

FINANCIAL REGULATION WEEKLY BULLETIN

Major UK and European regulatory developments of interest to banks insurers and reinsurers, asset managers and other market participants

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[Selmin Hakki](#).

Slaughter and May also produces a periodical Insurance Newsletter. If you would like to go on the distribution list, please contact: [Beth Dobson](#).

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GENERAL //

1 OFFICIAL JOURNAL OF THE EUROPEAN UNION

- 1.1 **Taxonomy Regulation delegated acts - European Commission publishes notice in OJ - 5 March 2025** - A European Commission notice (C/2025/1373) on the interpretation and implementation of the Taxonomy Environmental Delegated Act ((EU) 2023/2486), the Taxonomy Climate Delegated Act ((EU) 2021/2139) and the Taxonomy Disclosures Delegated Act ((EU) 2021/2178) has been published in the Official Journal of the EU. The notice responds to various frequently asked questions on those Acts including, among other things, on the objectives of climate change mitigation and climate change adaptation, as set out in Annexes I and II to the Taxonomy Climate Delegated Act.

[Commission notice on the interpretation and implementation of certain legal provisions of the Taxonomy Environmental Delegated Act, the Taxonomy Climate Delegated Act and the Taxonomy Disclosures Delegated Act \(C/2025/1373\)](#)

2 EUROPEAN SECURITIES AND MARKETS AUTHORITY

- 2.1 **2025 deliverables - ESMA revises prioritisation - 6 March 2025** - The European Securities and Markets Authority (ESMA) has published a letter (dated 3 March 2025) addressed to the European Commission's Directorate General for Financial Stability, Financial Services and Capital Markets Union in which it sets out the Commission deliverables for 2025 that could be deprioritised or postponed. This follows ESMA's assessment of the tasks and commitments that were outlined in its 2025 Annual Work Programme to ensure that resources are appropriately allocated.

The deprioritised deliverables, together with the length of delay or in some cases notice of cancellation, are set out more fully in the annex to the letter. They include regulatory technical standards, implementing technical standards and guidelines relating to the review of the Markets in Financial Instruments Regulation (600/2014) and the Alternative Investment Fund Managers Directive (2011/61/EU); the Regulation amending the Central Securities Depositories Regulation (909/2014) (2023/2845); and EMIR 3 (Regulation (EU) 2024/2987).

[Letter](#)

3 HM TREASURY

- 3.1 **The Financial Services and Markets Act 2000 (Exemption) (Amendment) Order 2025 - 5 March 2025** - The Financial Services and Markets Act 2000 (Exemption) (Amendment) Order 2025 (SI 2025/250) (the Order) has been published, alongside an explanatory memorandum. The Order broadens the scope of the exemption currently granted to National Wealth Fund Limited under the Financial Services and Markets Act 2000 (Exemption) Order 2001 (SI 2001/1201) so that it is exempt from the general prohibition in respect of all regulated activities (including those

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relating to effecting and carrying out contracts of insurance specified by article 10 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544)).

The Order was made on 3 March 2025 and will come into effect on 31 March 2025.

[Statutory instrument](#)[Explanatory memorandum](#)

BANKING AND FINANCE //

4 EUROPEAN PAYMENTS COUNCIL

4.1 SEPA - EPC announces extension of geographical scope of payment scheme - 6 March 2025 -

The European Payments Council has announced that its board has approved the inclusion of the Republic of North Macedonia and Moldova within the scope of the Single Euro Payments Area (SEPA) payment scheme. The SEPA payment scheme now covers 40 jurisdictions.

[Press release](#)

5 PRUDENTIAL REGULATION AUTHORITY

5.1 Leverage ratio requirement - PRA consults on increasing retail deposits threshold - 5 March 2025 -

The PRA has published a consultation paper (CP2/25) setting out proposed changes to the retail deposits threshold for the application of the leverage ratio requirement. This follows the launch by the PRA in September 2024 of a review of the requirement thresholds and the offer of modifications by consent to disapply the Leverage Ratio: Capital Requirements and Buffers Part of the PRA Rulebook for certain firms.

