other statutory powers on 29 February 2024.

GC24/1 PROPOSED AMENDMENTS TO FG21/4 - GUIDANCE FOR INSOLVENCY PRACTITIONERS ON HOW TO APPROACH REGULATED FIRMS

On 19 March, the FCA [published](#) its consultation on proposed amendments to FG21/4 - Guidance for insolvency practitioners (IPs) on how to approach regulated firms. The Guidance was published in 2021, aiming to assist IPs in complying with relevant rules and legislation following the failure of regulated firms. The FCA now proposes to amend this Guidance to update and enhance it, aligning with its commitment to minimising the impact of firm failures as outlined in its current Strategy. The proposed amendments primarily target IPs appointed over FCA-regulated firms but may also be relevant for those overseeing firms regulated by both the FCA and PRA.

Comments should be submitted by 30 April 2024.

REGULATION ROUND UP

On 28 March, the FCA published its monthly Regulation Round-up. In addition to various topics, noted either last month or above, this noted, the following:

- ▶ Launch of new cyber resilience assessment tool

Alongside the Bank and the PRA, the FCA has recently launched [STAR-FS](#) (Simulated Targeted Attack and Response assessments for Financial Services), a new threat-led penetration test assessment tool.

The tool, which will sit alongside CBEST in the FCA's supervisory toolkit, mimics a cyber-attack on an organisation's important business services

and the technology and people supporting those services. It enables regulators and firms to better understand vulnerabilities and take remedial action, improving the resilience of individual firms and the wider financial system.

▶ FOS award limit changes

In step with the policy to automatically adjust the Financial Ombudsman Service's award limit in line with inflation, from 1 April, the [FOS award limits](#) will increase to £195,000 for complaints referred on or after 1 April, about acts or omissions that took place before 1 April 2019; and to £430,000 for complaints referred on or after 1 April, about acts or omissions that took place on or after 1 April 2019.

The next adjustment will be considered after the CPI figures for January 2025 have been released.

EIOPA

We continue to monitor EIOPA's activity and draw your attention to it where we believe it to be necessary or helpful. This will, we hope, assist those firms operating in the EU.

Items of possible interest this month are as follows:

INSURANCE AND PENSIONS SUPERVISION FOR A MORE RESILIENT SOCIETY

On 21 March 2024, EIOPA Executive Director, Petra Hielkema, delivered a [speech](#) at the CRO Forum in Venice, Italy. In her speech, she spoke about EIOPA's work across critical issues such as climate change adaptation and mitigation, addressing pension gaps, improving cross-border business, and harnessing the most out of AI while protecting European citizens.

EIOPA-BOS-23/547 UNION-WIDE STRATEGIC SUPERVISORY PRIORITIES 2024-2026

On 11 March, EIOPA [published](#) the union-wide strategic supervisory priorities for 2024-2026. For 2024, EIOPA will focus on:

- ▶ continuous monitoring of the impact of the macroeconomic environment;
- ▶ risk transfers including the capacity and appropriateness of risk transfers; and
- ▶ value for money including in relation to inflation and current macro-economic trends.

The specific focus to be given in 2025 and 2026 will be determined as part of the yearly revision of these priorities. This is in order to capture recent developments and trends, with an overarching focus during this cycle on the impact of digitalisation on product design and distribution and cyber resilience as well as climate change and sustainability related issues, building on EIOPA's Single Programming Document 2025-2027.

MEMORANDUM OF UNDERSTANDING ON THE ESTABLISHMENT OF A COMMON DATA POINT MODEL GOVERNANCE FRAMEWORK - "DPM ALLIANCE"

On 19 March, the European Central Bank (ECB) announced that it has signed a [Memorandum of Understanding](#) (MoU) with EIOPA and the European Securities and Markets Authority (ESMA) (collectively referred to as the Sponsor Organizations) on the establishment of a common Data Point Model (DPM) governance framework. The MoU is intended to establish a joint framework for the collaboration on the DPM Standard with the following main objectives:

- ▶ upgrading and maintaining the DPM Standard and the relevant maintenance tools;
- ▶ combining and leveraging the Sponsor Organizations' existing expertise on methodologies and metamodels;
- ▶ developing and promoting more efficient processes for defining and communicating reporting needs, and for collecting and sharing data and metadata amongst reporting entities, National Authorities and European Authorities; and
- ▶ identifying, sharing and promoting best practices in the definition and exchange of regulatory reporting data and information.

