

IDEAS | PEOPLE | TRUST



# Insurance Regulatory eBulletin

Round up of regulatory developments in November 2024

**IBDO**

# WELCOME TO OUR INSURANCE REGULATORY EBULLETIN

As we enter the run-in to Christmas, welcome to this edition of our Insurance Regulatory eBulletin. This aims to keep you updated with significant regulatory developments, during the month, and their implications across the insurance sector. November was a busy month, as can be judged by the size of this publication.

In her speech at Mansion House, the Chancellor put considerable emphasis on making the UK financial services sector more competitive. New growth-focused remit letters have been sent to financial services Regulators. The UK government has also launched several consultations and set out the next steps for policy initiatives to coincide with this speech.

The Bulletin notes that a call for evidence has been launched to inform the Government's development of a financial services growth and competitiveness strategy. That strategy, which will be published in Spring 2025, is intended to outline its approach to the sector for the next 10 years and to serve as the central guiding framework for future growth. Insurance and reinsurance are one of the five priority growth opportunities that have been provisionally identified.

The PRA's final policy statement reflecting the conclusions of the Solvency II consultations has been published together with a number of associated statements of policy in respect of specific areas.

Following legislation, details of the joint regulatory oversight regime in relation to Critical Third Parties (CTPs) in the UK financial sector have been published. The newly established CTP oversight regime aims to manage the associated risks of CTPs without altering the accountability of financial firms for their operational resilience. This UK initiative aligns with similar international efforts to address CTP risks, promoting cross-border cooperation. The final rules for CTPs will take effect from 1 January 2025.

Those with businesses within the EIOPA regulated area, will be aware of the obligations under the Digital Operational Resilience Act (DORA) which will apply from 17 January 2025. Groups with businesses operating in this area will need to ensure that appropriate measures are in place. BDO would be able to assist, should this area need attention.

I have highlighted these elements. 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 in keeping abreast of recent Regulatory activity.

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.



**ALEX BARNES**  
**PARTNER**

+44 (0)7903 891 435  
[alex.barnes@bdo.co.uk](mailto:alex.barnes@bdo.co.uk)

<b>WELCOME TO OUR INSURANCE REGULATORY EBULLETIN.....</b>	<b>2</b>
<b>PRUDENTIAL REGULATION .....</b>	<b>6</b>
▶ PS16/24 Operational Resilience: Critical Third Parties to the UK Financial Sector.....	6
▶ SS7/24 - Reports by Skilled Persons: Critical Third Parties .....	6
▶ PS15/24 Review of Solvency II: Restatement of Assimilated Law .....	7
▶ SS8/24 - Solvency II: Calculation of Technical Provisions .....	7
▶ Solvency II: The PRA's Approach to the Permissible Recovery Period for Insurers to Restore Full Cover for Their SCR .....	7
▶ Solvency II: Volatility Adjustment Permissions.....	7
▶ Solvency II: The PRA's Approach to Insurance Own Funds Permissions .....	7
▶ Solvency II: The PRA's Approach to Standard Formula Adaptations .....	7
▶ Solvency II: The PRA's approach to Insurance Group Supervision .....	7
▶ Direction for modification by consent of Solvency II Reporting for solo insurance firms .....	8
▶ The Bank's Approach to Enforcement - Policy Statement .....	8
▶ Tackling Offshore Tax Non-Compliance .....	8
▶ Future regulatory regime for ESG ratings providers.....	8
▶ UK Financial Sanctions Frequently Asked Questions .....	8
▶ UK Financial Sanctions General Guidance .....	8
▶ Financial Services Growth and Competitiveness Strategy .....	8
▶ UK Green Taxonomy - Consultation.....	9
▶ Captive Insurance - Consultation.....	9
▶ CP15/24 Proposed changes to the UK ISPV regulatory framework .....	9
▶ CP16/24 - Remuneration reform .....	9
<b>CONDUCT REGULATION.....</b>	<b>10</b>
▶ FCA statement on the Chancellor's Mansion House Speech .....	10
▶ Rising to the Occasion on Private Markets - Speech by Nikhil Rathí .....	10
▶ Setting the Foundations for our Future Strategy - Speech by Emily Shepperd .....	10
▶ PS24/16 Operational resilience: Critical Third Parties to the UK Financial Sector .....	10
▶ Outsourcing and Operational Resilience .....	10
▶ Enforcement Regulatory Disclosure Review: Outcome.....	10
▶ Supervisory Strategy for Credit Rating Agencies.....	11
▶ Change in Control .....	11
▶ Authorisation and Registration Application Fees and varying permissions, limitations or requirements.....	11
▶ Artificial Intelligence in UK Financial Services - 2024.....	11
▶ Wellbeing Effects Related to FCA Interventions .....	11
▶ Regulation of Commercial and Bespoke Insurance Business - Reopened Questions.....	11
▶ Modernising the Redress System .....	12
▶ DP24/2 Improving the UK Transaction Reporting Regime .....	12
▶ Regulation Round-Up .....	12

<b>EIOPA .....</b>	<b>13</b>
▶ Current Developments in Insurance Supervision - Speech by Petra Hielkema .....	13
▶ Smarter, Simpler, Stronger: Insurance and Pensions for the Future - Speech by Petra Hielkema .....	13
▶ Speech at the EFAMA's Annual Conference - The Investment Management Forum - Speech by Petra Hielkema .....	13
▶ EIOPA-BoS-24-416 Institutions for Occupational Retirement Provision Risk Dashboard .....	13
▶ JC/GL/2024/36 Joint Guidelines on the oversight cooperation and information exchange between the ESAs and NCAs .....	13
▶ JC 2024 68 Report on the Principal Adverse Impact Disclosures Under the Sustainable Finance Disclosure Regulation .....	14
▶ Insurers' Green Investments - 2024 Q2 .....	14
▶ Cover Letter and Report on the Prudential Treatment of Sustainability Risks in Solvency II .	14
▶ EIOPA-BOS-24/383 Feedback Statement on Public Consultation - Prudential Treatment of Sustainability Risks .....	14
▶ ESA 2024 21 Fit-For-55 Climate Scenario Analysis .....	14
▶ 24/838 Letter to the European Commission Regarding EIOPA's Views on a Proposal for Better Data Sharing Legislation.....	15
▶ 2024/0017(COD) DRAFT OPINION on the proposal for a Regulation of the European Parliament and of the Council on the screening of foreign investments in the Union .....	15
▶ EIOPA Welcomes International Agreement on a New Global Capital Standard for Insurers ...	15
▶ ESMA-EIOPA Letter on the Retail Investment Strategy.....	15
▶ EIOPA-BoS-24/425 Opinion on the Scope of DORA in Light of the Review of the Solvency II Framework .....	15
▶ ESAs Announce Timeline to Collect Information for the Designation of Critical ICT Third-party Service Providers under DORA .....	15
▶ Joint Guidelines on the Exchange of Information Relevant to Fit and Proper Assessments ...	16
▶ JC 2024 60 Joint Committee of the ESAs - Rules of Procedure .....	16
▶ JC 2024 62 Mandate of the Joint Committee of the ESAs' Sub-Committee on Financial Conglomerates.....	16
▶ JC 2024 63 Mandate of the ESAs Joint Committee Securitisation Committee .....	16
▶ JC 2024 61 Mandate of the Joint Committee of the European Supervisory Authorities' Consumer Protection and Financial Innovation Sub-Committee .....	16
▶ EIOPA-BoS-24/453 EIOPA response to EU COM Consultation Paper on "Assessing the adequacy of macroprudential policies for Non-Bank Financial Intermediation" .....	16
▶ EIOPA publishes monthly technical information for Solvency II Relevant Risk-Free Interest Rate Term Structures .....	16
▶ Monthly Update of the Symmetric Adjustment of the Equity Capital Charge for Solvency II..	16
▶ EIOPA-BoS-24/419 Consultation Paper on the Annexes to the Opinion on the Use of Risk Mitigation Techniques by Insurance Undertakings: Mass-Lapse Reinsurance and Reinsurance Agreements' Termination Clauses.....	17
<b>CORPORATE GOVERNANCE.....</b>	<b>18</b>
▶ FRC publishes Annual Review of Corporate Governance Reporting .....	18
<b>INFORMATION COMMISSIONER'S OFFICE .....</b>	<b>19</b>