The PRA proposes to increase the threshold at which firms fall within scope of the leverage ratio requirement from £50 billion to £70 billion in retail deposits for major UK banks, building societies and investment firms. The increase reflects nominal UK GDP growth since the threshold was implemented in 2016 and is intended to ensure that smaller firms below the new threshold have more space to grow before becoming subject to the leverage ratio requirement. The PRA does not propose to change the £10 billion non-UK assets threshold for the application of the leverage ratio requirement at this time.

Feedback on the proposals is welcomed by 5 June 2025. The implementation date for this change would be 1 January 2026.

[PRA consultation paper: Leverage ratio: changes to the retail deposits threshold for application of the requirement \(CP2/25\)](#)

[Press release](#)

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6 PAYMENT SYSTEMS REGULATOR

- 6.1 Card scheme and processing fees - PSR publishes final report on market review - 6 March 2025** - The Payment Systems Regulator (PSR) has published a final report (MR22/1.10) setting out the findings of its market review of the scheme and processing fees associated with Mastercard and Visa (the card schemes), the two largest card payment system operators in the UK. The objective of this review was to understand whether the supply of scheme and processing services is working well, having regard to the PSR's objectives relating to competition, innovation and protection of service users.

The PSR published an interim report in May 2024 and received responses from the card schemes as well as a range of merchants, merchant acquirers and industry bodies. The report finds that the card payment system operators are subject to ineffective competitive constraints in the supply of scheme and processing services to acquirers and merchants in the UK and have varying degrees of constraint across their optional services. The PSR notes that fees charged to acquirers for core scheme and processing services have risen substantially in recent years, with little evidence of linkage with changes in costs or cost analysis. Poor outcomes for acquirers and merchants were also observed due to a failure to provide clear and detailed information on fees.

In the coming weeks the PSR intends to publish a consultation on its proposed approach to remedies. The PSR then plans to issue a consultation on its provisional remedies decision, which will be followed by a final remedies decision.

PSR final report: Market review of card scheme and processing fees (MR22/1.10)

[Webpage](#)

[Press release](#)

7 HOUSE OF COMMONS TREASURY COMMITTEE

- 7.1 Bank IT failures - Treasury Committee publishes correspondence - 6 March 2025** - The House of Commons Treasury Committee (the Committee) has published the responses received from the Chief Executive Officers (CEOs) of eight banks and one building society on the scale and impact of IT failures over the last two years.

The Committee wrote to the firms in February 2025 asking about the state of their IT systems supporting banking services in the UK, as previously reported in this Bulletin. This followed the failure of the IT systems of one of the banks, which led to problems for customers, including payment failures and balances being incorrect.

The Committee observes that at least 158 banking IT failure incidents affected the ability of millions of customers to access and use services between January 2023 and February 2025. Common reasons given for IT failures include problems with third-party suppliers, disruptions caused by changes in systems and internal software malfunctions. The data requested does not include the most recent outages between 31 January and 2 February and on 28 February. The Committee will be requesting further information from the firms involved in those incidents.

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- 8.1 *Breeze and others v TSB Bank plc* - Case tracker updated - 28 February 2025** - The Court of Appeal has updated its case tracker for civil appeals to note that an application for permission to appeal the High Court decision in *Breeze and others v TSB Bank plc* [2024] EWHC 2427 (Ch) has been made. The application relates to an order of Thompsell J, Business and Property Courts, Business List (ChD), dated 21 January 2025.

The Chancery Division handed down its judgment in *Breeze v TSB Bank* in September 2024 in a claim brought by former customers of Northern Rock, whose mortgages were transferred to the Whistletree brand of TSB Bank Plc. The claimants allege that TSB applied an excessively high standard variable rate to their mortgages, in breach of contract and statutory duty. They also seek relief under the Unfair Terms in Consumer Contract Regulations and sections 140A and 140B of the Consumer Credit Act 1974.

