

# Being better informed

## FS regulatory bulletin

### FS regulatory insights

January 2025

#### In this month's edition:

- PRA finalises solvent exit planning for insurers
- FCA rewrites disclosure approach for retail investment products
- Proposals for operational incident, outsourcing and third party reporting
- FCA opens discussion on aspects of cryptoassets regime



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# Executive summary



Welcome to this edition of 'Being better informed', our monthly FS regulatory bulletin, which aims to keep you up to speed with significant developments and their implications across all the financial services



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The regulators packed a lot into the final weeks of 2024, making for a busy end to the year.

In the insurance sector, the PRA issued its final policy on solvent exit planning. Following feedback to its consultation, the regulator made changes to the scope of the policy to exclude Lloyd's managing agents, and delay the implementation date by six months to 30 June 2026. In addition, the PRA removed the expectation to produce a Solvent Exit Execution Plan (SEEP) one month from when there is a reasonable prospect that the insurer may need to execute a solvent exit. Instead, the PRA will set a timescale for an insurer to provide it with a SEEP.

The PRA also issued proposals for new liquidity reporting templates for large insurance firms, with an expected implementation date of 31 December 2025. The proposals are prompted by recent market stress events, such as the March 2020 COVID-19 'dash for cash' and the September 2022 liability-driven investment crisis, which highlighted a number of shortcomings in liquidity risk management frameworks. The current

Solvency II reporting framework requires insurers to provide the PRA with various reports on derivative exposure, asset positions and cash flows, which are often delayed or infrequent, and proved inadequate during recent crises. The proposals aim to improve the PRA's ability to assess and manage liquidity-related risks by obtaining timely, consistent and comparable data on the liquidity positions of large insurers. Our [At a glance](#) briefing provides further information.

Elsewhere, the PRA and BoE published a new framework for operational incident and outsourcing and third-party reporting rules. The PRA's consultation paper applies to UK banks, building societies,

PRA-designated investment firms and branches of overseas banks and UK Solvency II firms, the Society of Lloyd's and its managing agents. The BoE's consultation paper applies to FMI's. The PRA and BoE have developed draft rules, a code of practice, and expectations for firms' reporting of incidents, including standardised reporting requirements. Our [At a glance](#) publication provides further analysis.

Turning to significant updates from the FCA, the conduct regulator consulted on proposals to fill the gap in the pensions market between regulated advice and generic guidance. Its targeted support proposals would see savers receive suggested actions or solutions developed for a specific cohort of similar consumers. At this point, the regulator is only seeking initial feedback, and plans a further consultation including rules in summer 2025. The proposals are a precursor to wider work on guidance for other retail investment products, and have implications for consumer outcomes and firms' compliance with the Consumer Duty. Please see our [At a glance](#) publication for more details.

The FCA also published a consultation on proposed rule changes for the new Consumer Composite Investment (CCI) disclosure regime. This follows Government legislation to replace the Packaged Retail and Insurance based Investment Products (PRIIPs) Regulation, and the Undertakings for Collective Investment in Transferable Securities (UCITS) disclosure requirements with a new UK regime. The FCA's proposed rules will apply to all firms which manufacture or distribute CCIs, defined as investments where the returns are dependent on the performance of or changes in the value of indirect investments.

The FCA's key principles are for the new CCI regime to be: flexible, proportionate, and technology neutral to encourage firms to be innovative and engaging in presenting product information; outcomes-focused and designed around the Consumer Duty; focussed on consumers getting the right information at the right time; and standardised only where needed so consumers can effectively compare different products. Our [At a glance](#) publication gives further information.

Finally, the FCA published details of the proposed framework for a new Private Intermittent Securities and Capital Exchange System (PISCES) platform. The consultation sets out the proposed objectives, approach, rules and guidance for the PISCES sandbox.

The FCA's CP follows a previous consultation on PISCES by HM Treasury (HMT), which has now published a draft statutory instrument alongside the FCA's CP. PISCES platforms will act as a new type of secondary market for trading shares in private companies on an intermittent basis. PISCES platforms will not be trading venues, so many obligations under the existing regulatory framework will not apply to PISCES operators, companies or investors. The FCA plans to publish final rules by May 2025. Please see our [At a glance](#) for more details.

Please read on to find out more about these and other developments. You can also visit our [PwC webpage](#) for further regulatory insights, including our latest [podcast episode](#) on value and competition in general insurance and pure protection.

