Last Week in Financial Regulation

11–17 OCTOBER 2026

Parliamentary reform, regulatory developments and the cases shaping financial services.

The FCA set out its next steps on widening investment access while pressing firms on CFD value, market-abuse surveillance and benchmark governance. The motor-finance litigation now has a February hearing timetable, but important obligations remain during the partial suspension. Two special administrations also bring the practical differences between safeguarding, custody arrangements and compensation protection into focus.

1. UK Parliament

Financial Services and Markets Act 2023 (Addition of Relevant Enactments) Regulations 2026

12 OCTOBER | DRAFT STATUTORY INSTRUMENT

HM Treasury laid these draft affirmative Regulations before both Houses on 12 October. They would add ten enactments to the legislation capable of modification for financial market infrastructure sandboxes under section 17(3) of the Financial Services and Markets Act 2023. The additions cover government debt, rehabilitation of offenders, insolvency, company law, banking reform and payment services.

Treasury's explanatory memorandum links the proposal to the Digital Securities Sandbox and planned DIGIT government debt issuance by the end of the first quarter of 2027. The draft extends throughout the UK and provides for commencement on the day after being made. It has been laid, not approved or made, and is not in force.

Comment For Digital Securities Sandbox participants, market infrastructure providers and their advisers, this is an enabling step rather than an operative exemption. Parliamentary approval and subsequent sandbox instruments would still be needed before the additional legislation could be modified for particular sandbox purposes. Those modifications could preserve or extend requirements as well as remove obstacles; the proposal should not be read as blanket deregulation.

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Coverage limitation: Relevant statutory instruments: coverage of this source could not be verified for the reporting period. Other supported developments are included where available.

2. HM Treasury

No qualifying development was identified in the registered sources checked for this reporting period.

3. Financial Conduct Authority (FCA)

Investment-access feedback sets out the FCA's next policy and supervisory work

16 OCTOBER | FEEDBACK STATEMENT FS26/3

The FCA published FS26/3 on 16 October, setting out its response to feedback on expanding consumer access to investments. It plans further policy and supervisory work rather than making final rule changes.

The FCA will review high-risk investment promotion categories and consider whether products presenting similar risks receive consistent treatment. It continues to regard peer-to-peer investments as appropriately classified as restricted mass market investments. A consultation on mainstream investment risk information is planned for early 2027, with stakeholder engagement on appropriateness assessments during 2027.

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A multi-firm review of UK model portfolio service manufacturers is already under way, examining Consumer Duty outcomes. Findings are expected by the first quarter of 2027.

Comment Platforms, advisers and investment providers have a clearer indication of the FCA's direction, but no permission to relax existing safeguards. Model portfolio manufacturers face a more immediate supervisory focus on portfolio construction, risk ratings, conflicts, rebalancing and oversight. Separately, changes to financial promotion exemptions for high-net-worth and sophisticated investors require legislation: this statement does not change the thresholds or abolish self-certification.

FS26/3

FCA revokes four LIBOR/EURIBOR-related bans

16 OCTOBER | REGULATORY ACTION

The FCA announced on 16 October that it had revoked the LIBOR/EURIBOR-related bans of Colin Bermingham, Philippe Moryoussef, Jonathan Mathew and Christian Bittar. Their overturned convictions had formed the basis for the regulatory action.

The FCA has also removed the associated Final Notices from its channels and confirmed that it will take no further action against these individuals in this matter. The announcement follows separate action concerning Tom Hayes and Carlo Palombo in July 2025.

Comment Legal and compliance teams relying on the historical bans or associated Final Notices should distinguish those records from the individuals' current regulatory position. The announcement is confined to these individuals and this matter; it is not a general withdrawal of benchmark enforcement and does not determine unrelated restrictions or claims.

LIBOR/EURIBOR-related bans

CFD feedback challenges firms on funding charges and fair value

15 OCTOBER | SUPERVISORY FEEDBACK

The FCA's 15 October supervisory feedback draws on a May survey of 81 CFD firms following its November 2025 review. Although most respondents had made or planned changes, these were often minor; only 12% said they had changed charges.

Continuing concerns include potentially poor-value overnight funding charges, charges on matched or hedged positions, opaque mark-ups and insufficiently prominent cost disclosures. The findings apply to FCA-authorised firms manufacturing, promoting or distributing CFDs, spread bets or rolling-spot forex to retail clients.

The FCA expects firms to demonstrate that they have reviewed charges and says it will follow up individually where concerns remain. Its feedback also addresses earlier and clearer cost information, including consideration of annualised funding costs.

Comment The distinction between clearer disclosure and fair value is central for retail CFD, spread-betting and rolling-spot forex businesses. Explaining an expensive product more clearly does not, by itself, establish that its charges are justified. Firms with high overnight funding rates or charges on matched positions should expect scrutiny of their all-in costs and customer outcomes, not merely their disclosure wording. This is feedback on existing Consumer Duty obligations, not a new rule.

Contracts for difference firms: good and poor practice

ePayments Systems Limited enters special administration

15 OCTOBER | SPECIAL ADMINISTRATION

ePayments Systems Limited entered special administration on 15 October. Mark Boast and Allister Manson of Opus Restructuring LLP were appointed joint special administrators to manage customer claims and assess the funds available for return.

The e-money issuer remains FCA-authorised. The FCA's notice states that Financial Services Compensation Scheme (FSCS) protection does not apply and that the firm was required to safeguard customer money. No recovery amount or distribution timetable has been confirmed.