[Updated webpage](#)

- 8.2 *Angel & Ors v Black Horse Ltd* [2025] EWHC 490 (KB), 4 March 2025**

Case management - omnibus claim - CPR r.7.3

The High Court (Ritchie J) has ruled that proceedings against motor finance firms could, and should, be conveniently dealt with under omnibus claim forms - a single claim form issued by many claimants - overruling an earlier decision to handle each claim separately. The decision concerns more than 5,800 claimants, each of whom assert that motor finance firms had arranged in advance for a broker to be paid a commission which was undisclosed and unfair within the meaning of section 140A of the Consumer Credit Act 1974. His Honour Judge Worster of Birmingham County Court had ruled in September 2023 that it was impermissible, under CPR 7.3, to use a single claim form for all claims against the same defendant. The earlier ruling will be overturned and the case will be remitted for management under the omnibus claim form.

[Angel & Ors v Black Horse Ltd \[2025\] EWHC 490 \(KB\)](#)

- 8.3 *Bank of England v Treasury Solicitor* [2025] EWHC 488 (KB), 28 February 2025**

Disclosure request - Hague Convention - confidential banking documents

The High Court has set aside an order requiring the Bank of England to disclose documents relating to the recognition of a bail-in involving PrivatBank requested by the Commercial Court of Kyiv, Ukraine, under the Hague Convention. The request formed part of the proceedings in Ukraine seeking to invalidate a share purchase agreement giving effect to the relevant bail-in.

The Court found that the requested documents were confidential under section 348(2) of the Financial Services and Markets Act 2000 (FSMA) when read with section 89L of the Banking Act 2009. It held that none of the exceptions provided for under section 349 of FSMA and/or the Financial Services and Markets Act 2000 (Disclosure of Confidential Information) Regulations 2001 applied, and that the disclosure requested would constitute a breach of UK sovereignty.

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[Bank of England v Treasury Solicitor \[2025\] EWHC 488 \(KB\)](#)

SECURITIES AND MARKETS //

9 FINANCIAL REGULATORS COMPLAINTS COMMISSIONER

9.1 Complaints about the Collateral platform - Commissioner publishes update - 4 March 2025 -

The Financial Regulators Complaints Commissioner has published an updated webpage on its approach to complaints about the FCA relating to Collateral (UK) Limited (Collateral). The Commissioner explains that it has received a number of complaints about Collateral and intends to issue one report to all complainants that takes into account the substantive representations of complainants generally. All complaints relating to Collateral should be referred to the Commissioner by 31 March 2025. Depending on the complexity of the case, the Commissioner intends to issue a preliminary report on the complaints relating to Collateral within six months of 31 March 2025.

The Commissioner has identified some wider issues that go beyond the matters included in the December 2024 decision letter on the complaints that it received concerning Collateral, particularly the role of the FCA concerning the establishment and operation of Collateral's material peer-to-peer (P2P) business without authorisation to do so over a substantial period of time. The Commissioner has begun discussions with the FCA on these matters.

[Updated webpage](#)

ASSET MANAGEMENT //

10 FINANCIAL CONDUCT AUTHORITY

10.1 Private market valuation practices - FCA publishes findings from multi-firm review - 5 March 2025 -

The FCA has published findings from its multi-firm review of valuation practices and governance for valuing private equity, venture capital, private debt and infrastructure assets.

Firms generally demonstrated good practice in areas such as investor reporting, process documentation and use of third-party valuation advisers, and were consistently applying valuation methodologies. However, the FCA also found areas where firms need to improve, including the need for better identification and documentation of potential conflicts of interest in the valuation process, and increased independence within firms' own valuation processes. The FCA also found that some firms needed to enhance processes for ad hoc valuations in times of market disruption. The press release comments that improvements in these areas are particularly important with growing retail investor exposure to private assets.

