

Your guide to this week in regulation

12 December 2022

Welcome to our final weekly round-up for UK financial services regulation in 2022.

Last Friday's statement by the Chancellor, outlining the "[Edinburgh Reforms](#)" has reshaped parts of the regulatory agenda for the next few years. This presumably explains the fact that we haven't yet seen the Regulatory Grid that was due in November, and we should now expect it to appear this week. At which point we should be in a better position to understand how much deregulation is likely to be involved and what the Reforms' impact might be on the overall landscape.

Elsewhere, there are other longer-term items this week, with consultations on a new investment advice regime, the pensions' dashboard, and implementation of Basel 3.1. They have different origins, however, and, partly in consequence, have different prospects for long-term success.

Investment advice for a broader proportion of the population is a perennial aim of regulators, but previous efforts have all fallen short; while the dashboard is an attempt to give better shape to an area of regulation where the Financial Conduct Authority (FCA) shares responsibility with others, notably The Pensions Regulator (TPR). Both have had relatively short formulation periods, and so contrast with Basel 3.1, whose gestation goes back at least as far as the financial crisis.

Basel is also international in character and, whatever its strengths and weaknesses, will set the global benchmark for capital standards until its successor comes along. The level of consensus behind the others will be lower, due in part to their lighter consultation process, and so they'll likely be more vulnerable to future events.

FCA consults on new investment advice regime

The FCA has recently published a consultation paper on broadening access to financial advice for mainstream investments.

The FCA sets out its proposals for a new core investment advice regime. The aim is to allow firms to provide those mass-market consumers (with straightforward financial needs) greater access to simplified advice on investing into mainstream products, specifically within stocks and shares ISAs. The FCA also highlights that the Consumer Duty will apply to the core investment advice regime.

The consultation period closes to comments on 28 February 2023. The FCA will aim to publish a policy statement and final rules and guidance in Spring 2023, targeting implementation of the regime before the end of March 2024.

[Read more](#)

FCA consults on pensions dashboard

The FCA and the Pensions Dashboards Programme (PDP) have launched two consultations on the rules and standards for pensions dashboards.

The FCA consultation paper on the regulatory environment for pension dashboard service (PDS) businesses includes guidelines that will govern user interactions and the presentation of information. Under the proposals, dashboard operators will be able to offer savers additional services that improve engagement with pensions, provided they meet rigorous conduct standards.

At the same time, the PDP has launched a consultation on draft mandatory design standards setting out how qualifying pensions dashboards services must present pensions information to dashboard users.

Both consultations close on 16 February 2023.

[Read CP22/25 in full](#)

[Read more: Design standards consultation](#)

PRA consults on implementation of Basel 3.1

The Prudential Regulation Authority (PRA) has launched a consultation on its UK implementation of the latest phase of the Basel banking standards, predominately focused on the measurement of risk-weighted assets for the purpose of calculating capital ratios.

The proposals, which are mostly aligned to the Basel standards but tailored to the UK market where the PRA feels this is appropriate, aim to improve the measurement of risk in internal models and standardised approaches, and the comparability of risk measurements between firms.

Firms have until 31 March 2023 to respond to the consultation.

[Read more: CP16/22](#)

General insurance pricing rules: FCA multi-firm review

The FCA has published the findings from its review of the pricing remedy compliance attestations submitted by insurance sector firms as required under the new home and motor insurance pricing rules.

While the feedback is more positive than often seen in FCA multi-firm reviews, with regards to large firms and insurers' ability to evidence compliance with the new requirements, several areas for improvement have still been identified.

In particular, the FCA found that smaller firms in the market who typically only set the price of additional products sold with home or motor insurance, set fees, or give incentives, often had few or no records to demonstrate how they complied with the new rules. Similarly, a

number of respondents stated that their pre-existing pricing strategies hadn't differentiated between new and renewal customers and therefore no changes had been required. However, these firms were only able to provide limited evidence of how they had assured themselves that their pricing strategies didn't discriminate based on tenure.

[Read more](#)

To discuss these or how any other regulations might impact your firm, [get in touch](#).