IDEAS | PEOPLE | TRUST

FS ADVISORY

Regulatory Update

July 2026

BDO

BDO FS Advisory contact points

BDO's Managed Compliance Services Regulatory Update summarises the key regulatory developments.

Our FS Advisory team supports hundreds of clients with various regulatory and non-regulatory matters. Our breadth and depth of expertise gives us a broad perspective on the issues facing the financial services sector. We have aggregated insights from our in-house research, client base, the regulators and professional bodies to support your regulatory considerations and activities.

We hope this pack provides value to you and your colleagues; please do share with us any feedback you may have for our future editions.

Richard Barnwell
Partner

+44 (0)7717214818
richard.barnwell@bdo.co.uk

Lynne Cooper
Senior Manager

+44 (0)7831973556
lynne.cooper@bdo.co.uk

REGULATORY ROUND UP

General

CP26/17 Quarterly Consultation

The FCA has published CP26/17: Quarterly Consultation paper No.52

What firms are impacted?

Asset managers, life insurers, FCA-regulated pension providers, cryptoasset firms, authorised fund managers, firms approving cryptoasset financial promotions, prudentially regulated firms affected by UK CRR references.

Summary of the regulatory update:

CP26/17 is the FCA's Quarterly Consultation Paper No. 52, containing a series of proposed miscellaneous amendments to the FCA Handbook. While largely technical in nature, the proposals are intended to simplify requirements, improve regulatory efficiency, and ensure the Handbook remains aligned with wider legislative and market developments.

Proposed changes include:

- Following a post-implementation review of the FCA's climate disclosure rules for asset managers, life insurers and FCA-regulated pension providers, the FCA are proposing to make changes to the product-level disclosure requirements in ESG, with consequential amendments in other areas of the Handbook. This aims to simplify the rules while maintaining original policy intention, as set out in Policy Statement (PS) PS21/24.
- To amend FEES 4 Annexes 1A, 2A, 11A and 13 to set regulated income as the tariff base for Cryptoasset firms. To insert 3 additional rows to FEES 5 Annex 1R to account for new regulated cryptoasset activities.
- The Treasury published an approach to revoking provisions of the UK Capital Requirements Regulation (UK CRR) following the Financial Services and Markets Act 2023 (FSMA 2023). These proposals deal with consequential amendments to references to the definitions and provisions of the UK CRR in the FCA Handbook and Glossary of definitions.
- To allow certain authorised funds to hold cryptoasset exchange traded notes (cETNs) to a limit of 10% of scheme property.
- To delete the requirement for approvers of qualifying cryptoasset financial promotions to submit notifications following certain approvals, as the data shows that most of these promotions are compliant with our rules.
- To simplify the scheduling rule for Section M of the Retail Mediation Activities Return (RMA-M) and to update guidance to complete FIN073.

When does it take effect?
Comments should reach the FCA by **13 July 2026** for Chapters 2 to 7.

What should firms be thinking about?
Firms should assess whether any of the proposed changes affect current climate disclosure processes, cryptoasset activities, fund investment permissions, prudential compliance frameworks or regulatory reporting obligations; as well as consider providing feedback to the FCA where operational, compliance or implementation impacts are significant, and begin evaluating potential changes to policies, controls and reporting frameworks ahead of final rules.

REGULATORY ROUND UP

General

CP26/21 Proposed Changes to the UK Listing Rules for Closed-Ended Investment Funds

The FCA published its consultation on targeted changes to the UK Listing Rules for closed-ended investment funds to manage conflicts of interest and protect shareholders.

What firms are impacted?

Listed closed-ended investment funds, including their boards and directors; Investment managers of listed closed-ended investment funds, including proposed investment managers; Substantial shareholders (those holding 20% or more of voting rights) in listed closed-ended investment funds; Sponsor firms that provide fair and reasonable confirmations on related party transactions; Investors in closed-ended investment funds, including retail investors.

Summary of the regulatory update:

The FCA is proposing targeted and proportionate amendments to Chapter 11 of the UK Listing Rules (UKLR 11), which sets out rules for listed closed-ended investment funds, to ensure their rules continue to apply consistently in all relevant scenarios.