The FCA intends to conduct targeted follow-up work with any outlier firms identified from the review. The FCA will also use the findings in its review of the Alternative Investment Fund Managers Directive regime as applied in the UK and share them to inform the FCA's contribution

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to the International Organization of Securities Commissions' review of global valuation standards in private markets.

[Private market valuation practices multi-firm review](#)

[Press release](#)

INSURANCE //

11 EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY

11.1 Supervision of stochastic valuation under Solvency II - EIOPA publishes results of peer review

- 5 March 2025 - The European Insurance and Occupational Pensions Authority (EIOPA) has published the results of its peer review of the supervision of the stochastic valuation method used for products with options and guarantees under the Solvency II Directive (2009/138/EC) (Solvency II). EIOPA explains that the review assessed the supervision by national competent authorities (NCAs) across the EU of the identification of options and guarantees that require stochastic valuation and their valuation.

The report sets out several recommended actions to NCAs and best practices identified during the review, which include developing national guidance and implementing supervisory activities related to the valuation of options and guarantees.

EIOPA intends to update the stochastic valuation section of the EIOPA Guidelines and Supervisory Handbook to include the findings and supporting guidance from this peer review.

[EIOPA: Peer review on the supervision of stochastic valuation under Solvency II \(EIOPA-BoS-25-066\)](#)

[Webpage](#)

[Press release](#)

FINANCIAL CRIME //

12 EUROPEAN BANKING AUTHORITY

12.1 AML/CTF - EBA consults on proposed RTS under new framework - 6 March 2025

- The European Banking Authority (EBA) has published a consultation paper (EBA/CP/2025/04) on proposed draft regulatory technical standards (RTS) that will form part of its response to the European Commission's call for advice under the new anti-money laundering (AML) and counter-terrorist financing (CTF) framework. The EBA's response will inform the work of the new AML/CTF Authority (AMLA).

The EBA has proposed four draft RTS on:

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- the assessment and classification of the inherent and residual risk profile of obliged entities and the frequency at which such profile must be reviewed pursuant to the mandate in Article 40(2) of the Regulation establishing AMLA ((EU) 2024/1620) (AMLA Regulation);
- the risk assessment for the purpose of selection for direct supervision pursuant to the mandate in Article 12(7) of the AMLA Regulation;
- customer due diligence pursuant to the mandate in Article 28(1) of the Regulation on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing ((EU) 2024/1624) (AML Regulation); and
- pecuniary sanctions, administrative measures and periodic penalty payments pursuant to the mandate in Article 53(10) of the Sixth Money Laundering Directive ((EU) 2024/1640) (AMLD6).

Comments are welcomed by 6 June 2025. The EBA will hold a virtual public hearing on the consultation paper on 10 April 2025 and intends to submit its response to the Commission on 31 October 2025.

[EBA consultation paper: Proposed RTS in the context of the EBA's response to the Commission's call for advice on new AMLA mandates \(EBA/CP/2025/04\)](#)

[Webpage](#)

[Press release](#)

ENFORCEMENT //

13 FINANCIAL CONDUCT AUTHORITY

13.1 Fraud, forgery and money laundering - FCA charges two individuals - 28 February 2025 - The FCA has charged two individuals with criminal offences relating to fraud, forgery and money laundering. The first individual was a director of two firms, which were involved in providing investment, mortgage and pensions advice, and discretionary fund management services. The second individual was the business operations manager at the two firms. The High Court placed the firms into administration in January 2023.

Both individuals have been charged with allegedly defrauding four clients, who lost £2 million, between January 2019 and January 2023, contrary to sections 1 and 4 of the Fraud Act 2006. They were also charged with using false documents in the process of committing the alleged fraud contrary to section 3 of the Forgery and Counterfeiting Act 1981. In addition, the first individual has been charged with a further money laundering offence after money was allegedly withdrawn from the firms.