- ▶ Key Data Protection Considerations When Using AI to Assist Recruitment ..... 19
- ▶ Sharing Personal Information When Preventing, Detecting & Investigating Scams & Frauds .. 19
- ENFORCEMENT ACTION..... 20**
- ▶ PRA / FCA Regulatory Fines Round-up ..... 20



# PRUDENTIAL REGULATION

## PS16/24 OPERATIONAL RESILIENCE: CRITICAL THIRD PARTIES TO THE UK FINANCIAL SECTOR

On 12 November, the PRA, the FCA and the Bank (the Regulators), jointly issued a [policy statement](#) setting out the final requirements and expectations for CTPs and providing feedback to responses received to their consultation paper on operational resilience: CTPs to the UK financial sector. The relevant document references being: PRA Policy Statement 16/24 and FCA Policy Statement 24/16.

A jointly issued [Supervisory Statement 6/24](#) followed this joint Policy Statement, setting out the regulators' expectations of how a CTP should comply with the duties and obligations placed on it by way of the Financial Services and Markets Act 2000, as amended by the Financial Services and Markets Act 2023 (FSMA 2023), including the requirements in the regulators' rules.

The final rules for CTPs will take effect from 1 January 2025

On 12 November, accompanying these documents, the Regulators also [published](#) a joint foreword regarding the oversight of CTPs in the UK financial sector. This sets out that the initiative follows legislation allowing HM Treasury to designate certain third parties as CTPs, bringing them under regulatory oversight. This is to enhance the sector's operational resilience. The newly established CTP oversight regime aims to manage these risks without altering the accountability of financial firms for their operational resilience. This UK initiative aligns with similar international efforts to address CTP risks, promoting cross-border cooperation.

The regulators have also published a document setting out their [approach to the oversight of CTPs](#). This document is intended to act as a standing reference, setting out how the regulators intend to use the oversight powers granted by the legislation in respect of CTPs in accordance with and in advancement of the respective statutory objectives. The regulators

aim to promote regulatory accountability and transparency by communicating what CTPs may expect during the course of oversight, in particular recognising that they may not have been previously regulated. The document aims to help the wider market understand the regulators' oversight approach and to aid accountability to the public and Parliament. The document highlights the outcomes-focused and proportionate nature of the regime, not just in the rules and expectations for CTPs but also in the regulators' approach to oversight.

The government will determine which third parties are subject to this regime, with input from regulators, and industry engagement is encouraged as the rules are implemented.

The joint policy statement also contains the regulators' final rules for CTPs, which are set out in the following rule instruments:

- ▶ Bank FMI Rulebook: Critical third parties Instrument 2024;
- ▶ PRA Rulebook;
- ▶ FCA Handbook; and
- ▶ CTP Statement of Policy relating to Disciplinary Measures Instrument 2024.

The overall objective of the final policy is to manage risks to the stability of, or confidence in, the UK financial system that may arise due to a failure in, or disruption to, the services that a CTP provides to one or more authorised persons, relevant service providers, and/or financial market infrastructure entities.

## SS7/24 - REPORTS BY SKILLED PERSONS: CRITICAL THIRD PARTIES

On 12 November, the PRA [published](#) supervisory statement 7/24 regarding the use of supervisory powers under the Financial Services and Markets Act (FSMA). This statement is directed at CTPs and individuals connected with them, as defined in FSMA. It should be read alongside specific chapters of the PRA Rulebook and Bank rules concerning contracts with skilled persons, the

delivery of reports and regulatory transaction fees. The statement follows PS16/24, which addresses the operational resilience of critical third parties in the UK financial sector.

### **PS15/24 REVIEW OF SOLVENCY II: RESTATEMENT OF ASSIMILATED LAW**

On 15 November, the PRA [published](#) policy statement PS15/24, providing feedback to responses received to consultation paper CP5/24 - Review of Solvency II: Restatement of assimilated law. This is the PRA's final policy statement to implement the conclusions of the Solvency II Review, as originally set out in CP12/23 - Review of Solvency II: Adapting to the UK insurance market.

A full set of mapping tables is included, as [Appendix 8](#), outlining where all relevant Solvency II assimilated law and other materials have been restated into PRA rules and policy material.

### **SS8/24 - SOLVENCY II: CALCULATION OF TECHNICAL PROVISIONS**

On 15 November, the PRA [published](#) supervisory statement 8/24 setting out their expectations in respect of insurers applying simplifications to the best estimate and risk margin elements of the technical provisions, expanding on the rules set out in the PRA Rulebook.

This statement takes effect from 31 December 2024.

### **SOLVENCY II: THE PRA'S APPROACH TO THE PERMISSIBLE RECOVERY PERIOD FOR INSURERS TO RESTORE FULL COVER FOR THEIR SCR**

On 15 November, the PRA [published](#) a statement of policy (SoP) setting out the circumstances that could lead to the PRA declaring an exceptional adverse situation for the purpose of the Solvency II rules, and the factors considered in determining whether an insurer should be permitted to have an extension of the permissible recovery period during which it should take the necessary measures to restore full cover for its Solvency Capital Requirement (SCR).

### **SOLVENCY II: VOLATILITY ADJUSTMENT PERMISSIONS**

On 15 November, the PRA [published](#) a SoP on Solvency II Volatility Adjustment Permissions (VAP). The statement sets out the PRA's expectations of firms in relation to the application of the VAP for the calculation of Solvency II volatility adjustments. The purpose of the VAP is to ensure that firms have sufficient time to prepare for the adjustment.

