

POLICY AND REGULATORY NETWORK MEETING

DATE: TUESDAY 2 DECEMBER 2025, 16:00 – 17:30

VENUE: LATHAM & WATKINS (99 Bishopsgate, London EC2M 3XF)

Meeting Summary (In red)

ATTENDEES

Latham & Watkins	Rob Moulton	AFB Members	Annex 1
Simmons & Simmons	Charlotte Rendle	AFB Representatives	Annex 2
A&O Shearman	Bob Penn		

SECTION A – GENERAL

1. Intro/AFB Competition Law Guidance (attached to email)
2. Draft Minutes of last PRN Meeting held on 9 September (attached to email, and [here](#))
3. Overview of AFB Policy Initiatives as of 1 December (attached to email, and [here](#))

SECTION B – ISSUES FOR DISCUSSION BY PRN MEMBERS

4. Progress made since HM Treasury's Leeds reforms (July 2025)

On 15 July, the Chancellor announced Leeds Reforms ([here](#)) and published its Financial Services Growth and Competitiveness Strategy ([here](#)). Since then, progress towards the aims of the reforms has been made in the following areas of regulation:

- **SM&CR reform:** The PRA ([here](#)) , FCA ([here](#)) and HMT ([here](#)) have consulted on changes to SM&CR, including streamlining approvals and removing the Certification Regime (further detail in item 8).
- **Remuneration reform:** The PRA has published [PS21/25](#), implementing changes to remuneration rules, including adjustments to deferral, clawback, and proportionality thresholds. These efforts seek to align UK rules more closely with international norms and reduce administrative burden for firms (further detail in item 9).
- **Rulebook simplification and reporting burden reduction:** On 22 September, the PRA has consulted on deleting legacy templates under [CP21/25](#) (Future Banking Data) and initiated broader simplification work across prudential reporting.
- **Transaction reporting:** On 21 November, the FCA published [CP25/32 – Improving the UK transaction reporting regime](#) ([here](#)). The consultation explores streamlining reportable fields, clarifying scope,

reducing duplicative requirements across markets and instruments, and improving data quality through a more proportionate framework.

- **Streamline of consumer duty rules:** On 30 September, the FCA made updates around consumer duty (see item 6)

RM noted that many of the recent regulatory developments relate to reforms that predate the Leeds and Edinburgh agendas, with industry being the primary driver. Work has generally been slow and incremental as opposed to sweeping transformative change and, whilst progress has been made in areas such as SM&CR, remuneration and reporting simplification, some areas of the programme, such as consumer credit, have yet to move forward.

Discussions followed on the effectiveness of the reforms to date. Some members questioned whether the cost of implementing changes to the short-selling and transaction-reporting regimes is proportionate to the benefits, particularly given the risk of divergence for firms operating across the UK and EU. CR also observed that efforts to reduce the regulatory burden on banks often centered around a reduction in administrative burden rather than a move to de-regulation.

RM emphasised the need for ongoing Government pressure to maintain momentum, noting concerns that progress could stall without continued political focus. On SM&CR, it was suggested that the 50% reduction in compliance burden would be difficult to achieve without scrapping the Certification Regime all together.

5. Updates on the FCA and PRA's secondary competitiveness and growth objective

The PRA, FCA and HM Treasury have responded to the House of Lords Financial Services Regulation Committee's June 2025 [report](#) on the regulators' implementation of the secondary competitiveness and growth objective.

HMT response, published 2 September 2025 ([here](#))

- Agreed that authorisation delays, regulatory duplication and proportionality issues require improvement. The response pointed to work already underway through the Financial Services Growth and Competitiveness Strategy
- Supported clearer SCGO metrics and committed to working with regulators to strengthen monitoring and reporting
- Emphasised the need for a more strategic, outcomes-focused regulatory approach, while maintaining international alignment and core protections

PRA response, published 13 August 2025 ([here](#))

- Confirmed that SCGO considerations are being embedded through updates to governance, staff training and the use of competitiveness metrics
- Cited reforms for smaller firms, third-country branch supervision and Basel 3.1 implementation as examples of proportionate, growth-aligned policymaking
- Acknowledged cultural concerns and noted that changes to supervisory mindset and processes will take time to evidence

FCA response, published 4 September ([here](#))

- Highlighted improvements to authorisations, reductions in duplicative reporting and reforms to its supervisory model to embed the SCGO
- Committed to clarifying the FCA-FOS boundary as part of wider redress reform
- Confirmed measures to support overseas firms (including the OFIFS “concierge” service) and to publish clearer SCGO metrics and progress updates

The Chairman of the House of Lords Financial Services Regulation Committee, Lord Forsyth, sent a follow-up letter to the Chancellor on 31 October ([here](#)). The Chairman states that HMT’s response failed to address key findings in the initial report, particularly the lack of evidence linking financial-sector growth to wider economic growth, weak SCGO metrics, and insufficient direction to move away from regulatory risk aversion. The Financial Services Regulation Committee presses the chancellor and HMT to provide clearer economic policy links, more robust metrics, and to undertake international regulatory cost benchmarking.

