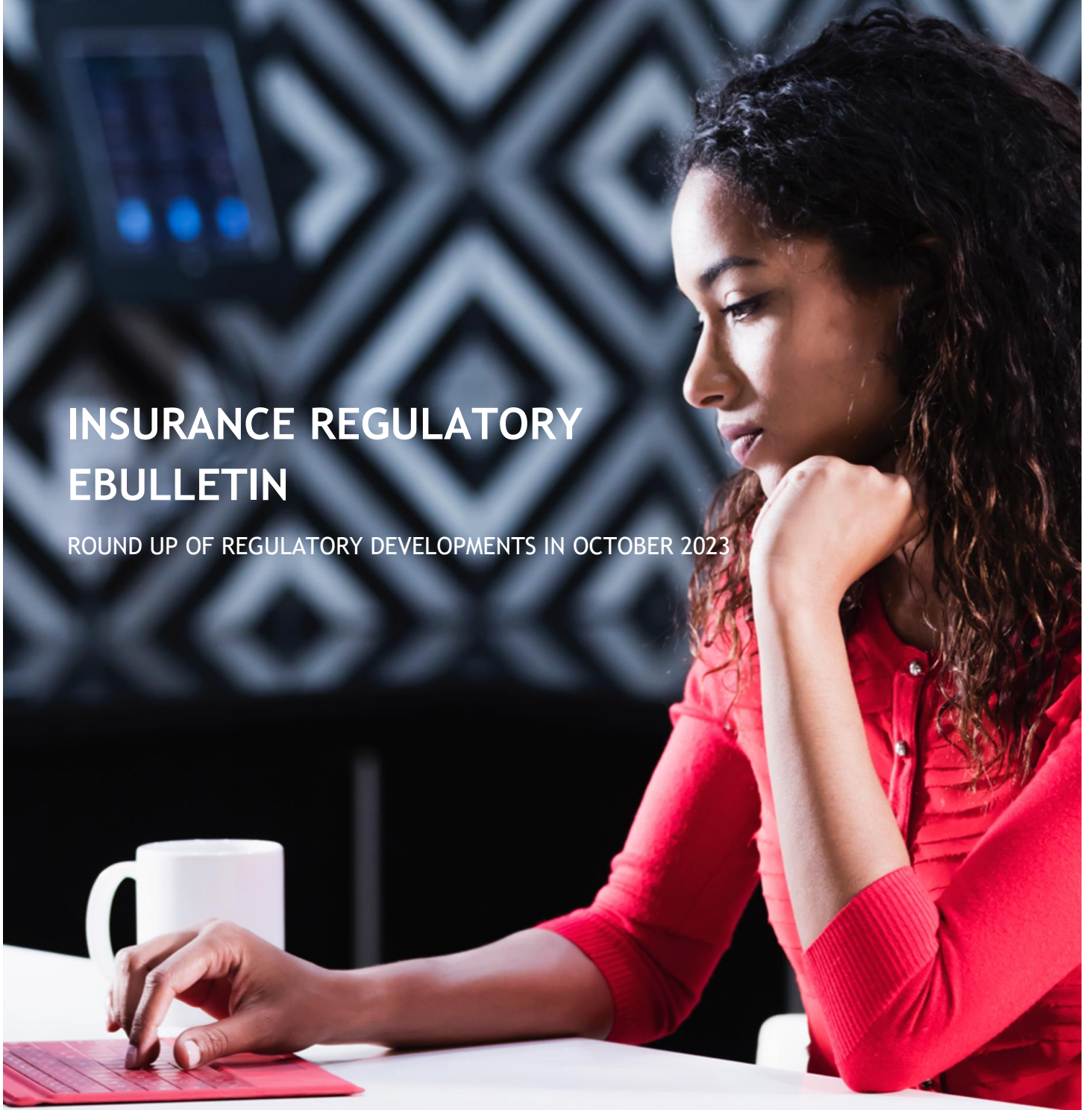




IDEAS | PEOPLE | TRUST

INSURANCE REGULATORY EBULLETIN

ROUND UP OF REGULATORY DEVELOPMENTS IN OCTOBER 2023



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 October 2023 and their implications across the insurance sector.