### **SOLVENCY II: THE PRA'S APPROACH TO INSURANCE OWN FUNDS PERMISSIONS**

On 15 November, the PRA [published](#) a SoP setting out its approach to granting regulatory permissions presented in the Own Funds part of the PRA Rulebook. This statement of policy also details the PRA's approach to variations to those permissions and the instances wherein the PRA may revoke an Own Funds permission.

### **SOLVENCY II: THE PRA'S APPROACH TO STANDARD FORMULA ADAPTATIONS**

On 15 November, the PRA [published](#) a SoP outlining its approach to adaptations related to the Standard Formula. This formula is the default methodology for calculating the SCR for UK Solvency II firms, as specified in the PRA Rulebook. This covers the PRA's approach to the following topics:

- ▶ undertaking specific parameter and group specific parameter permissions;
- ▶ investments in securitisation; and
- ▶ permissions related to the adjustment for loss-absorbing capacity of deferred taxes.

### **SOLVENCY II: THE PRA'S APPROACH TO INSURANCE GROUP SUPERVISION**

On 15 November, the PRA [published](#) a SoP setting out its approach to certain aspects of insurance group supervision under the Group Supervision Part of the PRA Rulebook. Within the framework of the PRA Rulebook's Group Supervision Part, this SoP applies to UK Solvency II enterprises as well as the Society of Lloyd's, its members and managing agents, insurance holding companies, and mixed financial holding companies.

## **DIRECTION FOR MODIFICATION BY CONSENT OF SOLVENCY II REPORTING FOR SOLO INSURANCE FIRMS**

On 20 November, the PRA [published](#) a Direction for the Reporting rulebook, for modification by consent of Solvency II Reporting 2.2(1) for solo insurance firms. The version is in force on 31 December 2024.

## **THE BANK'S APPROACH TO ENFORCEMENT - POLICY STATEMENT**

On 12 November, the Bank [published](#) a policy statement on feedback on responses to the consultation paper *The Bank of England's approach to enforcement: proposed changes to statements of policy and procedure following the Financial Services and Markets Act 2023* that was published in March 2024.

Following the consultation, Annex 4 of the Enforcement Statements of Policy & Procedure (SoPP) has been amended in relation to critical third parties to reflect various matters raised by respondents. These took effect on 12 November 2024.

The overall feedback showed that respondents broadly welcomed the proposals, while raising some operational concerns, some of which had already been expressed in response to the separate consultation paper.

## **TACKLING OFFSHORE TAX NON-COMPLIANCE**

Linking in to further resourcing announced in the Budget, HM Treasury has [published](#) a [paper](#) setting out HMRC's approach to addressing offshore tax non-compliance, as part of the government's wider efforts to close the tax gap. (The difference between what tax should be collected in theory and what is actually collected). HMRC's approach focuses on helping taxpayers get their tax right, taking robust action to tackle compliance risks, and working with international partners on enforcement. This paper also outlines the further action the government is taking on offshore tax non-compliance, including providing additional resources announced at Autumn Budget 2024 to allow HMRC to tackle the most challenging examples of serious non-compliance.

## **FUTURE REGULATORY REGIME FOR ESG RATINGS PROVIDERS**

On 14 November, HM Treasury [issued](#) the full outcome of the consultation paper setting out proposals for the scope of a future regulatory regime for Environmental, Social and Governance (ESG) ratings providers. The consultation response was published along with a draft statutory instrument.

## **UK FINANCIAL SANCTIONS FREQUENTLY ASKED QUESTIONS**

On 7 November, the Office of Financial Sanctions Implementation (OFSI) and HM Treasury updated and published the UK Financial Sanctions [FAQs](#).

## **UK FINANCIAL SANCTIONS GENERAL GUIDANCE**

On 18 November, the OFSI and HM Treasury published [general guidance](#) on UK financial sanctions. This guidance covers:

- ▶ overview of financial sanctions;
- ▶ who they apply to;
- ▶ restrictions imposed;
- ▶ ownership and control;
- ▶ reporting to OFSI;
- ▶ exceptions and licensing;
- ▶ compliance and enforcement;
- ▶ challenging designations; and
- ▶ glossary.

This guidance also outlines obligations under financial sanctions and OFSI's approach to licensing and compliance.

HM Treasury and the OFSI have also updated the [guidance](#) for reporting information to the OFSI.

## **FINANCIAL SERVICES GROWTH AND COMPETITIVENESS STRATEGY**

On 14 November, HM Treasury [issued](#) a call for evidence to inform the development of the Financial Services Growth and Competitiveness Strategy (Strategy), a key part of the UK government's modern industrial strategy. The call for evidence outlines the UK



government's proposed approach to the Strategy and seeks input from businesses, consumer groups, academic and other stakeholders.

Comments should be submitted on or before 12 December 2024.

### UK GREEN TAXONOMY - CONSULTATION

On 14 November, HM Treasury [issued](#) a consultation on the UK Green Taxonomy, which outlines the government's initiative to establish a framework for sustainable finance aimed at facilitating the transition to a net-zero economy. It emphasises the importance of mobilising private capital, estimating a need for an additional £50 billion annually to support this transition. The consultation seeks to explore the potential of a UK Green Taxonomy as a classification tool to define economic activities that contribute to sustainability goals, thereby reducing greenwashing and enhancing investment in critical sectors. The government invites feedback on the usability and effectiveness of a UK Taxonomy in supporting sustainable growth and preventing greenwashing.

Comments should be submitted on or before 6 February 2025.

### CAPTIVE INSURANCE - CONSULTATION

On 14 November, HM Treasury [issued](#) a consultation paper exploring the potential for a new approach to regulating captive insurance companies, aiming to enhance the competitiveness of the UK insurance sector. The consultation seeks to understand how tailored approaches to captives could support growth and international competitiveness, driven by sustained stakeholder interest and the rapid expansion of the global captive market.

Comments should be submitted on or before 7 February 2025.

### CP15/24 PROPOSED CHANGES TO THE UK ISPV REGULATORY FRAMEWORK

On 15 November, the PRA announced details of its [consultation](#) on proposed reforms to the UK Insurance Special Purpose Vehicle (UK ISPV) regulatory framework. The proposals include structural changes, such as allowing realised

investment returns to cover risk exposure, and process changes like introducing an accelerated pathway for certain applications. These reforms aim to enhance the competitiveness of the UK ISPV regime and align it more closely with global practices.

Comments should be submitted on or before 14 February 2025.

### CP16/24 - REMUNERATION REFORM

On 26 November, the PRA and the FCA issued a [joint consultation](#) to gather feedback on proposed amendments to the remuneration rules for dual-regulated firms. This includes changes to the PRA Rulebook, supervisory statement SS2/17, the FCA's Handbook chapter 'SYSC 19D Dual-regulated firms Remuneration Code' and associated non-Handbook Guidance. The consultation involves collecting personal data such as names, contact details, and opinions to inform regulatory work.

Responses are requested by 13 March 2025.