The changes are designed to strengthen the integrity of a board being able to act independently of any investment manager, apply consistent protections for all changes to investment manager fees and remuneration, and recognise the conflict arising where a substantial shareholder is also an investment manager.

The proposals focus on three key areas:

1. The FCA proposes bringing prospective investment managers within the scope of the related-party transaction regime to ensure consistent protections when appointing or changing investment managers and agreeing fee arrangements.
2. The FCA seeks to strengthen board independence by ensuring relationships between directors and shareholders who nominated them are appropriately recognised within the rules; and
3. Where a substantial shareholder is also the investment manager, the FCA proposes restricting that shareholder's ability to vote on material changes to investment policy to better address conflicts of interest.

When does it take effect?
This consultation closes on **14 August 2026.**

What should firms be thinking about?
Boards, investment managers and major shareholders should assess whether existing governance arrangements, voting procedures and conflict management frameworks would comply with the proposed requirements. Firms should review the potential impact on investment manager appointments, fee negotiations, related-party transactions and shareholder voting rights, and consider whether to respond to the consultation before the deadline.

REGULATORY ROUND UP

General

CP26/23 Consumer Duty: Scope and Proportionality

The Financial Conduct Authority (FCA) has published a consultation paper (CP26/23) on its proposal to make the Consumer Duty more proportionate by clarifying its scope, particularly for wholesale firms, reducing unnecessary regulatory burdens, and providing greater uncertainty on how the Duty applies across distribution chains and to non-UK customers, while maintaining strong protections for UK retail customers.

What firms are impacted?

All FCA-regulated firms that manufacture, distribute, advise on, or provide products and services to retail customers.

Summary of the regulatory update:

The FCA's CP26/23: Consumer Duty - Scope and Proportionality proposes targeted changes to clarify where the Consumer Duty applies and promote a more proportionate approach to compliance. The FCA has identified that some firms, particularly those operating in wholesale markets, complex distribution chains and international business, may be applying the Duty more broadly than intended. The proposals aim to provide greater certainty, reduce unnecessary complexity and support competitiveness while maintaining strong consumer protections.

The consultation focuses on:

- **Clarifying scope:** Providing greater certainty on which firms and activities fall within the Duty.
- **Proportionality:** Reinforcing that obligations should align to a firm's role and influence over customer outcomes.
- **Non-UK customers:** Removing most business with non-UK retail customers from the Duty's scope.
- **Distribution chains:** Clarifying responsibilities and reliance on other firms within product distribution arrangements.
- **Wholesale activities:** Excluding certain activities with limited influence over retail customer outcomes.

When does it take effect?

Responses are required by 18 September 2026. Comments can be submitted via the online response form; sent in writing to 'Consumer Duty Policy Team, Financial Conduct Authority, 12 Endeavour Square, London E20 1JN'; or by emailing cp26-23@fca.org.uk

The FCA expects to publish a policy statement summarising responses and to make any new rules in Q1 2027.

What should firms be thinking about?

Do our Consumer Duty governance, monitoring and distribution arrangements remain proportionate to our role in the customer journey, and are there opportunities to simplify our approach in light of the FCA's proposed clarifications on scope and accountability?

REGULATORY ROUND UP

General

FCA Update on Reforms to the UK Money Market Fund Regulation

The FCA has set out next steps on issuing new rules and guidance on Money Market Funds (MMFs), following Government plans to replace the current rules.

What firms are impacted?

UK-domiciled Money Market Funds (MMFs) and their managers, particularly stable NAV and variable NAV MMFs, as well as firms that rely on MMFs for liquidity and cash management.

Summary of the regulatory update:

The FCA has provided an update on its proposed reforms to the UK Money Market Fund (MMF) regime following feedback received on CP23/28, Updating the regime for Money Market Funds. The objective of the reforms is to strengthen the resilience of UK-domiciled MMFs, support financial stability, and improve market integrity while ensuring funds can continue to meet investors' cash management needs.