Along with leaving British Summer Time behind and the days are truly drawing in, October has seen several speeches of interest providing insight into the thinking of regulators in the areas of Mutual insurers, financial inclusion, artificial intelligence and the need for collaboration to boost the UK's competitiveness. The month has also seen several consultations commenced. The PRA has published the last of its consultations in respect of the Solvency II regime. There is also a PRA consultation underway in respect of the regulation of branches. The deadlines for submissions to each of these being early January 2024.

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

THE FEELING IS MUTUAL - SPEECH BY SHIOB KHAN

On 2 October, Shoib Khan, Director, Insurance Supervision at the PRA delivered a [speech](#) at the Association of Financial Mutuals Annual Conference 2023 at the Grand Hotel, Brighton. He discussed the importance of mutual insurers to the PRA's objectives and how the PRA seeks to take a proportionate approach in its supervision of the sector. He also outlined how proposed reforms to Solvency UK may further support proportionality.

JOINT STATEMENT ON THE UK-US FINANCIAL REGULATORY WORKING GROUP MEETING

On 6 September, officials from HM Treasury and the US Department of the Treasury were joined by representatives from independent regulatory agencies for the eighth official meeting of the US-UK Financial Regulatory Working Group that took place in Washington, DC.

On 29 September a [Joint Statement](#) was published. The Working Group meeting placed emphasis on several main themes:

- ▶ economic and financial stability outlook;
- ▶ international banking issues;
- ▶ developments in the non-bank sector;
- ▶ climate-related financial risks and sustainable finance;
- ▶ international engagement; and
- ▶ digital finance.

The Working Group agreed to reconvene in 2024.

JOINT EU-UK FINANCIAL REGULATORY FORUM: JOINT STATEMENT, OCTOBER 2023

On 23 October, HM Treasury published a [Joint Statement](#) following the first meeting of the Joint EU-UK Financial Regulatory Forum (the Forum) between the European Union (EU) and the United Kingdom (UK) on 19 October 2023.

Participants underscored the benefit of structured regulatory cooperation, between the UK and the EU, as an important mechanism to support the sharing of views/ knowledge and cooperation in financial services. Participants also shared views on the organisational aspects and practical arrangements for the future of regulatory cooperation under the Memorandum of Understanding (MoU) and provided general updates on their respective recent regulatory developments, including areas of work regarding banking, insurance, capital markets, digital finance and sustainable finance.

HM TREASURY AND FINANCIAL CONDUCT AUTHORITY REGULATORY PERIMETER MEETING - JULY 2023

On 26 October, HM Treasury [published](#) a record of the meeting between the Economic Secretary to the Treasury, Andrew Griffith, and the Chief Executive of the FCA, Nikhil Rathi, to discuss the March 2023 update to the FCA's Perimeter Report.

PRA STATEMENT ON THE EVALUATION OF THE WRITTEN AUDITOR REPORTING POLICY

On 29 September, the PRA published a [statement](#) setting out the work and conclusions of its evaluation of the written auditor reporting policy, to assess how it is delivering against its original objectives. The evaluation findings confirm that the policy has met its objective of improving the quality, focus and discipline of the auditor-supervisor dialogue. The policy has helped the PRA to identify and address emerging concerns more effectively and so has supported the PRA's statutory objectives regarding safety and soundness. The PRA has identified some improvements it plans to make to enhance its approach to the policy to make it more proportionate to risks to its objectives and to respond to feedback it received as part of the evaluation. These improvements do not require amendments to the corresponding rules or

supervisory statement as the existing policy allows for flexibility in how the policy is operated by the PRA.