# CONDUCT REGULATION

## FCA STATEMENT ON THE CHANCELLOR'S MANSION HOUSE SPEECH

The FCA has [published](#) its statement on the Chancellor's Mansion House [speech](#) delivered on 19 November, and highlighted its commitment to supporting growth in the financial services sector. The FCA emphasises the importance of a thriving financial sector for the UK's economy, noting efforts to reform UK listing rules, enhance international competitiveness, and support innovation. The FCA has published updates on specific issues raised in the speech, including:

- ▶ [ESG ratings providers](#), and
- ▶ [modernising the redress system](#).

## RIISING TO THE OCCASION ON PRIVATE MARKETS - SPEECH BY NIKHIL RATHI

Nikhil Rathi, FCA Chief Executive, [delivered](#) a speech at the Investment Association Annual Dinner, Mansion House on 29 October. He spoke about how the private markets are growing and the FCA supports this growth as part of ensuring a range of financing options for companies, and the competitiveness of UK investment management. He emphasised that people must embrace innovation to boost competitiveness, whilst understanding in detail the risks. This requires greater transparency and collaboration, as part of broader conversations on resetting the UK's risk boundaries.

## SETTING THE FOUNDATIONS FOR OUR FUTURE STRATEGY - SPEECH BY EMILY SHEPPERD

On 26 November, Emily Shepperd, the FCA Chief Operating Officer, delivered a [speech](#) at the TheCityUK National Conference in Birmingham, entitled Setting the foundations for the FCA's future strategy.

She highlighted, among other things, that the FCA's new 5-year strategy will focus on four key themes:

- ▶ economic growth and innovation,
- ▶ financial crime,

- ▶ consumer resilience, and
- ▶ becoming a more efficient and effective regulator.

## PS24/16 OPERATIONAL RESILIENCE: CRITICAL THIRD PARTIES TO THE UK FINANCIAL SECTOR

On 12 November, the Bank, the FCA and the PRA jointly [issued](#) a policy statement setting out the final requirements and expectations for CTPs, the final rules for which will take effect from 1 January 2025.

The related joint announcements and publications have been detailed in the Prudential Regulation section of this Bulletin.

At the same time as the issue of the joint Policy Statement, the FCA [published](#) an update in relation to outsourcing and operational resilience, explaining the implications in relation to operational resilience for firms using outsourcing and other third party service providers, and what the FCA expects from them.

Further to the Policy Statement, the FCA has adopted the Critical Third Parties (SoP Relating to Disciplinary Measures) Instrument 2024/40 and the Critical Third Parties Instrument 2024/41, relating to these publications. These make various amendments, relating to the regulatory approach to CTPs and are effective from 1 January 2025.

## OUTSOURCING AND OPERATIONAL RESILIENCE

On 12 November, the FCA updated its [guidance](#) on outsourcing and operational resilience with the addition of information on CTPs to the UK financial sector.

## ENFORCEMENT REGULATORY DISCLOSURE REVIEW: OUTCOME

On 11 November, the FCA [published](#) the outcome of its enforcement regulatory review. It will now reveal all information pertinent to the circumstances of the case under the new methodology, unless doing so would be excessive, against the public interest, or otherwise improper. Both supporting and

potentially undermining materials will fall within this category. Disclosure assessments will not be limited to searching for potentially undermining material; rather, they will seek to find all pertinent material. The overall objective of the modifications is to enhance the quality of the disclosure by giving case teams more assistance.

### **SUPERVISORY STRATEGY FOR CREDIT RATING AGENCIES**

On 12 November, the FCA [published](#) its second letter to the portfolio of credit rating agencies (CRAs). The letter provides the FCA's view of the key risks in this sector, its expectations of CRAs and a summary of the work it intends to do over the next two years. The FCA has seen some progress by CRAs in response to the risks identified in its previous letters, with more to be done particularly in the areas highlighted in this letter. Our overall supervisory strategy for CRAs continues to be particularly driven by the following considerations:

- ▶ Conflicts of interest;
- ▶ Location of activities;
- ▶ Impact on financial markets; and
- ▶ Innovation within CRAs.

### **CHANGE IN CONTROL**

On 1 November, the FCA updated its [guidance](#) regarding change in control, and Notifications for changes in control, known as Section 178 notices (Financial Services and Markets Act 2000).

There are other pages in this section about:

- ▶ the different [control thresholds or bands](#);
- ▶ understanding how to [identify the controllers](#) of an FCA-authorised firm;
- ▶ how to submit a [change in control notification](#); and
- ▶ change in [control notification forms](#).

### **AUTHORISATION AND REGISTRATION APPLICATION FEES AND VARYING PERMISSIONS, LIMITATIONS OR REQUIREMENTS**

On 20 November, the FCA published updated [guidance](#) on how to apply to vary permissions, limitations or requirements. It also published an

updated version of its [guidance](#) on the application fees required for firms seeking authorisation or registration, categorised into 10 pricing categories based on the type of businesses and permissions.

### **ARTIFICIAL INTELLIGENCE IN UK FINANCIAL SERVICES - 2024**

On 21 November, the Bank and the FCA released the findings from their [third survey](#) on artificial intelligence and machine learning in UK financial services. The survey results provide insights into the increasing adoption of AI technologies, with 75% of firms currently utilising AI and an additional 10% planning to do so in the next three years. The survey also highlights the benefits of AI in enhancing data insights, combatting fraud, and improving cybersecurity, while identifying key risks such as data privacy, security concerns and growing third-party dependencies.

### **WELLBEING EFFECTS RELATED TO FCA INTERVENTIONS**

On 25 November, the FCA [published](#) a report on the wellbeing effects related to its interventions, which seeks to further develop the FCA's understanding of the potential impact of these interventions on consumer wellbeing and to provide monetary values for the outcomes associated with them. These monetary values may then be used as part of the appraisal and evaluation of the FCA's interventions.

### **REGULATION OF COMMERCIAL AND BESPOKE INSURANCE BUSINESS - REOPENED QUESTIONS**

On 4 November, the FCA [announced](#) that it is seeking further feedback on DP24/1 to gather more information about the impact of its options in respect of the regulation of Commercial and Bespoke Insurance Business.

The FCA is giving additional time for interested parties to provide the FCA with responses to the questions set out in the discussion paper.

Comments should be submitted on or before 10 January 2025.

## MODERNISING THE REDRESS SYSTEM

On 22 November, the FCA published a [joint call for input](#) (CfI) with the Financial Ombudsman Service on how to modernise the redress system, so it better serves consumers and provides greater stability for firms to invest and innovate.

A revised memorandum of understanding was also signed between the FCA and FOS. to improve the working relationship between the two. The objective is to ensure the escalation of issues that can result in mass complaints and create significant redress liabilities for firms. Through a revised version of the [Wider Implications Framework](#), it is the aim to enable more direct channels of communication between industry and consumer representatives and members of the framework.

A response to the call for input should be received by 30 January 2025.

## DP24/2 IMPROVING THE UK TRANSACTION REPORTING REGIME

On 15 November, the FCA [released](#) a discussion paper exploring ways to improve the UK transaction reporting regime. It outlines potential changes to transaction reporting and instrument reference data requirements. Stakeholders are encouraged to actively engage in shaping this policy development process.