Whilst the regulators have highlighted steps taken to embed the SCGO into governance, authorisations and supervisory processes, members felt that the practical impact remains limited, with little evidence of cultural change around risk-aversion. This is a view shared by the House of Lords Financial Services Regulation Committee, as evidenced by their interactions with HMT and the regulators.

Members expressed concerns that cost-benefit analysis (CBA) continues to be underutilised and ineffective in regulatory development. One member noted that, even when CBA is applied, regulators often fail to capture the full profile of relevant costs (failure to capture exchange rate costs was cited as one example). It was suggested that regulators should be more open to qualitative inputs from industry, given both the difficulty in aggregating quantitative data and the confidentiality issues that can restrict firms from providing it.

Members also commented on the growing volume of supervisory information requests and the lack of clarity on how regulators use industry feedback to inform policy development. Additionally, members noted that regulators frequently approach firms to identify regulatory pain points and areas where simplification or de-regulation could be beneficial. However, firms the resourcing needed to meet existing compliance demands leaves limited capacity to consider and articulate potential improvements.

BP also touched on the Bank of England’s reduction in Tier 1 capital requirements from 14% to 13%, noting that whilst it was presented as a signal of international competitiveness, it is unlikely to drive significant economic activity in practice and is not particularly relevant for branches and subsidiaries.

6. FCA plans to streamline its consumer duty rules

On 30 September 2025, the FCA published a series of updates signalling its intention to simplify rules and enhance clarity for firms and consumers. These included:

- a) an updated Consumer Duty workplan ([here](#)), setting out FCA priorities and sector-specific focus areas, and
- b) a letter to the Chancellor ([here](#)) on the application of the Duty to wholesale firms involving:
 - **Clarification of expectations for co-manufacturing** arrangements and how firms should work together when designing products (Q4 2025 proposal).
 - **Consultation on changes to client categorisation**, including potential wealth-based thresholds and updates to the Financial Promotion Order and UCIS Order (Q4 2025 proposal).

- **Consultation on removing business with non-UK customers** from scope of the Duty, subject to consideration of UK expatriates (H1 2026 proposal).
 - **Clarification on how the Duty applies through distribution chains** and reviewing whether exemptions (e.g. for B2B activity) are sufficient (H1 2026 proposal).
- c) the results of their Consumer Duty requirements review update ([here](#)) including:
- **No wider reviews planned at this stage of product governance (PROD), client assets (CASS) or Training and Competency (TC).** Instead, the FCA is prioritising updates to legacy disclosure rules and improvements to definitions and client-categorisation in Q4 2025 and into 2026.
 - **Work will continue systems and controls for managing conflicts of interest (SYSC),** alongside work to modernise redress arrangements with the Financial Ombudsman and ongoing reforms to the Senior Managers Regime.
 - **Sector-level roundtables will run throughout 2026,** with further updates expected next year as the FCA progresses its simplification commitments and clarifies the Duty's application across distribution chains and business models.

Whilst the updates were welcomed, members noted that the proposals are not expected to be transformative.

CR focused on the letter written by the FCA to the Chancellor setting out its four-point plan on the application of the Duty to wholesale firms. It was highlighted that the FCA's approach continues to place a comparatively greater burden on wholesale lenders, particularly in areas where responsibilities across the distribution chain remain unclear. For example, business to business manufacturers cannot ignore the consumer duty if there is a retail consumer in the chain.

Looking ahead, the proposed consultations in late 2025 and throughout 2026 will provide a further opportunity for firms to shape the FCA's simplification agenda.

7. Letter from the Chancellor for the Governor of the Bank of England on the Financial Policy Committee (FPC)

On 26 November, the Chancellor wrote to the Governor of the Bank of England, Andrew Bailey, to set out the Government's remit and recommendations for the FPC ([here](#)). The 2025 letter reaffirms the FPC's core financial-stability mandate while placing greater emphasis on supporting the Government's growth and competitiveness agenda, including through the Leeds Reforms and the ongoing review of bank capital requirements. It highlights the importance of long-term investment and enhancing the resilience of the non-bank financial sector. It also stresses the need to prepare for emerging risks such as AI, cyber vulnerabilities and operational dependencies, alongside continued integration of climate-related risks.