PRA STATEMENT ON THE DYNAMIC GENERAL INSURANCE STRESS TEST IN 2025

On 3 October, the PRA issued a [statement](#) providing an early indication to the industry of its intent to run a dynamic general insurance stress test in 2025. The objectives of the exercise will be to assess the industry's solvency and liquidity resilience to a specific adverse scenario, assess the effectiveness of insurers' risk management and management actions, and inform the PRA's supervisory response following a market-wide adverse scenario.

ALIGNING THE RING-FENCING AND RESOLUTION REGIMES: CALL FOR EVIDENCE RESPONSE

HM Treasury has [published](#) the Call for Evidence response on aligning the ring-fencing and resolution regimes. The Call for Evidence requested views from respondents on two issues:

- ▶ an assessment of the continuing benefits ring-fencing could provide to financial stability which are found nowhere else in the regulatory framework; and
- ▶ following that, what measures can be put in place to align the regimes while simultaneously maintaining financial stability benefits and avoiding putting new, alternative regulatory requirements on firms.

While respondents generally expressed a wide range of views regarding the benefits of ring-fencing, they had several concerns about the operational costs and highlighted the possible negative implications it could have on banks' competitiveness. HM Treasury provided their own response to the Call for Evidence responses, which are set out in detail in the document.

FS2/23 ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING

On 26 October, the PRA, together with the FCA and the Bank, published a [feedback statement](#) providing a summary of the responses to its

discussion paper on Artificial Intelligence ("AI") and Machine Learning. This was published to further understanding and to deepen dialogue on how AI may affect their respective objectives for the prudential and conduct supervision of financial firms. The key points made by respondents were:

- ▶ a regulatory definition of AI would not be useful;
- ▶ the regulatory landscape is complex and fragmented with respect to AI;
- ▶ more coordination and alignment between regulators, domestic and international; and
- ▶ ongoing industry engagement is important.

ECONOMIC CRIME AND CORPORATE TRANSPARENCY ACT 2023

The Economic Crime and Corporate Transparency Act 2023 received Royal Assent on 26 October 2023.

HM Treasury has [published](#) a collection of documents relating to the bill. These include:

- ▶ Fact sheets;
- ▶ Impact assessments; and
- ▶ ECHR memoranda.

CP19/23 REVIEW OF SOLVENCY II: REFORM OF THE MATCHING ADJUSTMENT

On 28 September, the PRA published a [consultation paper](#) setting out the PRA's proposed reforms that will enable broader and quicker investment by insurers in their matching adjustment ("MA") portfolios, while improving responsiveness to risk and enhancing firms' responsibility for risk management. The PRA considers that by adapting the MA rules for the features of insurance business in the UK and the financing demands of the wider economy, the proposals will allow the life insurance sector to play a bigger role in productive investment in the UK economy, while continuing to offer their policyholders the level of security determined by legislation.

Comments should be submitted on or before 5 January 2024.

CP21/23 THE PRA'S APPROACH TO THE AUTHORISATION AND SUPERVISION OF INSURANCE BRANCHES

On 4 October the PRA [published](#) its consultation paper CP12/23 on proposals to consolidate its existing policy on overseas insurers that write business in the UK through the establishment of a third-country branch, and to give more clarity on the expectations of these third-country branches. The PRA proposes to make these changes in the light of its experience of authorising and supervising third country insurance branches following the UK's withdrawal from the EU, and to make consequential changes to reflect the proposals for insurance branches consulted on under CP12/23.

Comments should be submitted by 12 January 2024.

CP22/23 OCCASIONAL CONSULTATION PAPER - OCTOBER 2023

On 11 October, the PRA published a [consultation](#) paper setting out proposed minor amendments to PRA rules. The proposed changes would:

- ▶ amend the Depositor Protection Part of the PRA Rulebook to facilitate the ability of the Financial Services Compensation Scheme to pay compensation to eligible depositors of insolvent deposit takers via electronic transfer; and
- ▶ amend the Senior Managers and Certification Regime Forms C and D related to the FCA's new consumer duty rules.