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**How to read this bulletin?**

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# Cross sector announcements

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## Conduct

### FCA outlines 2025 Consumer Duty focus areas

The FCA published an [update](#) on its Consumer Duty supervisory priorities for 2024/25 on 9 December 2024. The update confirms the ongoing Consumer Duty focus areas across the retail banking, payments and digital assets, consumer investments, consumer finance, and general insurance and life insurance sectors, as well as on sustainability disclosure requirements. The update includes the following new details on upcoming supervisory work:

- Retail banking: a focus on bereavement and powers of attorney, with outputs to be published in H1 2025.
- Payments and digital assets: a focus on the clarity of FX pricing in payment services, with work to be undertaken in 2025.
- Consumer investments: a review to tackle poor identification of clients with characteristics of vulnerability by wealth managers. Firms will receive feedback in H1 2025.
- Insurance: a review of claims handling arrangements, in particular whether systems, controls, and governance structures are driving good consumer outcomes. The findings of the review will be published in Q2 2025.

The FCA also outlined a number of cross-sector focus areas including a review of the customer support outcome and how firms are using communications to support informed consumer decision-making. The FCA also plans to set out the next steps from its [Call for Input](#) on streamlining retail conduct rules and guidance in H1 2025.

### FCA seeks feedback on targeted support for pensions

The FCA published a consultation ([CP24/27](#)) on 12 December 2024 setting out proposals to fill the gap in the defined contribution (DC) pensions market between regulated advice and generic guidance with a new model of 'targeted support' for consumers. While the FCA is initially only focusing on pensions, this will form the basis of a broader policy framework which may also be applied to wider retail investments.

It is unclear whether providing targeted support is a new obligation for firms, or an optional service. Regardless, targeted support will be treated differently to full advice, in order to broaden access whilst retaining consumer protections. The FCA is working with the Treasury to consider changes to legislation, including potential changes to the Regulated Activities Order.

The FCA envisages firms offering targeted support to take three broad steps:

1. Establish pre-defined scenarios in which to provide targeted support
2. Pre-define relevant consumer segments which represent groups of consumers with shared characteristics
3. Provide the same suggestions to all consumers in the same consumer segment; this would consist of a ready-made solution for each consumer segment within a relevant scenario.

In all instances, firms should only offer targeted support where they have reasonable grounds to believe it would deliver better outcomes than if not provided. Following this consultation, the FCA expects to publish an additional consultation in summer 2025, including proposed rules to deliver targeted support services.



Please see our [At a glance](#) publication for further details.

### FCA issues quarterly consultation

The FCA issued [CP24/26: Quarterly Consultation No 46](#) on 6 December 2024. The proposals include: corrections and clarificatory amendments to the Sustainability Disclosure Requirements; amendments to SUP 16: Consumer Credit - Product Sales Data Reporting, in response to requests for clarification from firms; amendments to rules on travel insurance signposting for consumers with pre-existing medical conditions; and disapplying the Compliance Oversight Function (SMF16) from Insurance Special Purpose Vehicles. The consultation closes on 13 January 2025 for Chapters 2, 3, 5, 6 and 7, and on 27 January 2025 for Chapter 4.

### Digital assets

#### FCA opens discussion on aspects of cryptoassets regime

The FCA [published](#) a discussion paper (DP) on admissions & disclosures (A&D) and the market abuse regime for cryptoassets (MARC) on 16 December 2024, to inform the development of a balanced regulatory framework to address growth and risks.

The A&D regime aims to mitigate the risks and potential harms identified in the cryptoasset market, including financial crime, inadequate information and market integrity issues. The risks arising from market abuse are comparable in both traditional securities and cryptoasset markets. MARC will be based on parts of the UK Market Abuse Regulation (UK MAR), tailored for cryptoasset activity. The prohibitions will include insider dealing, unlawful disclosure of inside information, and market manipulation, including dissemination of false or misleading information.

The DP closes on 14 March 2025. The FCA plans to conduct further industry engagement to determine its next steps, and is open to meeting with market participants. The FCA intends to issue further DPs and consultation papers in 2025, as per its [crypto roadmap](#).

See our [At a glance](#) publication for more information.

### Disclosure

#### FCA consults on disclosure regime for retail investment products

The FCA published a consultation ([CP24/30](#)) on 19 December 2024 to establish the new Consumer Composite Investment (CCI) disclosure regime. This follows the Government passing legislation on 21 November 2024 to replace the Packaged Retail and Insurance based Investment Products (PRIIPs) Regulation, and the Undertakings for Collective Investment in Transferable Securities (UCITS) disclosure requirements with a new UK regime. The FCA is aiming for the new CCI regime to be simpler and less prescriptive compared to the previous regimes, but will place the onus on firms to deliver good consumer outcomes.

The FCA's rules will apply to all firms which manufacture or distribute CCIs. This includes overseas funds in the Overseas Funds Regime (OFR). CCIs are defined by the FCA as investments where the returns are dependent on the performance of, or changes in, the value of indirect investments.