Proposals include the following:

- Rather than introducing higher mandatory liquidity thresholds, the FCA now intends to establish a broad resilience requirement through new rules, supplemented by supervisory expectations.
- Under the proposed approach, stable NAV MMFs would generally be expected to hold 40% weekly liquid assets (WLA), while variable NAV MMFs would be expected to hold 20% WLA.
- Existing regulatory minimum WLA and daily liquid asset (DLA) requirements would remain unchanged.
- The FCA also intends to proceed with several other measures consulted on previously, including "delinking" liquidity thresholds from mandatory consideration of liquidity management tools such as redemption gates and liquidity fees, as well as introducing enhanced Know Your Customer (KYC) requirements focused on investor concentration and correlated withdrawal risks.

When does it take effect?

The Government expects legislation to be introduced by the end of 2026.

What should firms be thinking about?

MMF managers should assess current liquidity management frameworks against the FCA's expected WLA levels (40% for stable NAV MMFs and 20% for variable NAV MMFs) and evaluate potential operational impacts. Firms should review investor concentration risks, redemption patterns, stress-testing assumptions, and KYC processes in anticipation of enhanced resilience and investor-risk management requirements.

REGULATORY ROUND UP

General

Emerging Technology Horizon Scan 2026

The FCA has published its first public Emerging Technology Horizon Scan, highlighting key technological trends expected to shape financial services.

What firms are impacted?

All FCA-regulated firms.

Summary of the regulatory update:

The report provides a forward-looking assessment of technologies that could significantly influence financial services over the coming years. Rather than setting policy, it seeks to inform debate and identify areas where regulators and firms may need to adapt.

The FCA identifies four major themes:

- Technological convergence across financial services.
- Increasing use of AI-driven personalised services.
- Growth in synthetic media and technology-enabled financial crime.
- Expansion of programmable finance, tokenisation and distributed ledger technologies.

The report suggests that technological developments are likely to create both opportunities and risks. Benefits could include improved efficiency, faster services and enhanced customer experiences, while challenges may arise around governance, operational resilience, fraud and customer protection.

Particular attention is given to the increasing sophistication of AI tools and the growing adoption of tokenisation and smart contract-based financial services.

When does it take effect?

Informational publication; no implementation requirements.

What should firms be thinking about?

The report provides a useful indication of areas likely to receive increased regulatory attention over the coming years, particularly AI, tokenisation and technology-enabled financial crime.

REGULATORY ROUND UP

General

Beyond the Headlines: The Unseen Fight Against Financial Crime

The FCA published a speech by Therese Chambers, joint executive director of enforcement and market oversight, delivered at the International Bar Association (IBA) Anti-Corruption Conference.

What firms are impacted?

All FCA-authorised firms.

Summary of the regulatory update:

The objective of the speech was to explain how the FCA is adapting its supervisory and enforcement strategy in response to increasingly sophisticated, technology-enabled and cross-border financial crime threats.

Key messages include:

- Financial crime is becoming faster, more complex and more widespread than ever before. We are making fuller use of the tools available to us, including the credible threat of enforcement, to step in before harm escalates.
- Enforcement is about more than just headlines. It also includes the quieter work of supervision, market oversight and proactive detection.
- A whole-system response is crucial. Regulators, law enforcement and industry need to work together to close the gaps criminals rely on.

When does it take effect?

N/A – no new rules/requirements were introduced.

What should firms be thinking about?

Firms should ensure financial crime, AML, fraud, sanctions and market abuse controls are robust, well-documented and capable of identifying emerging risks before supervisory intervention becomes necessary. Additionally, Firms should expect increased use of supervisory tools and early interventions by the FCA, and should respond promptly to regulatory feedback, information requests and remediation expectations.

REGULATORY ROUND UP

General

Re-Thinking Regulation for the Age of AI

The FCA published a speech by Nikhil Rathi, FCA chief executive at techUK's Agents of Change: Generative and Agentic AI in Financial Services 2026.

What firms are impacted?

All FCA-authorised firms.

Summary of the regulatory update:

The objective of the speech was to explain how the regulator intends to support AI-driven innovation while maintaining trust, competition, consumer protection and financial system resilience. The FCA estimates that more than 80% of financial services firms are already adopting AI, highlighting the sector's importance in supporting the UK's ambition to become a leading AI economy.