Comments must be submitted by 13 November 2023.

CONDUCT REGULATION

IT'S TIME FOR AN ENLIGHTENMENT ON FINANCIAL INCLUSION - SPEECH BY NIKHIL RATHI

On 29 September 2023, Nikhil Rathi, Chief Executive of the FCA, delivered a [speech](#) in Glasgow for the Scottish Financial Enterprise: Extending Financial Inclusion event. He spoke on the following topics:

- ▶ The FCA's care about financial inclusion and the solutions it is seeking to spread it;
- ▶ The idea that solutions will come from industry, especially through technology; and
- ▶ The FCA's readiness to regulate new products such as Buy Now Pay Later and to scrutinise the outcomes that artificial AI will have on inclusion.

AI: FLIPPING THE COIN IN FINANCIAL SERVICES - SPEECH BY JESSICA RUSU

On 5 October 2023, Jessica Rusu, Chief Data, Information and Intelligence Officer of the FCA, [delivered](#) a speech at the City and Financial Global: AI Regulation Summit 2023. She spoke about the following themes:

- ▶ We are at a pivotal junction for how we approach more than just AI alone;
- ▶ Digital infrastructure, resilience, consumer safety and data are vital to getting AI integration right;
- ▶ Beneficial innovations from AI will only materialise via regulation; and
- ▶ It is our responsibility to ensure the safe and responsible adoption of AI in financial services.

COLLABORATE TO COMPETE: WHY WE MUST ALL EMBRACE A GROWTH MINDSET - SPEECH BY NIKHIL RATHI

On 16 October 2023, Nikhil Rathi, Chief Executive of the FCA, delivered a [speech](#) at the City Dinner, Mansion House, London. He discussed the need for industry, government and regulators to work together on a long-term

vision, not short-term tactics to boost the UK's competitiveness. The FCA has focused on bringing down its authorisations times and investing in digital capabilities and infrastructure. Its proposals for listings and asset management reforms are designed to enhance the UK's competitiveness, reduce complexity and unleash capital for growth. Rathi emphasised the need to take a balanced approach to risk to ensure fear of failure does not hinder innovation.

FCA RESPONSE TO CMA'S ENVIRONMENTAL SUSTAINABILITY GUIDANCE

On 12 October, the FCA issued a [response](#) to the Competition and Markets Authority's ("CMA") environmental sustainability guidance on the application of Chapter I of the Competition Act 1998 to environmental sustainability agreements. The FCA has concurrent powers to enforce competition law in the financial services sector and will regard the CMA's Environmental Sustainability Guidance Statements in its application of its powers.

THE DETERRENCE EFFECTS OF THE FCA'S AUTHORISATIONS ACTIVITIES

The FCA has published a [report](#) which aims to quantify the deterrence effects of FCA authorisations activities and gain a deeper understanding of how firms seeking authorisation respond to the requirements of the process. The report provides three main outputs:

- ▶ Deterrence multipliers capturing the deterrence effect of the authorisations process relative to the direct effect;
- ▶ An indicative estimate of the value of prevented harm attributable to the FCA's authorisation activities; and
- ▶ Insights into different aspects of the authorisation process and their impact on firms.

REVIEW OF RULES EXTENDING SME ACCESS TO THE FINANCIAL OMBUDSMAN SERVICE

The FCA has [published](#) a review of the rules extending access to the Financial Ombudsman Service for more small and medium-sized enterprises (“SMEs”) in 2019. Based on their findings, the FCA believes that the level of coverage remains appropriate and it would therefore not be proportionate to extend access to SMEs larger than the current criteria.

The feedback statement sets out:

- ▶ a summary of responses to the Call For Input;
- ▶ current thresholds; and
- ▶ points not covered by PS18/21 when it made the near-final rules providing SME access to the ombudsman service.