The press release notes that the case took 24 months from opening to criminal charges, which compares to an average of 42 months for cases closed in 2023/24.

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- 13.2 Illegal cryptoasset activity - FCA announces individual sentencing - 3 March 2025** - The FCA has published a press release announcing that an individual has been sentenced at Southwark Crown Court to four years in prison for illegally operating crypto ATMs (machines that allow users to convert money into cryptoassets and/or cryptoassets into money). The individual pleaded guilty on 30 September 2024 to five charges for illegal cryptoasset activity worth over £2.5 million and associated offences. This is the first criminal sentence for unregistered cryptoasset activity in the UK.

Between December 2021 and March 2022, the individual operated crypto ATMs at 28 different locations, via his company, despite being refused registration with the FCA under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692). He later transferred the machines from his company and personally operated a reduced network of up to 12 crypto ATMs under a false name and company to evade detection. Among other things, the individual failed to carry out the necessary checks to ensure that the ATMs were not being used by criminals to launder the proceeds of crime.

[Press release](#)

- 13.3 Corrupt loans - FCA takes action against two individuals following US convictions - 4 March 2025** - The FCA has published two separate final notices (both dated 28 February 2025) issued to former managing directors of Credit Suisse (the bank), Andrew Pearse and Surjan Singh. The FCA has banned the individuals from working in the UK financial services industry following their US convictions for arranging corrupt loans to the Republic of Mozambique. The FCA fined the bank over £147 million for serious financial crime due diligence failings relating to the loans in October 2021.

In the final notices, the FCA states that the individuals engaged in criminal activity in connection with the arrangement, facilitation and provision of funds for two loans to the Republic of Mozambique by the bank, worth over USD1.3 billion. In July 2019, Mr Pearse pleaded guilty in US proceedings to conspiracy to commit wire fraud, for which he was convicted. He also admitted, for the purposes of sentencing, to conspiracy to commit money laundering. This included accepting personal payments of at least USD45 million related to the loans. In September 2019, Mr Singh pleaded guilty in the US for conspiracy to commit money laundering, for which he was convicted. Mr Singh admitted to receiving approximately USD5.7 million in unlawful kickbacks in connection with the loans.

The individuals have not yet been sentenced in those proceedings. However, the FCA has decided to issue the final notices based on evidence given by both individuals for the prosecution in related US criminal proceedings and following the July 2024 High Court judgment in *Republic of Mozambique v Credit Suisse International and others* [2024] EWHC 1957 (Comm). The FCA considers that neither individual is a fit and proper person to perform any function in relation to a regulated activity and that their convictions demonstrate a clear and serious lack of integrity (and additionally, in Mr Pearse's case, honesty).

[Final Notice: Andrew Pearse](#)

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This Bulletin is prepared by the Financial Regulation Group of Slaughter and May in London. The Group comprises a team of lawyers with expertise and experience across all sectors in which financial institutions operate.

We advise on regulatory issues affecting firms across the financial services sector, including banks, investment firms, insurers and reinsurers, brokers, asset managers and funds, non-bank lenders, payment service providers, e-money issuers, exchanges and clearing systems. We also advise non-regulated businesses involved in financial regulatory matters. In addition, our leading financial regulatory investigations practice is regularly instructed by financial institutions requiring specialist knowledge of financial services regulation together with experience in high profile and complex investigations and contentious regulatory matters.

Most of the projects that we advise on have an extensive international or cross-border element. We work in seamless integrated teams with leading independent law firms which offer many of the most highly regarded financial institutions lawyers in Europe, the US and Asia, as well as strong and constructive relationships with local regulators.

Our Financial Regulation Group also produces occasional briefing papers and other client publications. The five most recent issues of this Bulletin and our most recent briefing papers and client publications appear on the Slaughter and May website [here](#).

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