Key messages include:

- Financial services will be central to making the UK a world-leading AI economy, by providing the capital, infrastructure, and trust needed for AI to scale across the wider economy.
- As AI evolves faster than traditional regulation, the FCA is re-thinking what it means to be an effective regulator, with greater emphasis on competition, collaboration and system-wide risk awareness.
- As AI reshapes markets and increases interconnection, understanding how competition is evolving – and where that may impact resilience - will become more important than ever.

When does it take effect?

N/A – no new rules/requirements were introduced.

What should firms be thinking about?

Firms should assess AI governance, accountability frameworks, model risk management, third-party dependencies and operational resilience arrangements to ensure they remain fit for increasingly autonomous AI use cases. Additionally, Firms developing or deploying AI solutions should engage with FCA initiatives such as the AI Lab, Supercharged Sandbox and industry consultations, while monitoring future FCA publications on AI good and poor practice, competition and resilience expectations.

REGULATORY ROUND UP

General

Engaging and Enabling Retail Shareholders to Vote: Good Practice

The FCA has published examples of good practice for retail shareholder voting, focusing on how investment intermediaries engage retail investors and facilitate the exercise of shareholder rights. The publication is rooted in the FCA's expectations under the Consumer Duty, rather than introducing new, binding, voting rights.

What firms are impacted?

Investment platforms, stockbrokers, trading apps, other retail investment intermediaries.

Summary of the regulatory update:

The FCA has published this as shareholder democracy is an important component of well-functioning capital markets and that retail investors should be able to engage effectively in matters such as election of directors, takeovers, rights issues and other corporate actions.

The FCA expects firms to consider whether costumers receive sufficient information to make informed voting decisions.

Good practice observed:

- **Opt-out rather than opt-in communications** – the FCA observed that opt-out models are generally more effective than opt-in services because customers automatically receive information unless they elect not to.
- **Remove barriers to voting** – the FCA expects firms to review whether their operating model or terms and conditions create unnecessary obstacles to shareholder participation. The FCA considers it good practice to enable customers to vote on general meetings and corporate actions and suggests firms reconsider restrictions that prevent this. The FCA notes that some firms charge customers to vote and warns that firms must be able to demonstrate how such charges are consistent with acting in good faith, fair value requirements and avoiding unreasonable barriers under Consumer Duty.
- **Improve voting experience** – the FCA identified several examples of good practice, such as:
  - Online voting portals
  - Prominent notifications within client platforms
  - Email alerts linking directly to voting systems
  - Alternative methods (telephone, email and post) for customers who may require them, including vulnerable customers

When does it take effect?

The publication is not a policy statement or consultation. Instead, it sets out examples of good and poor practice the FCA has observed.

What should firms be thinking about?

Impacted firms should consider whether current shareholder voting arrangements can be evidenced as delivering good outcomes under Consumer Duty.

REGULATORY ROUND UP

General

Financial Crime Priorities

The Financial Conduct Authority (FCA) has outlined its financial crime priorities within its 2025 to 2030 Strategy, including disrupting crime and scams, targeting misuse of FCA authorization, supporting firms' anti-financial crime systems and controls and raising consumer awareness of investment and authorized push payment fraud.

What firms are impacted?

All FCA-regulated firms.

Summary of the regulatory update:

The FCA's strategy (2025 to 2030) reinforces that fighting financial crime is fundamental to maintaining trust in UK financial services, protecting consumers, and supporting sustainable market growth. The regulator intends to be more proactive in identifying and disrupting financial crime, focusing on those who misuse regulated status to facilitate fraud, money laundering, sanctions evasion, market abuse, and wider economic crime. The FCA looks to increasingly leverage data, technology and intelligence-led supervision to target its interventions and work more closely with industry, government and law enforcement partners. Firms are expected to play a critical role as the first line of defence, with clear emphasis on preventing harm rather than simply meeting regulatory requirements.