REVIEW OF TERMINAL ILLNESS BENEFITS WITHIN LIFE INSURANCE PROTECTION PRODUCTS

On 2 October, the FCA has [published](#) the findings of a multi-firm review of insurance companies' approaches to terminal illness benefits within life insurance protection products. The review found and covered issues including:

- ▶ The requirement for a terminally ill patient to have a 12-month prognosis of death given by a medical practitioner;
- ▶ The quality of the claims process and management information;
- ▶ Claim handling timeliness;
- ▶ Firms' use of internal medical experts;
- ▶ Potential conflict between the actual claims process compared with that set out in policy wording;
- ▶ Removal of the terminal illness benefit towards the end of the policy term; and
- ▶ Next steps and alternative firm approaches.

HOW TO APPLY FOR AUTHORISATION OR REGISTRATION

On 25 October, the FCA [published](#) an updated version of its guidance on how to apply for authorisation or registration under the Financial

Services and Markets Act, and/or authorisation/ registration under the Payment Services Regulations 2017 or Electronic Money Regulations 2011.

PRINCIPALS AND APPOINTED REPRESENTATIVES

On 3 October, the FCA [published](#) data from its 2021 and 2022 data requests sent to principal firms and authorisation information collected from firms. They also outlined how the FCA are improving the Appointed Representatives’ (“ARs”) regime and what the FCA expects from firms.

On 26 October, the FCA has updated its [guidance](#) on principals and ARs to remove information on terminating an AR.

COMPLAINTS DATA - UPDATE

On 19 October, the FCA published [statistics](#) on the complaints received from firms. A total of 1.88 million complaints to financial firms were received during the last six months, which represents an increase of 5% from the number of complaints made in the previous six months.

WHISTLEBLOWING QUARTERLY DATA 2023 Q2

On 13 October, the FCA released the whistleblowing [quarterly data](#) for 2023 Q2, which highlights the number of new whistleblowing reports the FCA received between April and June 2023 and how the information was received.

HANDBOOK NOTICE 112

The FCA has [published](#) Handbook Notice 112 which describes the changes to the FCA Handbook and other material made by the FCA Board under its legislative and other statutory powers. Where relevant, it also refers to the development stages of that material, enabling readers to look back at developmental documents if they wish.

HANDBOOK NOTICE 113

The FCA has [published](#) Handbook Notice 113 which details the amendments made to the FCA Handbook. The Notice also refers to the development stages of that material, enabling readers to look back at developmental documents if they wish. On 26 October 2023, the

FCA Board made the changes set out in the Financial Promotion (Approver Permission) Instrument 2023 (FCA 2023/38), which will be effective from 6 November 2023.

REGULATION ROUND UP

On 26 October, the FCA published its monthly Regulation Round-up. In addition to various topics, noted either last month or above, this noted, the following:

- ▶ Changes to reporting requirements for dual regulated firms

All firms must ensure that the FCA has their correct information by checking, amending (if required) and confirming their firms details at least annually, using Connect, in line with SUP 16.10 reporting requirements. Some of this information is on the Financial Services Register.

The FCA have written to all dual regulated firms (firms supervised by the FCA and the PRA) to inform them that they will need to attest to their firm details within 60 business days of their Accounting Reference Date, from 1 December 2023.

- ▶ Event -Consumer Duty webinar: The next steps

The Consumer Duty came into force on 31 July 2023, setting a higher standard of consumer protection in financial services.

The FCA are hosting a webinar on 6 December 2023 to help firms understand its expectations now the Duty is in force. This will focus on the following areas:

- our supervision and enforcement approach;
- sector specific areas of focus;
- examples of good practice; and
- next steps for firms.

- ▶ The FCA are hosting a Webinar on 30 October in relation to Diversity and inclusion in the financial sector, entitled working together to drive change.