Comments should be submitted by 14 February 2025.

## REGULATION ROUND-UP

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

- ▶ Multi-firm review of life insurers' bereavement claim process - Findings

On 22 November, in line with the Life insurance portfolio letter: insurance priorities 2023 - 2025, the FCA published the [findings](#) of its review of life insurers' bereavement claim processes for a life product. This found evidence of good practice, such as firms providing additional support for claimants throughout what is a difficult time for them.

It is recognised firms can face challenges in providing a timely service, such as obtaining the evidence needed to assess a claim. However, the FCA has found that many firms still have further to go to meet its expectations, particularly in the measurement, monitoring and delivery of good service outcomes for customers.

### ▶ AI Sprint and AI Input Zone

The FCA announced it is to host an AI Sprint at its London office on 29 - 30 January 2025. This will help inform the FCA's regulatory approach to AI and how it is to create the right environment for growth and innovation.

It is also seeking stakeholders' views about current and future uses of AI in UK financial services, as well as the financial services regulatory framework.

Stakeholders are invited to have their say on the future of AI in UK financial services via an online [feedback](#) platform.

Responses to be received by 31 January 2025.

### ▶ Authorisations Operating Service Metrics 2024/25 Q2

Latest [data](#) shows 98.5% of authorisation applications were determined within statutory deadlines in Q2.

The FCA aims to continue to make it quicker and easier to apply for authorisation.

### ▶ Whistleblowing quarterly data 2024 Q3

Latest [Data](#) shows that between July and September 2024, the FCA received 322 new whistleblowing reports, containing 910 allegations in total. During this period, the FCA closed 530 whistleblowing reports, this included:

- significant action to manage harm (5%) - (enforcement action, a s166 skilled person report, or restricting a firm's permissions or an individual's approval)
- action to reduce harm (47%) - (writing to or visiting a firm, asking a firm for information, or asking a firm to attest to complying with the FCA's rules)
- informing our work, including harm prevention, but no direct action (39%).

# 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.

## CURRENT DEVELOPMENTS IN INSURANCE SUPERVISION - SPEECH BY PETRA HIELKEMA

On 20 November 2024, Petra Hielkema, EIOPA Chairperson, [delivered](#) a keynote speech at the BaFin Annual Conference. This set out how EIOPA is working to support the insurance sector in delivering value to policyholders, businesses and the EU economy as a whole. It also highlighted areas where EIOPA sees the need for further solutions and additional efforts in the future.

## SMARTER, SIMPLER, STRONGER: INSURANCE AND PENSIONS FOR THE FUTURE - SPEECH BY PETRA HIELKEMA

On 21 November, Petra Hielkema, EIOPA Chairperson, at EIOPA's 2024 Conference held in Frankfurt. She spoke about:

- ▶ what it means for the insurance industry and the European Union to accelerate technological development for the benefit of everyone when it comes to insurance and pensions;
- ▶ the challenges facing the EU and the need to rethink Europe's Single Market and enhance its competitiveness; and
- ▶ EIOPA's work on Value for Money, stressing that fairness and inclusiveness must remain priorities as reliance grows on technology.

## SPEECH AT THE EFAMA'S ANNUAL CONFERENCE - THE INVESTMENT MANAGEMENT FORUM - SPEECH BY PETRA HIELKEMA

On 22 November, Petra Hielkema, EIOPA Chairperson, delivered the opening [speech](#) at the European Fund and Asset Management Association (EFAMA's) Annual Conference. This shared insights on addressing pension challenges in Europe, the important role that asset

managers play, and EIOPA's own perspective on the European Savings and Investment Union.

## EIOPA-BOS-24-416 INSTITUTIONS FOR OCCUPATIONAL RETIREMENT PROVISION RISK DASHBOARD

EIOPA has [published](#) its October 2024 risk [dashboard](#) for institutions for occupational retirement provision (IORPs), which shows that risks in the European IORP sector are stable and overall at medium levels, with signs of vulnerabilities stemming from market volatility and real estate prices. Macro risks are at a medium level with inflation forecasts showing further declines and forecasted GDP growth remaining stable compared to the previous quarter. Credit risks remain at medium level with credit default swap spreads for corporate bonds decreasing at the end of September 2024, while remaining broadly stable for government bonds. Market and asset return risks are stable at a high level, with market volatility receding at end-September, but remaining above historical standards.

This Insurance Risk Dashboard, based on Solvency II data, summarises the main risks and vulnerabilities in the European insurance sector through a set of risk indicators from the second quarter of 2024 and end-2023. The data is based on financial stability and prudential reporting collected from 95 insurance groups and 2141 solo insurance undertakings. The Solvency II information is complemented with market data, with a cut-off date of September 2024.

## JC/GL/2024/36 JOINT GUIDELINES ON THE OVERSIGHT COOPERATION AND INFORMATION EXCHANGE BETWEEN THE ESAS AND NCAS

On 6 November, the ESAs [published](#) an updated version of their Joint Guidelines on the oversight cooperation and information exchange between the ESAs and the competent authorities under the DORA.

These Guidelines apply from 17 January 2025.



## JC 2024 68 REPORT ON THE PRINCIPAL ADVERSE IMPACT DISCLOSURES UNDER THE SUSTAINABLE FINANCE DISCLOSURE REGULATION

The European Banking Authority (EBA), EIOPA, and European Securities and Markets Authority (ESMA), collectively referred to as the European Supervisory Authorities (ESAs), have published a [report](#) on the Principal Adverse Impact (PAI) disclosures under the Sustainable Finance Disclosure Regulation (SFDR). The 2024 survey shows substantial improvements in the quality of the responses provided by the national competent authorities (NCAs), on the quantitative and qualitative side, with a larger sample size and higher representation in terms of number of Financial Market Participants covered. This reflects an improving state of PAI disclosures generally.

## INSURERS' GREEN INVESTMENTS - 2024 Q2

On 5 November, EIOPA released an [article](#) on insurers' green investments in 2024. Utilising the EU Taxonomy of sustainable activities and the NACE classification framework, (the industry standard classification system used in the European Union), EIOPA assessed the current environmental sustainability of EEA insurers' investments. Due to the need for detailed asset-level data, EIOPA concentrated on insurers' direct investments in corporate bonds and equities, which represent approximately 29% of their total investments.

## COVER LETTER AND REPORT ON THE PRUDENTIAL TREATMENT OF SUSTAINABILITY RISKS IN SOLVENCY II

On 6 November, EIOPA [published](#) the cover letter on the Report on the Prudential treatment of sustainability risks in Solvency II. EIOPA's analysis involved a risk- and evidence-based methodology focusing on equity, spread, non-life underwriting, social, and property risks.

On 7 November, EIOPA [published](#) its final Report on the prudential treatment of sustainability risks within Solvency II, recommending additional capital requirements for fossil fuel assets on European insurers' balance sheets to accurately reflect the high risks of these assets. The report

is in accordance with a directive issued by the European Commission to EIOPA to evaluate the possibility of a specific prudential treatment of assets and activities linked to environmental or social goals or those that undermine them. Based on a risk-based review of data and evidence, the report's conclusions also consider input from stakeholders on EIOPA's Discussion Paper on data sources and techniques, as well as input from a public consultation on preliminary findings and policy recommendations.