The update highlighted the following focus areas:

- **Demonstrating control effectiveness:** The FCA's focus continues to shift from the existence of policies and procedures to evidence of outcomes.
- **Preparing for intelligence-led supervision:** Supervisory activity is likely to become increasingly data-driven, with the FCA using analytics and external intelligence to identify firms, products and activities presenting elevated risk.
- **Reviewing fraud risk management capabilities:** Fraud remains a significant regulatory priority, particularly where firms may be exploited as channels for criminal activity.
- **Investing in data and technology:** The strategy signals continued regulatory support for the use of analytics, automation and innovative technologies in financial crime prevention.
- **Strengthening senior management oversight:** Financial crime should remain a strategic business risk discussed alongside conduct, operational resilience and growth objectives.
- **Enhancing collaboration and information sharing:** The FCA sees effective financial crime prevention as a shared responsibility across the financial ecosystem.

When does it take effect?

The strategy was launched on 25 March 2025 and is effective immediately, guiding the FCA's supervisory, policy and enforcement priorities through to 2030.

What should firms be thinking about?

Can we demonstrate that our financial crime framework is effective, data-driven and capable of preventing harm in line with the FCA's increasingly intelligence-led supervisory approach?

REGULATORY ROUND UP

General

Bank of England and Financial Conduct Authority's Approach to Joint Regulation of Systemic Stablecoin Issuers

The FCA has issued final rules and guidance (PS26/10) for the regulation of UK-issued qualifying stable-coins, focusing on issuance, backing assets, redemption, safeguarding, disclosures, and operational requirements to promote stability, consumer confidence, and market integrity.

What firms are impacted?

The PS26/10 rules apply to all firms operating or intending to operate as stablecoin issuers.

Summary of the regulatory update:

The FCA's PS26/10: Stablecoin Issuance sets out the final regulatory framework for non-systemic UK-issued qualifying stablecoins as part of its Cryptoasset Roadmap, following its earlier consultation, CP25/14. The regime is designed to support consumer confidence, market integrity and financial stability by establishing clear requirements for the issuance, backing, safeguarding and redemption of stablecoins. While largely consistent with earlier proposals, the FCA has made targeted amendments to improve proportionality and operational practicality.

The Policy Statement focuses on:

- **Backing assets:** Requiring qualifying stablecoins to be fully backed by eligible assets, with clear standards on asset composition and liquidity.
- **Safeguarding and asset protection:** Requiring backing assets to be segregated and held on statutory trust to protect token holders.
- **Redemption arrangements:** Establishing requirements to ensure holders can redeem stablecoins in a timely and orderly manner.
- **Governance and operational controls:** Strengthening expectations around record-keeping, reconciliations and oversight of third-party arrangements.
- **Consumer disclosures:** Enhancing transparency requirements to ensure holders understand key rights, risks and redemption terms.
- **Proportionality:** Introducing targeted refinements to improve operability while maintaining robust consumer protections.

When does it take effect?

PS26/10 contains final rules as part of the FCA's wider Cryptoasset regime. The broader Cryptoasset framework is scheduled to come into force from 25 October 2027.

What should firms be thinking about?

Do our governance, safeguarding, backing asset and redemption arrangements meet the FCA's expectations for maintaining confidence, protecting consumers and ensuring stablecoin resilience?

REGULATORY ROUND UP

General
Overview of Crytoassets Regime Policy Statements
The FCA has published an overview of policy statement package published on 30 June 2026 which represents the finalization of the comprehensive cryptoasset regulatory regime.
What firms are impacted? Firms carrying on regulated cryptoasset activities in or into the UK.
Summary of the regulatory update: The package consists of five policy statements and associated guidance: **Admissions, Disclosures & Market Abuse (PS26/9)** - introduces admission standards for cryptoasset trading venues, disclosure requirements for issuers and a bespoke market abuse regime for qualifying cryptoassets. **Stablecoin Issuance (PS26/10)** - sets requirements around backing assets and reserves, redemption rights, safeguarding arrangements and consumer disclosures. **Regulated Cryptoasset Activities (PS26/11)** - defines which activities require authorisation, conduct standards, organisational requirements and rules for custody and safeguarding. **Prudential Regime (PS26/12)** - introduces requirements relating to capital adequacy, liquidity, risk management and governance and controls. **Application of the FCA Handbook (PS26/13)** - confirms how established FCA requirements apply to crypto firms, including Consumer Duty, governance requirements, operational resilience, supervision and enforcement standards.
When does it take effect? The new regime comes into force on 25 October 2027.
What should firms be thinking about? Firms should determine whether any current or planned activities fall within the new regulated perimeter. Firms currently relying on MLR registration should start the transition to full FCA authorisation, if not started already. Consideration should be given to the Consumer Duty and how the requirements can be applied in practice. Firms should also consider operational resilience and prudential planning, as well as governance and SMCR readiness.