The FCA are consulting on proposals to achieve a more diverse and inclusive financial services industry. The FCA's

proposals support progress by setting minimum standards, including:

- clarifying expectations on non-financial misconduct; and
- establishing reporting and disclosure requirements for larger firms that will allow both us and firms to better monitor progress.

It is intended that the webinar will discuss why diversity and inclusion (D&I) are regulatory concerns, as well as giving an overview of the proposed regulatory D&I framework. There will be an opportunity to put pre-submitted and live questions to panellists.

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:

EUROPEAN INSURANCE OVERVIEW REPORT 2023

On 2 October, EIOPA issued a [report](#) based on annually reported Solvency II information in order to ensure that the data has a high coverage in all countries and is reported in a consistent manner across the EEA.

EIOPA-BOS-23/360 REPORT ON THE IMPACT OF INFLATION ON THE INSURANCE SECTOR

On 5 October, EIOPA published a [report](#) on the impact of inflation on the insurance sector. The report is intended to analyse the impact of inflation on the insurance sector as observed so far (backward looking perspective) and to assess potential risks and vulnerabilities given the uncertainty of how inflation will develop in the short-, medium- and long-term (forward looking perspective).

STATEMENTS TO THE ECONOMIC AND MONETARY AFFAIRS COMMITTEE OF THE EUROPEAN PARLIAMENT

EIOPA has published a [statement](#) by Petra Hielkma, Chair of EIOPA, to the Economic and Monetary Affairs Committee of the European Parliament, made on 23 October 2023, outlining some of EIOPA's key work. The address covers several topics, including, but not limited to:

- ▶ The impact of inflation and interest rates on the insurance sector;
- ▶ EIOPA's strategy, particularly in the insurance and pension sectors;
- ▶ The pensions savings gap; and
- ▶ Sustainable finance and digitalisation.

In addition, José Manuel Campa, Chair of the Joint Committee of the European Banking Authority (EBA), EIOPA and European Securities and Markets Authority (ESMA) (together, the European Supervisory Authorities ("ESAs")), delivered a [statement](#) at this hearing. He presented on the key activities of the ECON Committee from the last 12 months in the areas of risk assessment, sustainability, and digitalisation.

EIOPA-23/328 EIOPA'S DIGITAL STRATEGY

EIOPA has published its [Digital Strategy](#) in the face of the rapid technological developments and innovation in the evolution of insurance business operations.

This document is dated 26 September 2023, but was published on the EIOPA website on 12 October 2023.

JC 2023 17: ESAS' CRITERIA ON THE INDEPENDENCE OF SUPERVISORY AUTHORITIES

On 25 October, the ESAs [published](#) their joint criteria on the independence of supervisory authorities. The independence criteria are organised around four key principles:

- ▶ Operational independence;
- ▶ Personal independence;
- ▶ Financial independence; and
- ▶ Accountability and transparency.

The criteria can be used by supervisory authorities as a tool to enhance their independence and, at a later stage, by the ESAs to assess supervisory independence in the EU.

JC 2023 42: JOINT ESAS REPORT ON THE EXTENT OF VOLUNTARY DISCLOSURE OF PRINCIPAL ADVERSE IMPACTS UNDER SFDR

The ESAs have [published](#) a joint report on the extent of voluntary disclosure of principal adverse impacts ("PAIs") under the Sustainable

Finance Disclosure Regulation. They noted an overall improvement in the application of voluntary disclosures. An area that requires improvement is regarding the explanation of non-consideration of PAIs, where explanations are still not fully complete and satisfactory. An area needing further analysis in the future iterations of this Report is the voluntary disclosures of PAI consideration by financial products, where the level of understanding of such disclosures is limited.

EIOPA-BOS 349 REVISED SINGLE PROGRAMMING DOCUMENT 2024-2026

On 26 September, EIOPA [published](#) a document setting out its Revised Single Programming for 2024-2026, and this also includes its Annual Work Programme 2024.