There are no major changes compared with the 2024 letter ([here](#)). The 2025 remit slightly strengthens references to growth and competitiveness, broadens the framing of global and technological risks, and reiterates expectations around regulatory coordination.

Members viewed the letter as largely a continuity message, with no significant changes compared to the 2024 letter.

SECTION C – FOR NOTING

8. Senior Managers & Certification Regime (SM&CR)

On July 15 2025, in response to the feedback received following HMT's call for evidence and the joint FCA/PRA discussion paper ([DP1/23](#)), HMT published its consultation on changes to the SMCR regime ([here](#)) alongside the FCA ([here](#)) and PRA ([here](#)) (AFB's responses are here: [HMT](#), [PRA](#) [FCA](#)).

Phase 1 of the review focuses on whether HMT should legislate to remove the Certification Regime from the Financial Services and Markets Act 2000 (FSMA), along with additional reforms which can be implemented without legislation. These include a proposed change to the '12-week rule', allowing firms 12 weeks to submit a complete SMF application, rather than requiring a decision on an application to be reached within 12 weeks. Phase 2 is dependent on how HMT's initial proposal is finalised and, as such, has not yet been confirmed. In its response, AFB called for further clarity and flexibility in several areas to ensure the reforms deliver a meaningful reduction in firms' compliance burden.

9. PRA PS21/25 – Remuneration Reform

On 15 October 2025, the PRA published [PS21/25](#), confirming the adoption of most proposals from [CP16/24](#). However, there were some notable amendments following industry feedback. The regulators have aligned deferral periods for all Material Risk Takers (MRTs) to a uniform four years, reducing the deferral period from seven years (originally proposed to five) for SMF and down from five years for non-SMF. They have also introduced greater flexibility on the cash proportion of variable pay and made bonus deferral requirements more proportionate, applying a 40 % deferral to the first £660,000 of a bonus and 60 % on amounts above this.

Following feedback from AFB, the exemption for MRTs in role for less than three months has been reinstated, and the PRA has provided clarity on the role of remuneration committees in MRT identification. Additionally, firms may apply certain changes immediately to the 2025 performance year, without resubmitting their 2025 Remuneration Policy Statements. These include changes on deferral length, vesting, retention periods and payment instruments. All other reforms take effect from 16 October 2025, applying to performance years starting thereafter. As outlined in [PS25/15](#), the FCA will also revise and simplify its handbook to remove duplication with PRA rules.

10. Depositor protection

On 18 November 2025, the PRA published the final policy statement PS24/25 - Depositor Protection ([here](#)). This confirms the changes to the FSCS depositor protection regime following the consultation in March this year ([here](#)). The PRA has confirmed that the FSCS deposit protection limit will increase to £120,000, rather than the £110,000 originally proposed. They attributed the increase to protecting against inflation, ensuring that the limit was not eroded in real terms.

The new depositor and temporary high balance limits, along with updates to SS18/15 and SoP1/15, come into effect on 1 December 2025 - firms must have their SCV systems updated by that date. Firms then have until 31 May 2026 to complete all required updates to customer disclosure materials.

The PRA made several further amendments to both the Depositor Protection Part ([here](#)) of the Rulebook and Supervisory Statement SS18/15 ([here](#)), reflecting consultation feedback.

11. AML / Sanctions

On 21 October 2025, HMT issued its response ([here](#)) to the AML/CTF supervision consultation, confirming plans to create a single professional services supervisor. OFSI published updated general sanctions guidance ([here](#)) on 22 September 2025.

12. Update on EU CRD VI and EBA Guidance

EU Member States are required to transpose CRD VI into national law by 10 January 2026. Since the last meeting on 9 September, there have been several updates in key jurisdictions.

Luxembourg: On 2 October 2025, Luxembourg published its draft CRD VI transposition ([here](#)). The draft applies a territorial approach based on the performance of core banking services in Luxembourg, consistent with its existing licensing framework. The other Article 21(c) exemptions in the draft Bill align with the Level 1 text in substance.