REGULATORY ROUND UP

General

Cryptoassets – Non-Handbook Guidance

The FCA has published two guidance consultations to explain the FCA's expectations regarding the Overall Risk Assessment (ORA) process that sits within the new prudential framework for regulated cryptoasset firms. Both documents support the prudential regime introduced through PS26/12.

What firms are impacted?

Firms carrying out or seeking to carry out regulated cryptoasset activities.

Summary of the regulatory update:

The guidance is intended to help boards and senior management demonstrate that capital and liquidity resources remain sufficient in light of the firm's specific risks, business model and potential stress scenarios. The FCA is signalling that firms must maintain a documented, board-owned and continuously updated assessment of whether their financial resources are adequate for the risks they run. For cryptoasset firms entering the new regime, the ORA is likely to become one of the most important prudential documents reviewed during authorisation and ongoing supervision.

GC26/4: Non-Handbook Guidance on COREPRU 7 – Overall Risk Assessment:

GC26/4 provides guidance on the ORA requirements contained in COREPRU Chapter 7, which forms part of the FCA's new integrated prudential framework. The FCA states that the guidance is designed to clarify the purpose and scope of the ORA and support more consistent application of prudential standards.

GC26/5: Non-Handbook Guidance on CRYPTOPRU 7 - Overall Risk Assessment for CRYPTOPRU Firms:

GC26/5 complements the sector-specific requirements in CRYPTOPRU Chapter 7. While COREPRU provides the common prudential foundation, CRYPTOPRU contains additional requirements tailored to firms carrying on regulated cryptoasset activities. The FCA states that the guidance explains its expectations regarding the purpose and scope of the ORA for CRYPTOPRU firms.

When does it take effect?
Guidance consultations published 30 June 2026, consultation closes 30 July 2026, new UK cryptoasset regime commences on 25 October 2027.

What should firms be thinking about?
Firms should review governance arrangements, develop a documented ORA framework, prepare for authorisation scrutiny, and align prudential, risk and recovery planning.

REGULATORY ROUND UP

General

Cost Benefit Analysis – Cryptoasset Regime

The FCA has published a comprehensive policy statement (PS26/9, PS26/11,PS26/12, PS26/13) and final rules for the regulation of cryptoassets, aiming to address market harms, enhance consumer protections, and promote market integrity and innovation within the UK. The regime introduces activity-specific, prudential, and cross-cutting requirements for firms involved in issuing, safeguarding, trading and intermediation of cryptoassets, including stablecoins, with the goal of reducing harm, increasing trust, and supporting economic growth.

What firms are impacted?

The regime primarily impacts firms carrying out regulated cryptoasset activities, including cryptoasset exchanges, brokers, dealers, custodians, stablecoin issuers, trading platforms and firms facilitating cryptoasset transactions. It is also relevant for traditional financial services firms that are entering the cryptoasset market or offering crypto-related products and services to clients.

Summary of the regulatory update:

The FCA's Aggregate Cost Benefit Analysis (CBA) for the Cryptoasset Regime assesses the expected impact of the UK's new cryptoasset regulatory framework. The FCA concludes that regulatory intervention is necessary given the growth of cryptoasset markets and the risks arising from fraud, poor consumer outcomes, information asymmetries and weak market standards. While acknowledging implementation costs for firms, the FCA expects the regime to deliver long-term benefits through improved consumer protection, market integrity, confidence and sustainable market growth.