TECHNICAL ADVICE FOR THE REVIEW OF THE IORP II DIRECTIVE

On 28 September, EIOPA released details of its [technical advice](#) on the review of the Institutions for Occupational Pensions (“IORP”) II Directive which regulates the activities and supervision of institutions for occupational retirement provision. EIOPA aims to ensure that the reviewed directive can embrace the future while protecting the legacy.

In particular, EIOPA’s technical advice:

- ▶ proposes changes to keep the regulatory framework for IORPs relevant bearing in mind the ongoing shift from defined benefit (“DB”) to defined contribution pensions, and in relation to the environmental and socio-economic challenges facing society. Specific proposals are made on transparency of costs and charges and reflecting sustainability in investment decisions;
- ▶ recognises the need for existing DB IORPs to be properly regulated and supervised, including the appropriate monitoring of solvency risks and the sound management of liquidity risks; and
- ▶ proposes ways to enhance the proportionality measures of the existing regulation and to reflect it in new standards.

JOINT ESAS’ TECHNICAL ADVICE SPECIFYING FURTHER CRITERIA FOR CRITICAL ICT THIRDPARTY SERVICE PROVIDERS AND DETERMINING OVERSIGHT FEES LEVIED ON SUCH PROVIDERS

In light of the two delegated acts envisaged in the Regulation on Digital Operational Resilience for the Financial Sector (“DORA”), the European Commission has [requested](#) the ESAs’ technical advice to further specify the criteria for critical ICT third-party service providers (“CTPPs”) and determine the fees levied on such providers. This report sets out the advice of the ESAs in response to this request.

The ESAs are proposing eleven quantitative and qualitative indicators for the criticality criterion, along with the necessary information to build up and interpret such indicators following a two-step approach. A number of minimum relevance thresholds are proposed for quantitative indicators, where possible and applicable, to be used as a starting point in the assessment process to designate critical third-party providers.

UPDATED TECHNICAL RFR DOCUMENTATION APPLICABLE AS OF 1 JANUARY 2024

On 2 October, EIOPA published an updated [technical documentation](#) for calculating the risk-free interest rate term structures (“RFR”). This technical documentation focuses on the assessment of the financial instruments used for constructing the RFR-information, the Peer Country review for 2023, and a technical change in the calculation of the Credit Risk Adjustment for some currencies.

MONTHLY UPDATE OF THE SYMMETRIC ADJUSTMENT OF THE EQUITY CAPITAL CHARGE FOR SOLVENCY II - END-SEPTEMBER 2023

On 5 October, EIOPA announced the [publication](#) of technical information regarding the symmetric adjustment of the equity capital charge for Solvency II with reference to the end of September 2023.

EIOPA CONSULTS ON THE SUPERVISION OF CAPTIVE (RE)INSURERS WITH A FOCUS ON INTRA-GROUP TRANSACTIONS, THE PRUDENT PERSON PRINCIPLE AND GOVERNANCE

On 5 October, EIOPA [published](#) a consultation to competent authorities outlining the supervisory expectations while simultaneously taking into account the specificities of a captive (re)insurer's business model. Supervisory expectations are set out in several areas, particularly in respect to intra-group transactions, the prudent person principle, and governance.

The [Opinion](#), which sets out supervisory expectations in several areas, aims to facilitate a risk-based and proportionate supervision of captive (re)insurance undertakings and further support the convergence of supervisory expectations in the context of creating a level playing field within the EU.

Comments should be submitted by January 5, 2024.

CORPORATE GOVERNANCE

PERIODIC REVIEW OF UK AND IRELAND ACCOUNTING STANDARDS - PROJECT UPDATE

The Financial Reporting Council (UK) (FRC) has issued a project update on its [periodic review](#) of FRS 102 and other FRSs. The FRC expects to issue the final amendments to FRS 102 and other FRSs in the first half of 2024, with an effective date not before 1 January 2026.