EIOPA-BOS-24/022 REVISED STAFF PAPER ON MEASURES TO ADDRESS DEMAND-SIDE ASPECTS OF THE NATCAT PROTECTION GAP

EIOPA has [published](#) a staff paper on the measures to address demand side aspects of the Natural Catastrophe (NatCat) protection gap. This discusses two studies carried out by EIOPA, with the intent of understanding the barriers, drivers and possible solutions to the NatCat protection gap from the demand-side. It also explores underlying causes of the NatCat insurance protection gap and the different barriers to NatCat insurance products uptake, such as existing financial conditions, lack of

clarity in terms of costs and coverage and high expectations about State intervention.

JC 2024 17 JOINT ESA CONSULTATION PAPER ON DRAFT REGULATORY TECHNICAL STANDARDS SPECIFYING ELEMENTS RELATED TO THREAT LED PENETRATION TESTS

On 10 March, the European Supervisory Authorities - (ESMA, the EBA and EIOPA) - the ESAs, [published](#) a response to the consultation paper on Draft Regulatory Technical Standards specifying elements related to threat led penetration tests.

JC 2024 18 JOINT ESA CONSULTATION PAPER ON DRAFT REGULATORY TECHNICAL STANDARDS TO SPECIFY THE ELEMENTS WHICH A FINANCIAL ENTITY NEEDS TO DETERMINE AND ASSESS WHEN SUBCONTRACTING ICT SERVICES SUPPORTING CRITICAL OR IMPORTANT FUNCTIONS

On 10 March, the Joint Committee of ESA [published](#) a response to the European Commission on the draft Regulatory Technical Standards (RTS) on subcontracting of ICT services. The response sets out the ESAs' views on the scope of the RTS and its impact on the supervision of subcontracting and subcontracting activities and the application of the subcontracting provisions of the Capital Markets Union Regulation (CMU). The consultation paper delineates policy concerning the definition of ICT services and crucial and significant functions, the proportionality principle, and the surveillance of subcontracting chains. The proposed RTS extends risk management and contracting regulations to all ICT subcontracting chains of ICT TPPs that provide services that support crucial or significant tasks, or substantial portions of them. Although the Stakeholder Groups acknowledge that this strategy may be difficult to execute and does not necessarily reflect current industry practice, they still concur that it is appropriate in theory to achieve the required high level of supply-chain accountability and openness. Other members of the Stakeholder Groups emphasise, by contrast, that any subcontractor along the supply chain could become a single point of failure and cause disruption to a critical function, with potentially systemic

consequences. They note that it appears challenging to reliably assess, in advance, whether any individual part of the supply chain can be singled out as posing a material risk. They believe that a holistic approach is needed and responsibility for the integrity and robustness of the supply chain should reside in one place.

JC 2024 19 JOINT ESA CONSULTATION PAPER ON DRAFT REGULATORY TECHNICAL STANDARDS AND DRAFT IMPLEMENTING STANDARDS ON THE CONTENT OF THE NOTIFICATION AND REPORTS FOR MAJOR INCIDENTS AND SIGNIFICANT CYBER THREATS AND DETERMINING THE TIME LIMITS FOR REPORTING MAJOR INCIDENTS

On 10 March, the ESAs [published](#) a response to the consultation paper on Draft Regulatory Technical Standards and Draft Implementing Standards on the content of the notification and reports for major incidents and significant cyber threats and determining the time limits for reporting major incidents.

SURVEY ON TAXONOMY IMPLEMENTATION STARTING DATES

EIOPA is seeking responses to a [survey](#) on taxonomy implementation starting dates. Through this survey, the EIOPA aims to gain in-depth technical insights into potential challenges that stakeholders might face if the starting date of a new taxonomy were to be set for the 4th quarter or the 1st of January of the year after.

The deadline to respond to the survey is Friday 14 June 2024.

EIOPA PUBLISHES THE ULTIMATE FORWARD RATE FOR 2025

On 27 March EIOPA [published](#) the calculation of the Ultimate Forward Rate applicable as of 1 January 2025, which will remain unchanged at 3.30% for the Euro.

EIOPA PUBLISHES MONTHLY TECHNICAL INFORMATION FOR SOLVENCY II RELEVANT RISK-FREE INTEREST RATE TERM STRUCTURES - END-FEBRUARY 2024

On 5 March, EIOPA [published](#) technical information on the relevant risk-free interest

rate term structures (RFR) with reference to the end of February 2024. The RFR information has been calculated on the basis of the RFR Technical Documentation.