The analysis highlights:

- **Consumer protection:** Reducing harm from fraud, scams, unsuitable products and poor market practices.
- **Market integrity:** Establishing clearer regulatory standards across cryptoasset activities to improve trust and transparency.
- **Regulatory certainty:** Providing firms with a predictable framework to support innovation and long-term investment.
- **Implementation costs:** Recognising firms will incur costs to enhance governance, controls, systems and operational arrangements to meet regulatory requirements.
- **Growth and competitiveness:** Supporting the UK's ambition to be a trusted and competitive market for responsible cryptoasset innovation.

When does it take effect?

The Cost Benefit Analysis accompanies the FCA's final Cryptoasset Policy Statements. The wider Cryptoasset regime is expected to take effect from 25 October 2027.

What should firms be thinking about?

Are we prepared to demonstrate that our governance, risk management and control framework can meet the standards expected under the UK's emerging cryptoasset regulatory regime?

REGULATORY ROUND UP

General

Handbook Notices – June 2026

The FCA has issued Handbook Notice No 141 and 142.

What firms are impacted?

FCA-regulated firms. Specific firm types noted in the summary below.

Summary of the regulatory update:

Handbook Notice 141 (May 2026) - includes the following:

- **Authorised Funds: DLT and Direct-to-Fund Dealing -** The FCA has introduced rules and guidance supporting the use of distributed ledger technology (DLT) in authorised funds.
- **Consumer Credit Reporting Amendments -** The FCA made corrective and clarification amendments to SYC provisions amended in error in a previous policy statement and Consumer Credit Returns requirements in SUP 16.
- **Retail Banking Business Models Return (R2B2) -** The FCA introduced a new annual R2B2 return to replace various ad hoc information requests.
- **UK EMIR Clearing Threshold Changes -** The FCA increased the clearing threshold for commodity derivatives under UK EMIR to EUR6 billion.

Handbook Notice 142 (June2026)

- **MiFID Equity Transparency Reforms -** The FCA has transferred certain equity transparency provisions from RTS1 into the FCA Handbook, clarified aspects of MAR relating to private rights of action, and made technical amendments to derivative transparency classifications.
- **Authorised Funds SORP Alignment -** The FCA amended COLL provisions to align Handbook requirements with the revised 2025 Statement of Recommended Practice (SORP) for authorised funds.
- **Targeted Handbook Clarifications -** The FCA introduced a broad package of clarifications across PRIN, SYSC, COCON, COBS, ICOBS, MCOB, BCOBS, CONC, PROD, CASS, SUP, DISP, COLL and other modules.
- **Important CASS Amendments -** The FCA specifically highlighted targeted changes to CASS.

When does it take effect?

DLT in authorised funds – 20 April 2026, Consumer Credit Reporting/UK EMIR Clearing Threshold changes – 29 May 2026, R2B2 return – 1 June 2026.

What should firms be thinking about?

These updates are more related to the FCA's continuing effort to modernise reporting, facilitate innovation in funds and simplify Handbook provisions.

REGULATORY ROUND UP

General

FCA Instruments - June 2026

The FCA has published a number of key FCA Handbook and technical standards instruments during June 2026.

What firms are impacted?

FCA-regulated firms. Specific firm types noted in the summary below.

Summary of the regulatory update:

FCA 2026/27: Supervision Manual (Amendment) Instrument 2026 - effective 01 June 2026

The instrument introduces a new reporting framework in SUP 16:34 (Retail Banking Business Models Reporting) for larger retail banking firms and banking groups. The instrument also introduces new glossary definitions including, 'ring-fenced parent firm', 'UK banking parent firm', and 'accounting reference period'.

FCA 2026/31: MiFIR Equity Transparency Technical Standards Amendment - effective 28 September 2026

The FCA amends the UK version of RTS 1 (Commission Delegated Regulation (EU) 2017/587) by removing Article 17 and Annex III.