ANNUAL REVIEW OF CORPORATE REPORTING 2022/23

The FRC has published its [Annual Review of Corporate Reporting](#) for 2022/23, which provides information relevant to preparers and auditors of financial statements, investors and other users of corporate reports and accounts, and wider FRC stakeholders. It contains a Highlights section with an overview of FRC activities, findings, expectations for 2023/24 reports and reporting developments which they consider to be relevant to all stakeholders.

RESEARCH ON THE USE OF ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING IN UK ACTUARIAL WORK

The FRC has released new [research](#) examining the use of AI and Machine Learning (“ML”) in UK actuarial work. According to the research, General Insurance Pricing is currently making the greatest use of AI and ML within the actuarial field, especially when it came to determining claims risks, forecasting the price-sensitivity of policyholder groups, and informing customer-facing processes.

GENDER IMBALANCE AMONG UK SENIOR ACTUARIES 2023

FRC has released new [research](#) examining gender imbalance amongst actuaries in the UK, revealing ongoing barriers for women progressing in the profession.

CONSULTATION: PROPOSED REVISIONS TO ISA (UK) 250 SECTION A AND ISA (UK) 250 SECTION B

The FRC is [requesting comment](#) on proposed changes to its auditing standards to enhance the usability and informativeness of the audit. These standards include:

- ▶ ISA (UK) 250 (Revised November 2019) Section A - Consideration of Laws and Regulations in an Audit of Financial Statements; and
- ▶ ISA (UK) 250 (Revised November 2019) Section B - The Auditor's Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector.

Comments should be submitted by 12 January 2024.

INFORMATION COMMISSIONER'S OFFICE

We continue to monitor material being issued by the Information Commissioner's Office with a view to highlighting high-level matters that may be relevant to readers. There were no relevant matters identified this month.

ENFORCEMENT ACTION

PRA / FCA REGULATORY FINES ROUND-UP

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

<p>Andrew John Deeney</p>	<p>The FCA has imposed a financial penalty of £397,400 on Andrew John Deeney and made an order prohibiting him from performing any function in relation to any regulated activities carried on by any authorised or exempt persons, or exempt professional firm pursuant to section 56 of the Financial Services and Markets Act 2000.</p> <p>The FCA found that between 26 March 2015 and 12 December 2017 and 16 May 2018 to 29 August 2019 and 13 February 2018 to 5 December 2019, Mr Deeney breached Principle 1 (Integrity) of the FCA's Statements of Principle for Approved Persons by acting dishonestly and recklessly when performing his CF1 and CF30 controlled functions during his time as an adviser for Active Wealth (UK) Limited (Active Wealth) and as a director and adviser at Fortuna Wealth Management Limited (Fortuna).</p>
<p>Simon Richard Hughes</p>	<p>The FCA has published a statement of misconduct in the matter of Simon Richard Hughes, a qualified Pension Transfer Specialist who was approved by the FCA to perform the CF1 (Director), CF10 (Compliance Oversight), CF11 (Money Laundering Reporting) and CF30 (Customer) functions at S & M Hughes Limited (in liquidation) between 28 April 2015 and 31 May 2019.</p> <p>Mr Hughes demonstrated a high degree of incompetence and was grossly negligent in providing unsuitable Pension Transfer advice to customers to transfer out of their occupational Defined Benefit Pension Schemes (DBPS), also known as a final salary pension, therefore giving up guaranteed retirement benefits against their best interests. The FCA has agreed with Mr Hughes that in lieu of the imposition of a financial penalty, the sum of £158,600 will be paid direct to the Financial Services Compensation Scheme (FSCS) to contribute towards any redress due to S and M Hughes' customers. This is in furtherance of the Authority's consumer protection objective.</p> <p>The FSCS has so far paid out over £8.4 million in compensation to Mr Hughes' customers for the unsuitable advice they received.</p> <p>This document is dated 22 September, and was made available 5 October, 2023</p>

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