Germany: On 22 August 2025, the BMF published the German draft national transposition (English version, as translated by A&OS, [here](#)). The Article 21(c) exemptions are not included in the legal text, but Germany is expected to remain broadly aligned in practice as BaFin is likely to continue applying its existing approach to reverse solicitation and inter-bank/inter-group activity. The grandfathering clause is absent from the draft but referenced in the preparatory materials and is expected to apply to contracts entered before 11 July 2026. The MiFID exemption has not been transposed, reflecting Germany's view that MiFID activities require a local licence in line with current domestic law.

France: Pre-draft transposition proposals included a reverse solicitation exemption (a relaxation of the current cross-border framework). However, the grandfathering provision appears not to have been transposed on account of existing authorisation requirements.

Italy: On 10 October 2025, the Italian government passed a draft implementing decree ([here](#)). The draft requires firms to notify the Bank of Italy (BoI) when relying on interbank or intragroup exemptions, and the BoI may block their use. Grandfathering is provided for existing contracts, but third-country banks cannot novate or renew them, and open-ended contracts must be closed or transferred by 10 January 2028. Branch grandfathering depends on submitting an authorisation application by 11 January 2027. The Bank of Italy also maintains its view that issuing or placing debt securities in Italy is deposit-taking.

Netherlands: Having received feedback from its industry consultation, Dutch Ministry of Finance submitted a revised draft on 14 October 2025 ([here](#)). The updated draft included a grandfathering provision for existing contracts implemented before 11 July 2026.

SECTION D – AOB

13. T+1 Securities Settlement (FCA)

In October 2025, the FCA sent a “Dear Compliance Officer” letter ([here](#)) to firms in the asset management and alternatives sector setting out its expectations for T+1 settlement implementation. The letter highlighted firms’ responsibilities for governance, oversight and readiness ahead of the transition, signalling increased supervisory focus on accountability for operational and settlement risks under T+1. The initial version of this letter appeared to imply that compliance officers have broader responsibility to implement T+1 procedures.

SV stated that AFB was contacted by a member, flagging an apparent policy shift in the FCA’s approach to the allocation of operational responsibility to comply with T+1 in the first published version of the letter. Soon after the member contacted the FCA inquiring about the revised FCA’s approach, the regulator amended the letter to assign an oversight, rather than operational, role to Compliance Officers.

Members briefly discussed the FCA’s 21 November consultation paper ([CP25/32](#)) on improving the UK transaction reporting regime, with responses due by 20 February 2026. Members interested in contributing to a potential AFB-coordinated response are invited to contact [Ethan Moxam](#).

ANNEX 1

First Name	Last Name	Bank	Position
Matt	McAlpine	ANZ Banking Group Ltd	Head of Compliance, UK
James	Lovatt	Banco Santander S.A. (London Branch)	Chief Compliance Officer
George	Povall	Citibank NA (London Branch)	Director, EMEA Regulatory Engagement
Georgina	Thomson	Commerzbank AG	Compliance
Harpreet	Dhami	Danske Bank	Head of Compliance
Meherzad	Bilimoria	DBS Bank Ltd	Senior Legal Counsel
Andrew	Garth	Guaranty Trust Bank (UK) Ltd	Chief Risk Officer
Lisa	Walker	ING Bank NV	Head of Compliance UK
Jonathan	Bashforth	Landesbank Baden-Württemberg	Head of Compliance EMEA
Alexander	Putzer	LGT Bank AG, UK Branch	Head Governance and Compliance
Edwin	Schooling-latter	Mizuho Bank, Ltd	Head of Compliance
Paul	Watson	Natixis	Head of Compliance
Simon	Nicholls	Nedbank Ltd	Head of Legal: London
Salima	Jivani	OCBC Bank	Head of Compliance & MLRO
Andrew	Moseley	Royal Bank of Canada	Associate Director, Regulatory Reporting
Ashlee	Helm	Skandinaviska Enskilda Banken AB (Publ)	Legal Counsel
Sarah	Quantrill	Sumitomo Mitsui Trust Bank, Ltd	Deputy Head of Internal Controls
John	Sebastian-Price	The Bank of Nova Scotia	Senior Manager
Matthew	Roy	UniCredit Bank GmbH	Head of UK Compliance
Glenn	Ashbrooke	Zenith Bank (UK) Ltd	CRO

ANNEX 2

First Name	Last Name	Position
Andrew	Brooke	Director, Policy and Regulatory Affairs
Ethan	Moxam	Senior Associate, Policy and Regulatory Affairs
Samuele	Viscariello	Associate, Policy and Regulatory Affairs
Ben	Hatrick	Associate, Policy and Regulatory Affairs