**MONTHLY UPDATE OF THE SYMMETRIC
ADJUSTMENT OF THE EQUITY CAPITAL
CHARGE FOR SOLVENCY II - END-FEBRUARY
2024**

On 5 March, EIOPA [released](#) technical details on the symmetric adjustment of the equity capital charge for Solvency II with reference to the end of February 2024.

CORPORATE GOVERNANCE

readily request recognition of their qualifications and audit rights in the other country. The FRC using an independent expert, determined that the applicable Australian audit qualifications were equivalent to those in the UK.

FRC PLAN AND BUDGET FOR 2024-25

The FRC has [issued](#) its Plan and Budget for 2024-25, outlining its objectives for a year of consolidation and prioritisation to support public interest outcomes and foster UK economic growth.

FRC REVISES UK AND IRELAND ACCOUNTING STANDARDS

On 27 March the FRC [published](#) extensive upgrades to the financial reporting standards applicable in the UK and the Republic of Ireland that are utilised by approximately 3.4 million companies. The purpose of the revisions is to improve UK financial reporting standards while also facilitating capital access and business growth for those that implement them. The modifications come after lengthy stakeholder input and engagement on the plans, with the FRC being mandated to periodically review FRS 102 every five years. In order to make it clear that the goal is to make sure that the largest leases are recorded on the balance sheet, the FRC has improved the suggestions for lease accounting and changed the recognition exemption for leases of low-value assets. In order to facilitate preparers' use and comprehension of the standards, it has also introduced a number of enhancements and clarifications.

UK AND AUSTRALIA AUDIT AUTHORITIES SIGN MUTUAL RECOGNITION AGREEMENT IN FURTHER BOOST TO UK AUDIT MARKET

On 28 March the FRC and the Australian Securities and Investment Commission (ASIC) [announced](#) a Memorandum of Understanding on Reciprocal Arrangements making it easier for auditors to work between both countries. The agreement enables auditors who have achieved professional audit qualifications as statutory auditors in either the UK or Australia to more

INFORMATION COMMISSIONER'S OFFICE

We continue to monitor material being issued by the Information Commissioner's Office (ICO) with a view to highlighting high-level matters that may be relevant to readers. The following matter was identified this month.

PINNACLE LIFE LIMITED

The ICO has announced that Pinnacle Life Limited (PLL) has been fined a total of £80,000 for violating regulations 21 and 24 of the Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR). The ICO's investigation found that PLL made 47,998 unsolicited direct marketing calls to subscribers who were registered with the TPS without valid consent between 5 May 2021 and 5 May 2022.

ENFORCEMENT ACTION

PRA / FCA REGULATORY FINES ROUND-UP

We have identified key relevant enforcement action during March and in this respect, fines announced by the PRA / FCA were:

Dale Robert Walker	<p>The FCA has announced that Dale Robert Walker, a money launderer and ex-solicitor, has fully satisfied his confiscation order after being sentenced to 62 days' imprisonment for previously failing to pay his order.</p> <p>In May 2023, Mr Walker unsuccessfully tried to argue that he had no more assets or monies to pay the amount outstanding at that time of £38,750.</p> <p>Although Mr Walker did pay some further monies by instalment, on 23 February 2024, he was sentenced to 62 days in prison by City of London Magistrates' Court for wilful and neglectful failure to pay the remaining £33,500.</p> <p>On 29 February 2024, these monies were finally paid on behalf of Mr Walker by a family member.</p> <p>Mr Walker was prosecuted in April 2015 and was convicted of:</p> <ul style="list-style-type: none"> ▶ aiding and abetting the carrying on of an unauthorised regulated activity in the UK without authorisation or exemption; and ▶ money laundering by possessing criminal property. <p>Mr Walker was sentenced to 5½ years' imprisonment.</p>
<p>Inspirational Financial Management Ltd (in administration); Arthur Cobill & William Hofstetter</p>	<p>The FCA has announced that it has fined Inspirational Financial Management Limited (IFM), which is in administration, £897,840.</p> <p>It also banned Arthur Cobill, an adviser at the firm, and William Hofstetter, one of the firm's directors, from advising customers on pension transfers and pension opt outs.</p> <p>In the relevant period, IFM poorly advised people to transfer out of defined benefit pension schemes, including the British Steel Pension Scheme.</p>

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