These specifically include structured deposits, securities which embed a derivative and insurance-based investment products, but exclude pension products and pure protection contracts of insurance.

The FCA sets out the following key principles for the new CCI regime:

- Flexible, proportionate, and technology neutral.
- Outcomes-focused and designed around the Consumer Duty.
- Designed to enable consumers to get the right information at the right time.
- Standardised only where needed so consumers can effectively compare different products.

The consultation is open until 20 March 2025. A policy statement with final rules is expected in 2025.

Please see our [At a glance](#) briefing for further details.

### Operational resilience

#### Regulators consult on operational incident, outsourcing and third party reporting

The BoE, PRA, and FCA set out their proposed rules for operational incident, outsourcing, and third-party reporting in consultation papers (CPs) - [CP17/24](#), [CP24/28](#), and a [CP for Financial Market Infrastructures](#) - on 13 December 2024. Each CP has its own specificity and scope, but overall the rules are aligned.

The regulators seek to establish a consistent, sufficient, and timely framework for reporting operational incidents and material third-party arrangements. This is in response to growing challenges for firms to remaining operationally resilient, and the increased complexity and reliance on third parties.

The regulators propose that operational incidents, defined as events disrupting a firm's operations, impacting service delivery to clients, or compromising client data, must be reported if they breach specific thresholds. Firms would also need to conduct impact assessments considering multiple factors such as the firm's ability to provide adequate services, reputational damage, compliance with legal and regulatory obligations, and the safeguarding of client data.

Another focus of the proposals is on outsourcing and third-party reporting. The regulators propose to expand the scope of third-party data collection to include both material outsourcing and non-outsourcing arrangements. Firms would need to notify regulators before entering or changing significant third-party arrangements using a standardised template, and maintain a register of all material third party arrangements, submitted annually.

The consultations close on 13 March 2025. Following the consultation period, the regulators plan to publish the finalised rules in H2 2025.

See our [At a glance](#) publication for more information.

### Wholesale markets

#### FCA updates on equities consolidated tape

The FCA published an update on its work on an [equities consolidated tape](#) on 16 December 2024. It also published a [report by Europe Economics](#) on the potential impacts of implementing a pre-trade consolidated tape in the UK and its potential use by different types of market participants.

The FCA's update notes that there is a strong case for establishing an equities consolidated tape for post-trade data, which would be in line with the scope of the [FCA's final rules for a bond consolidated tape](#). The regulator highlights that a number of market participants have strong reservations about the inclusion of pre-trade data in an equities tape, however. The FCA will therefore conduct further work to explore a range of policy options, before publishing a consultation paper on an equities tape in 2025.

#### FCA consults on the PISCES Sandbox framework

The FCA published the proposed framework for a new Private Intermittent Securities and Capital Exchange System (PISCES) platform on 17 December 2024.

The [consultation](#) (CP24/29) sets out the proposed objectives, approach, rules and guidance for the PISCES sandbox. This follows a previous [consultation](#) on PISCES by HMT. A draft [statutory instrument](#) was published by HMT alongside the FCA's CP.

PISCES platforms will act as a new type of secondary market for trading shares in private companies on an intermittent basis. PISCES platforms will not be trading venues, so many obligations under the existing regulatory framework will not apply to PISCES operators, companies or investors.

The FCA's consultation closes on 17 February 2025, with final rules expected by May 2025. Ahead of confirming its final rules, the FCA will offer pre-application engagement with firms who are interested in applying to operate a PISCES platform.

See our [At a glance](#) publication for more information.

# Banking and capital markets

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## Conduct

### FCA confirms motor finance complaints pause

The FCA issued [policy statement PS24/18](#) on 19 December 2024, confirming it is extending the time firms have to respond to motor finance complaints relating to commission arrangements other than discretionary commission arrangements (DCAs). This follows a Court of Appeal judgement on 25 October 2024, which found it was unlawful for brokers to receive commission from a motor finance provider without obtaining the customer's informed consent. The judgement related to fixed commission as well as DCAs. The FCA [launched a review](#) of motor finance DCAs in January 2024, and paused the time limit for firms to respond to complaints involving DCAs.

In PS24/18, the FCA extends the time firms have to provide a final response to complaints until 4 December 2025 (in line with the pause on DCA complaints). It has also decided to include motor finance consumer hire agreements, as well as regulated motor finance credit agreements, in the rules.

Alongside the policy statement, the FCA published a [summary](#) of the Court of Appeal decision, and details of its expectations under the Consumer Duty and good and poor practice, with regard to communicating with motor finance customers about commission.