## EIOPA-BOS-24/383 FEEDBACK STATEMENT ON PUBLIC CONSULTATION - PRUDENTIAL TREATMENT OF SUSTAINABILITY RISKS

On 7 November, EIOPA [published](#) a feedback statement on its consultation paper on the Prudential Treatment of Sustainability Risks. EIOPA received a mandate under the Solvency II Directive to assess the potential for a dedicated prudential treatment of assets or activities associated substantially with environmental or social objectives, or harm to such objectives, and to assess the impact of proposed amendments on insurance and reinsurance undertakings in the European Union. The public feedback received, together with the feedback received from the Platform on Sustainable Finance and the EBA as well as the advice of the European Systemic Risk Board (ESRB), will form the basis for EIOPA's final report to the European Commission.

## ESA 2024 21 FIT-FOR-55 CLIMATE SCENARIO ANALYSIS

On 19 November, the ESAs collaborated on an EU-wide climate risk [scenario analysis](#) to assess the financial sector's resilience under the "Fit for 55" package, aiming for a climate-neutral economy by 2050. The exercise, covering thousands of EU financial institutions, evaluated first-round losses from direct impacts and second-round losses from cross-sectoral effects. The analysis, based on scenarios developed by the ESRB, indicated that while first-round losses from a potential "run on brown" scenario are limited, adverse macroeconomic conditions could significantly increase financial institutions' losses, affecting their financing capacity.

## 24/838 LETTER TO THE EUROPEAN COMMISSION REGARDING EIOPA'S VIEWS ON A PROPOSAL FOR BETTER DATA SHARING LEGISLATION

On 7 November, EIOPA [issued](#) a letter to the European Commission with reference to the ongoing legislative process regarding certain reporting requirements in the field of financial services and investment support. EIOPA expresses its strong support to the objectives of the proposed regulation, to streamline reporting frameworks and efficiently share data between authorities. EIOPA believes that improvements to the legislative framework should build on the data sharing practices already in place within the European System for Financial Supervision (ESFS).

## 2024/0017(COD) DRAFT OPINION ON THE PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE SCREENING OF FOREIGN INVESTMENTS IN THE UNION

On 13 November, the European Parliament [published](#) the draft opinion on the proposal for a Regulation of the European Parliament and of the Council on the screening of foreign investments in the Union and repealing Regulation (EU) 2019/452 of the European Parliament and of the Council. The Parliament believes that the proposal could be improved on the following areas:

- ▶ clarifying the scope in relation to financial services;
- ▶ strengthening the European perspective; and
- ▶ preserving the prerogatives of the co-legislator.

## EIOPA WELCOMES INTERNATIONAL AGREEMENT ON A NEW GLOBAL CAPITAL STANDARD FOR INSURERS

On 14 November, EIOPA [welcomed](#) the approval of the global Insurance Capital Standard (ICS) by the International Association of Insurance Supervisors (IAIS) as a prescribed capital requirement for internationally active insurance groups. EIOPA notes that the United States' Aggregation Method (US AM) provides a basis for

implementing the ICS and welcomes the commitment of US regulators to address outstanding areas. However, EIOPA states that the current provisional US AM still requires adjustments before it can deliver outcomes comparable to those of the ICS.

## ESMA-EIOPA LETTER ON THE RETAIL INVESTMENT STRATEGY

On 13 November, the ESMA and the EIOPA jointly [published](#) a letter on the Retail Investment Strategy (RIS) for the European Union (EU).

The letter emphasises the importance of putting consumers' interests at the centre of retail investing and enhancing consumers' financial health while contributing to deepening European capital markets.

However, the letter offers various cautions regarding the problems that it considers may arise from using European benchmarks as a tool contributing to the objectivity of the product pricing process and helping supervisors to regulate this area. They also stress the need to evaluate the resources required for the RIS, considering its implications for both the public and private sectors.

## EIOPA-BOS-24/425 OPINION ON THE SCOPE OF DORA IN LIGHT OF THE REVIEW OF THE SOLVENCY II FRAMEWORK

On 14 November, EIOPA issued an [opinion](#) on the impact of increased size thresholds for exclusion from Solvency II under its ongoing review. EIOPA believes the European Commission should address the disproportionate compliance burden that small insurance undertakings may face under the DORA, which applies from 17 January 2025. EIOPA states that these undertakings could be temporarily subject to DORA despite being exempt from Solvency II, creating unnecessary costs during the transition period.

## ESAS ANNOUNCE TIMELINE TO COLLECT INFORMATION FOR THE DESIGNATION OF CRITICAL ICT THIRD-PARTY SERVICE PROVIDERS UNDER DORA

The ESAs have [published](#) a Decision on the information that competent authorities are required to report to them for the designation of

critical ICT third-party service providers under the DORA. In particular, the Decision mandates that competent authorities should submit the registers of information on contractual arrangements of the financial entities with ICT Third-party Service Providers offering services to financial entities in the EU by 30 April 2025.

### **JOINT GUIDELINES ON THE EXCHANGE OF INFORMATION RELEVANT TO FIT AND PROPER ASSESSMENTS**

On 20 November, EIOPA [published](#) the final report on joint guidelines aimed at ensuring consistent and effective supervisory practices within the ESFS and facilitating information exchange between supervisors. The joint guidelines apply to competent authorities within the ESFS and focus on two main areas:

- ▶ the use of the F&P Information System and
- ▶ information exchange and cooperation between the competent authorities when conducting fitness and propriety assessments.

### **JC 2024 60 JOINT COMMITTEE OF THE ESAS - RULES OF PROCEDURE**

The ESAs have [issued](#) their Joint Committee's decision amending the Rules of Procedure. The Joint Committee's decision JC 2022 30, dated 13 July 2022, has been repealed. This new decision enters into force on 11 November 2024.

### **JC 2024 62 MANDATE OF THE JOINT COMMITTEE OF THE ESAS' SUB-COMMITTEE ON FINANCIAL CONGLOMERATES**

Effective from 11 November 2024, the ESAs have [published](#) the mandate of the sub-committee on financial conglomerates.

### **JC 2024 63 MANDATE OF THE ESAS JOINT COMMITTEE SECURITISATION COMMITTEE**

Effective from 11 November 2024, the ESAs have [published](#) the Mandate of the ESAs' Joint Committee Securitisation Committee (JCSC). The main objective of the JCSC is to assist the Competent Authorities and the ESAs through their Joint Committee, in fulfilling their respective mandates pursuant to the Securitisation Regulation.