FCA 2026/33: Targeted Clarifications of Handbook Materials Instrument 2006 - effective primarily 26 June 2026

This is a broad housekeeping clarification instrument affecting numerous Handbook sections, including PRIN, SYSC, COCON, COBS, ICOBS, MCOB, BCOBS, CASS, SUP, DISP, COLL, PERG and WDPG. Notable changes include the introduction of a formal glossary definition for the Consumer Duty, clarification and streamlining of Consumer Duty references throughout PRIN and revocation of the historic RPPD (Responsibilities of Providers and Distributors for the Fair Treatment of Customers) Guide.

FCA 2026/32: Collective Investment Schemes Sourcebook (SORP) Instrument 2026 - effective 26 June 2026

The FCA updates the definition of SORP to reference the Investment Association's October 2025 version of the Statement of Recommended Practice for authorised funds. The instrument also makes consequential amendments to COLL reporting, accounting and annual reporting requirements to align with the revised SORP.

When does it take effect?
Between 01 June – 28 June 2026

What should firms be thinking about?
Impacted firms should review the updates and consider if any updates need to be made to any internal policies, training materials, or governance frameworks.

REGULATORY ROUND UP

General

FCA Instruments - Cryptoasset Framework - June 2026

The FCA has published a number of key FCA Handbook and technical standards instruments related to the cryptoasset framework during June 2026.

What firms are impacted?

Firms engaged in cryptoasset activity.

Summary of the regulatory update:

FCA 2026/39: **Cryptoassets (Intermediaries) Instrument 2026**

Introduces CRYPTO 5, establishing conduct and execution requirements for cryptoasset intermediaries. Key provisions include:

- Orders for retail clients generally must be executed through a UK Qualifying Cryptoasset Execution Venue (UK QCATP)
- Firms arranging cryptoasset transactions must take reasonable steps to ensure execution occurs on authorised venues
- Retail-facing firms may only deal in qualifying cryptoassets meeting admission-to-trading requirements on UK QCATPs)
- Firms must provide cryptoasset disclosure documentation (QCDD) before transactions are initiated

FCA 2026/42: **Cryptoassets (Safeguarding) Instrument 2026**

Creates a new CASS 17 Cryptoasset Safeguarding Regime. Key requirements include:

- Mandatory safeguarding standards for cryptoasset custodians
- Requirements to protect client rights, including during insolvency
- Organisational controls, reconciliation obligations and record keeping requirements
- Trust arrangements for client cryptoassets
- Rules governing third-party custodians and safeguarding arrangements
- Explicit requirement to apply safeguarding arrangements consistently with the Consumer Duty for retail business

When does it take effect?
25 October 2027.

What should firms be thinking about?
Crypto brokers and intermediaries should prepare venue due diligence frameworks. Crypto custodians should ensure they have a comprehensive compliance manual, along with associated policies and procedures, including safeguarding and reconciliation policies and procedures.

REGULATORY ROUND UP

General
FCA Instruments – Cryptoasset Framework – June 2026 (*Continued)*
The FCA has published a number of key FCA Handbook and technical standards instruments related to the cryptoasset framework during June 2026.
What firms are impacted? Firms engaged in cryptoasset activity.
Summary of the regulatory update: FCA 2026/43: **Cryptoassets (Client Assets Consequentials) Instrument 2026** Makes consequential amendments across the CASS regime to accommodate cryptoasset activities, including: - Segregation requirements - Interaction between client money and cryptoasset safeguarding - Treatment of money connected with cryptoasset custody activities - Requirements where third-party crypto custodians are appointed FCA 2026/45: **Cryptoassets (COREPRU and CRYPTOPRU) Instrument 2026** Introduces the new prudential framework for regulated cryptoasset firms through: - COREPRU (core prudential requirements) - CRYPTOPRU (crypto-specific prudential requirements)
When does it take effect? 25 October 2027.
What should firms be thinking about? Firms should assess how client money and cryptoasset custody arrangements interact. Firms using third-party crypto custodians should review contractual arrangements and oversight frameworks. Firms intending to seek authorisation under the future crypto regime should begin prudential impact assessments.

FOR MORE INFORMATION:

Richard Barnwell

+44 (0)77 1721 4818
richard.barnwell@bdo.co.uk

Lynne Cooper

+44 (0)78 3197 3356
lynne.cooper@bdo.co.uk

www.bdo.co.uk

XXXXXXX