## Payments

### BoE updates on RTGS upgrade

BoE Executive Director Victoria Cleland gave a [speech](#) on the Future Roadmap for the Real Time Gross Settlement (RTGS) service on 16 December 2024. Cleland confirmed that future enhancements could include enhanced access, extended settlement hours and innovative synchronised payments.

# Asset management

In this section:

Sustainability

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## Sustainability

### FCA reflects on impact of SDR regime

On 6 December 2024 Sacha Sadan, Director of Sustainable Finance at the FCA, published [an article](#) looking at the impact of the FCA's sustainability disclosure and labelling regime (SDR) after one year. The article highlights the intention of the regime to improve trust in and transparency of sustainable investment products and raise the bar for industry. The FCA reconfirms its views that allowing flexibility was the correct approach, while noting that it leaves scope for interpretation which can cause uncertainty for firms. The FCA also notes that it will take time for fund managers to fully embed all of the changes.

The SDR naming and marketing rules entered into force on 2 December 2024. Large fund managers in scope of SDR will need to publish their entity-level disclosures by 2 December 2025, and smaller fund managers will need to publish their entity-level disclosures one year later (2 December 2026).

# Insurance

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## Recovery and resolution

### PRA finalises solvent exit planning rules for insurers

The PRA issued its final policy ([PS20/24](#), [SS11/24](#)) on solvent exit planning for insurers on 18 December 2024. The PRA views solvent exit planning as a way for firms to leave the market in an orderly way, benefiting policyholders by avoiding scenarios like insolvency or failed recovery strategies.

Following responses to [CP2/24](#), the PRA made many changes and clarifications to its expectations. Lloyd's managing agents have been excluded from the final policy, and the implementation date for in-scope firms has been extended by six months to 30 June 2026.

All PRA-regulated insurers, except insurers in passive run-off, UK branches of overseas insurers, and Lloyd's managing agents are in scope of the policy. All impacted insurers will be required to produce a Solvent Exit Analysis. The proposals will require insurers to pre-emptively identify potential barriers to exit; support clearer decision-making and communication before and during a solvent exit; and enable better monitoring as the solvent exit progresses.

Following feedback to CP2/24, the PRA removes the timing expectation to produce a Solvent Exit Execution Plan (SEEP) one month from when there is a reasonable prospect that the insurer may need to execute a solvent exit. Instead, the PRA will set a timescale for an insurer to provide it with a SEEP.

Insurers are expected to appoint a Senior Manager to oversee preparations for a solvent exit. This includes reviewing and approving the SEA; managing escalation and decision-making processes; and monitoring the execution of the solvent exit.

Insurers are also expected to conduct assurance activities for their solvent exit preparations, and these can be performed internally or externally.

See our [At a glance](#) for more details.

## Reporting

### PRA proposes new liquidity reporting requirements for large insurers

The PRA published a [consultation paper](#) (CP19/24) on 11 December 2024, proposing new liquidity reporting templates for large insurers. The PRA expects the proposals to improve its ability to assess and manage liquidity-related risks by obtaining timely, consistent and comparable data on the liquidity positions of large insurers.

The liquidity reporting proposals are prompted by recent market stress events, such as the March 2020 COVID-19 'dash for cash' and the September 2022 liability-driven investment crisis, which put liquidity under strain and highlighted several shortcomings in liquidity risk management frameworks.

The PRA plans to apply its reporting requirements only to UK insurers with significant liquidity risk exposure, introducing thresholds to limit these requirements to large firms making significant use of derivatives or securities financing transactions. The four new liquidity reporting templates would have monthly, quarterly and annual reporting frequencies. The PRA also proposes to provide itself with the flexibility to mandate daily reporting during periods of elevated stress.

These templates include key liquidity risk data, such as derivatives usage, insurance business and financial transactions cash flows, liquid assets, and committed facilities.



The PRA considers the data sought will allow for meaningful analysis and peer comparison in periods of stress and non-stress. Additionally, the data would allow it to evaluate the case for a minimum liquidity requirement in the future.

The consultation period for CP19/24 closes on 31 March 2025. The PRA will publish its final policy later in 2025, and aims for an implementation date of 31 December 2025.

See our [At a glance](#) for more detail.

## Stress testing

### PRA postpones dynamic GI stress test launch

The PRA [announced](#) the postponement of the dynamic general insurance stress test (DyGIST) on 18 December 2024. Initially planned for a launch in May 2025, the DyGIST will now begin in May 2026. This delay is intended to alleviate the workload on firms, as they prepare for new Solvency UK reporting, and to make better use of PRA resources. The PRA will engage with the industry from September 2025, including confirming which firms will participate and detailing the logistics of the exercise.

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