### **JC 2024 61 MANDATE OF THE JOINT COMMITTEE OF THE EUROPEAN SUPERVISORY AUTHORITIES' CONSUMER PROTECTION AND FINANCIAL INNOVATION SUB-COMMITTEE**

Effective from 11 November 2024, the ESAs have [published](#) the Mandate of the Joint Committee of the ESAs' Consumer Protection and Financial Innovation Sub-Committee, which aims to enhance consumer protection and ensure that the EBA, EIOPA and ESMA fulfil their mandates. It is tasked with ensuring cross-sectoral consistency among the ESAs in regard to matters pertaining to consumer protection and financial innovation as covered under the Joint Committee's work programme.

### **EIOPA-BOS-24/453 EIOPA RESPONSE TO EU COM CONSULTATION PAPER ON "ASSESSING THE ADEQUACY OF MACROPRUDENTIAL POLICIES FOR NON-BANK FINANCIAL INTERMEDIATION"**

On 22 November, [responded](#) to the European Commission's consultation paper on "Assessing the adequacy of macroprudential policies for Non-Bank Financial Intermediation (NBFI)". The perimeter of NBFI encompasses multiple activities and entities. The heterogeneity therein requires generalisations and simplifications to define a common framework. EIOPA believes that the tools included in the last version provide a good combination in terms of variety of instruments and the agreement reached on the tools with macroprudential implications represents a good improvement.

### **EIOPA PUBLISHES MONTHLY TECHNICAL INFORMATION FOR SOLVENCY II RELEVANT RISK-FREE INTEREST RATE TERM STRUCTURES**

On 6 November, EIOPA [published](#) technical information on the relevant risk-free interest rate term structures with reference to the end of October 2024.

### **MONTHLY UPDATE OF THE SYMMETRIC ADJUSTMENT OF THE EQUITY CAPITAL CHARGE FOR SOLVENCY II**

On 6 November, EIOPA [released](#) the technical information regarding the symmetric adjustment

of the equity capital charge for Solvency II as of the end of October 2024.

**EIOPA-BOS-24/419 CONSULTATION PAPER ON THE ANNEXES TO THE OPINION ON THE USE OF RISK MITIGATION TECHNIQUES BY INSURANCE UNDERTAKINGS: MASS-LAPSE REINSURANCE AND REINSURANCE AGREEMENTS' TERMINATION CLAUSES**

On 8 November, EIOPA [issued](#) a consultation on the annexes to the opinion on the use of risk mitigation techniques by insurance undertakings, specifically focusing on mass-lapse reinsurance and reinsurance agreements' termination clauses. The first annex provides guidance to supervisors on managing mass-lapse reinsurance, aiming to enhance supervisory consistency across Europe as risk mitigation methods evolve. The second annex addresses specific terms of reinsurance agreements' termination clauses that may hinder effective risk transfer, particularly those that release reinsurers from liability for legitimately incurred losses during the reinsurance treaty period.

Comments should be submitted on or before 7 February 2025.

# CORPORATE GOVERNANCE

## FRC PUBLISHES ANNUAL REVIEW OF CORPORATE GOVERNANCE REPORTING

On 26 November, the FRC [published](#) its Annual Review of Corporate Governance Reporting 2024, providing important insights as companies prepare to implement the revised UK Corporate Governance Code from January 2025.

The review emphasises the continued importance of the Code's 'comply or explain' approach, which allows companies to depart from provisions when circumstances warrant, provided they offer high-quality explanations for their alternative approach. While companies are making good use of this flexibility, the FRC notes that the quality of explanations for departures could still be improved and urges investors, proxy advisors and service providers to support those companies that provide cogent explanations that demonstrate good governance.

With the revised Code taking effect from January 2025, companies are already preparing for those changes that affect their company's circumstances. The new Code maintains its principles-based approach while emphasising outcomes-focused reporting and enhanced risk management. A key change is the introduction of Provision 29 - which comes into effect in 2026, will require strengthened reporting on risk management and internal controls from 2027.



# INFORMATION COMMISSIONER'S OFFICE

understanding the type of information being shared and complying with data protection principles.

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.

## KEY DATA PROTECTION CONSIDERATIONS WHEN USING AI TO ASSIST RECRUITMENT

On 6 November, the ICO [published](#) an article, setting out key questions that organisations should ask when procuring AI tools to help with their employee recruitment. These have been identified by a recent audit of several providers and developers of AI tools for the recruitment industry.

A number of areas for improvement were identified, such as ensuring personal information is processed fairly and kept to a minimum, and clearly explaining to candidates how their information will be used by the AI tool.

The ICO considers that many recruiters may be looking to procure these tools to improve the efficiency of their hiring process, helping to source potential candidates, summarise CVs and score applicants. However, if not used lawfully, AI tools may negatively impact jobseekers who could be unfairly excluded from roles or have their privacy compromised.

## SHARING PERSONAL INFORMATION WHEN PREVENTING, DETECTING & INVESTIGATING SCAMS & FRAUDS

On 22 November, the ICO [published](#) guidance on sharing personal information, especially when preventing, detecting and investigating scams and frauds. The guidance is aimed to help private sector organisations across the digital economy, such as financial services, in a continued effort to support scam and fraud mitigation efforts. It highlights, in particular, what to consider when seeking to share data such as setting up data sharing agreements,

# ENFORCEMENT ACTION

## PRA / FCA REGULATORY FINES ROUND-UP

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

Barclays Bank Plc	<p>On 25 November, the FCA <a href="#">published</a> its Final Notice, imposing a financial penalty of £40 million in total for its failure to disclose certain arrangements with Qatari entities in 2008. The fine followed Barclays' decision to withdraw its referral of the FCA's planned action to the Upper Tribunal. The action was based on findings which included that Barclays' conduct in its October 2008 capital raising was reckless and lacked integrity. The FCA noted Barclays' statement on this matter.</p> <p>The FCA first issued warning notices against Barclays in 2013. The case was paused pending criminal proceedings brought by the Serious Fraud Office. It was restarted following the dismissal of proceedings against Barclays and the acquittal of the other parties.</p> <p>The FCA published <a href="#">decision notices</a> setting out its case against Barclays in October 2022 and Barclays chose to refer the case to the Upper Tribunal, which is independent from the FCA and hears appeals against enforcement cases. The FCA had previously decided to impose a fine of £50 million in total.</p> <p>In a statement the bank stated that in view of the time elapsed since the events, it wished to draw a line under the issues referred to in the decision notices and has decided not to contest the decision notices further.</p> <p>The bank further stated: "Barclays does not accept the findings of the decision notices and this has been acknowledged by the FCA".</p>
Steven Lawrence Hodgson	<p>The FCA has <a href="#">published</a> a final notice imposing a financial penalty of £32,700 on Steven Lawrence Hodgson pursuant to section 66 of the Financial Services and Markets Act 2000 (the Act) for breaching Statement of Principle 2 and Statement of Principle 7 of the FCA's Statements of Principle and Code of Practice for Approved Persons (APER) that occurred between 26 January 2016 and 12 December 2017 (the Relevant Period). The FCA would have imposed a financial penalty of £386,306. However, it has prioritised redress payments to the Financial Services Compensation Scheme (FSCS). The FCA has also ordered, pursuant to section 56 of the Act, prohibiting Mr Hodgson from performing:</p> <ul style="list-style-type: none"> <li>▶ any function in relation to the regulated activity of advising on Pension Transfers and Pension Opt-outs carried on by an authorised person, exempt person, or exempt professional firm, and</li> <li>▶ any Senior Management Function in relation to any regulated activities carried on by an authorised person, exempt person, or exempt professional firm.</li> <li>▶ the FCA withdraws the approval granted to Mr Hodgson by the FCA to perform the SMF27 (Partner) Senior Management Function at Vintage Investment Services ("Vintage").</li> </ul>

Leigh Mackey	On 11 November, the FCA <a href="#">published</a> a Final Notice announcing that it has imposed a £1,102,879 penalty on Leigh Mackey, including £968,479 in disgorgement and a £134,400 penal element, for breaches of Statement of Principle 1/COCON Individual Conduct Rule 1 and Statement of Principle 4/COCON Individual Conduct Rule 3 during the Relevant Period. The FCA has also prohibited Mr. Mackey, under Section 56 of the Act, from performing any function related to regulated activities by any authorised or exempt persons or exempt professional firms. Additionally, pursuant to Section 63 of the Act, the FCA has withdrawn Mr. Mackey's approval under Section 59 to perform the SMF3 (Executive Director) controlled function at Inspire.
Craig Buchan	On 14 November, the FCA <a href="#">published</a> a Final Notice imposing a financial penalty of £6,037 on Craig Buchan and 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.
Martin Paul Cooke	<p>On 14 November, the FCA <a href="#">published</a> a Final Notice imposing a financial penalty of £6,020 on Martin Paul Cooke 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. Mr Cooke was a designated member of MedDen Financial Services LLP (MedDen), a limited liability partnership that was authorised and regulated by the FCA from 22 January 2008 to 16 August 2024. MedDen provided financial advisory services primarily to the medical and dental community, which included advice on investments, pensions, insurance, mortgages, and home finance. The FCA found that, among other things, MedDen:</p> <ul style="list-style-type: none"> <li>▶ had two FOS awards made against it which it had not paid;</li> <li>▶ had a number of additional complaints against it that were under consideration by the FOS;</li> <li>▶ had inadequate Professional Indemnity Insurance (PII) cover in respect of some or all of its redress liabilities; and</li> <li>▶ was breaching its capital resources requirement by failing to hold sufficient capital to meet liabilities excluded under its PII policy and FOS Awards.</li> </ul>
Macquarie Bank Limited, London Branch	<p>On 26 November, the FCA <a href="#">published</a> a Final Notice regarding a penalty issued to Macquarie Bank's London branch of £13 million for serious failings that allowed one of its employees to record more than 400 fictitious trades. From June 2020 to February 2022, Travis Klein, a trader based on the London metals and bulks trading desk was able to record and take steps to conceal the fake trades in the Australian bank's internal systems to try to hide his trading losses.</p> <p>The fictitious trades were not detected earlier because of significant weaknesses in the firm's systems and controls, some of which the firm had been previously made aware of. Despite knowing of the weaknesses, Macquarie failed to put effective and timely plans in place to fix them.</p>

As a result, Klein, a relatively junior trader, was able to bypass three key internal controls without detection for more than 20 months. The FCA has also published a Final Notice [banning](#) Klein from the financial services industry for acting dishonestly and without integrity and would have fined him £72,000 if his application for serious financial hardship had been unsuccessful.

Steve Smart, joint executive director of enforcement and market oversight at the FCA, stated: “Macquarie's ineffective systems and controls meant that one of its employees could, at least for a time, hide trading losses which cost the firm millions to unwind” ...

“This should serve as an example to those we regulate; risk can come from within. You need the right systems to identify it so it can be tackled early,”

---

# CONTACTS

## EXTERNAL AUDIT

### ALEX BARNES

Partner & Head of Insurance Audit  
alex.barnes@bdo.co.uk

### GEETA JOSHI

Partner  
geeta.joshi@bdo.co.uk

### GILES WATSON

Partner  
giles.watson@bdo.co.uk

### TOM REED

Partner  
tom.reed@bdo.co.uk

### RUPERT LIVINGSTONE

Principal  
rupert.livingstone@bdo.co.uk

### ADEEL AJMAL

Director  
adeel.ajmal@bdo.co.uk

### MZ NETYISI

Director  
mz.netyisi@bdo.co.uk

## INTERNAL AUDIT

### CHRIS BELLAIRS

Partner  
christian.bellaairs@bdo.co.uk

### LUKE PATTERSON

Partner  
luke.patterson@bdo.co.uk

### SAM PATEL

Partner  
sam.patel@bdo.co.uk

### JOHN OWENS

Director  
john.owens@bdo.co.uk

## REGULATORY ADVISORY

### MICK CAMPBELL

Partner  
mick.campbell@bdo.co.uk

### RICHARD BARNWELL

Partner  
richard.barnwell@bdo.co.uk

### NICOLA BALL

Director  
nicola.ball@bdo.co.uk

## CASS

### JAMES STEELE-PERKINS

Partner  
james.steele-perkins@bdo.co.uk

## ACCOUNTING & CORPORATE REPORTING ADVISORY

### MARK SPENCER

Partner  
mark.spencer@bdo.co.uk

## ACTUARIAL

### GRAHAM HANDY

Partner & Head of Insurance Advisory  
graham.handy@bdo.co.uk

### SANTIAGO RESTREPO

Partner  
santiago.restrepo@bdo.co.uk

### ELINORE O'NEILL

Director  
elinore.oneill@bdo.co.uk

### GRAHAM CORNISH

Director  
graham.cornish@bdo.co.uk

## TAX

### THOMAS TO

Partner & Head of Insurance Tax  
thomas.to@bdo.co.uk

### MICHAEL WHITESIDE

Director  
michael.whiteside@bdo.co.uk

## CORPORATE FINANCE

### RAHOEL PATEL

Partner, Head of FS Transaction Services  
rahoel.patel@bdo.co.uk

### ADAM WHISTANCE

Director & Head of Insurance M&A  
adam.whistance@bdo.co.uk

## FORENSICS

### RICHARD CAMERON-WILLIAMS

Partner  
richard.cameron-williams@bdo.co.uk

## OUTSOURCING

### ROBERT HUTCHINGS

Director  
robert.hutchings@bdo.co.uk



## FOR MORE INFORMATION:

### ALEX BARNES

+44 (0)7903 891 435  
alex.barnes@bdo.co.uk

### JOHN OWENS

+44 (0)7946 700 242  
john.x.owens@bdo.co.uk

### GRAHAM HANDY

+44 (0)7876 877 083  
graham.handy@bdo.co.uk

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice.

Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

We will not share your details with third parties other than those agents and service providers used to meet your requirements. To correct your personal details or if you do not wish us to provide you with information that we believe may be of interest to you, please contact us.

© December 2024 BDO LLP. All rights reserved.

[www.bdo.co.uk](http://www.bdo.co.uk)