Comment For affected customers and their advisers, safeguarding must not be confused with deposit protection or a guarantee of full, prompt repayment. The available funds and distribution timetable remain subject to the administrators' assessment. Claims and enquiries should go to the appointed administrators, with particular caution over unsolicited recovery services and impersonation scams.

ePayments Systems Limited enters special administration

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Jarvis Investment Management Limited enters special administration

15 OCTOBER | ADMINISTRATION BEGAN 14 OCTOBER

Jarvis Investment Management Limited entered special administration on 14 October, with Adam Stephens and Philip Hemming of S&W Partners LLP appointed special administrators. In its notice published on 15 October, the FCA said clients could not trade or otherwise use client money or custody assets held at the firm while the administrators assessed the position. Jarvis remains FCA-authorised.

The administrators are expected to write to clients within eight weeks of appointment explaining their plans for returning assets and making claims. Returns and timing are not guaranteed, and distribution costs may be deducted where insufficient funds are available.

Existing complaints and claims should be raised with the administrators. The Financial Ombudsman Service (FOS) will contact complainants with ongoing cases. The FCA's 16 October webpage update added an FSCS link rather than announcing a further insolvency development.

Comment This affects advisers and wealth managers whose clients' money or custody assets are held at Jarvis, as well as direct customers. Asset access and the cost of returning holdings are separate questions from investment performance. Eligible FSCS protection may cover qualifying shortfalls and return costs up to £85,000, but it is not a guarantee against every investment loss or a promise of immediate access.

Jarvis Investment Management Limited enters special administration

Market Watch 86 identifies weaknesses in retail-broker surveillance

14 OCTOBER | MARKET WATCH 86

Published on 14 October, Market Watch 86 reports findings from FCA visits to seven UK retail brokers, principally concerning insider-dealing surveillance. Weaknesses included excessively high reporting thresholds, unsuitable alert calibration, poor understanding of surveillance systems and inadequate management oversight.

All seven firms were required to improve their arrangements, and some underwent skilled person reviews. The FCA reports that remediation improved STOR quality. The publication is supervisory feedback on existing obligations, with wider relevance beyond the firms visited; it introduces no new rule or implementation deadline.

Comment For retail brokers, the findings expose the risk of treating surveillance software as an effective control without understanding its calibration and escalation process. Reasonable suspicion—not proof—triggers a suspicious transaction and order report, or STOR, without delay. Threshold testing, synthetic-data testing and quality assurance are examples of good practice rather than newly prescribed methods; the broader expectation is that controls work for the firm's actual business and risks.

Market Watch 86

Three arrests in joint FCA and NCA insider-dealing investigation

13 OCTOBER | INVESTIGATION

The FCA reported on 13 October that three people had been arrested during a joint operation with the National Crime Agency concerning suspected insider dealing and money laundering.

More than 100 staff participated in searches of five residential premises in London and Manchester, and more than 30 electronic devices were seized. The suspects were being interviewed. The announcement reports no charges or court findings, and the allegations remain unproven.

Three arrests in major FCA operation against criminal insider dealing ring

Benchmark-administrator review focuses on effective governance and challenge

12 OCTOBER | MULTI-FIRM REVIEW

The FCA published its multi-firm review of benchmark-administrator governance on 12 October. It found established governance frameworks but opportunities to strengthen board capability and challenge, records of decisions and actions, local and group accountability, escalation, management information and assurance of governance effectiveness.

The review also highlights conflicts and key-person dependencies where individuals hold several roles. The FCA will use the observations in supervisory engagement and encourages participation in the Government's review of the UK Benchmarks Regulation.

Comment For benchmark administrators, particularly those sharing personnel or governance structures across a group, the practical issue is whether information produces challenge, decisions and completed actions. Multiple

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roles can create conflicts and key-person dependencies even where a formal framework exists. The FCA expressly rejects a single governance model or checklist: these are proportionate supervisory observations, not new binding rules.

Governance in the benchmarks sector – review

Coverage limitation: Publications: coverage of this source could not be verified for the reporting period. Other supported developments are included where available.

4. Courts & Tribunals

Re Fairmead Insurance Limited and others [2026] EWHC 2644 (BP)

High Court | 16 October

Reasons released and published on 16 October explain the High Court's sanction and ancillary orders made on 5 October, following a hearing on 1 October.

The Part VII scheme under the Financial Services and Markets Act 2000 transfers general insurance businesses from Fairmead, Highway, Liverpool Victoria Insurance and Trafalgar to Allianz Insurance plc. Life, annuity and pensions business are excluded, and existing policy terms and administration remain unchanged.

Despite 123 objections, the court found no scheme-induced material adverse effect warranting refusal. It also authorised an associated service-company transfer under section 112(1)(d). Existing liabilities were preserved; the judgment does not establish the scheme's effective date.

Comment For insurance restructuring advisers, the judgment illustrates the reach—and limits—of ancillary transfer powers. Applying existing authorities, a transfer involving non-authorised service companies can be authorised where necessary for effective, commercially sensible implementation, subject to the statutory conditions and judicial discretion. The court did not determine individual claims-handling or data-protection allegations, and sanction should not be confused with the scheme becoming effective.

[2026] EWHC 2644 (BP) • [2026] EWHC 2644 (BP)

CA Auto Finance UK Limited and others v Financial Conduct Authority

Upper Tribunal | 13 October

In its 13 October update, the FCA confirmed that challenges to its motor-finance compensation scheme will be heard from 16 to 26 February 2027. The challengers are Volkswagen Financial Services, Mercedes-Benz Financial Services, Crédit Agricole Auto Finance and Consumer Voice. The FCA expects judgment in the following months.

The linked Upper Tribunal directions, dated 12 October and published on 13 October following hearings on 5–6 October, provide for a nine-day substantive hearing beginning on 16 February. They require further FCA disclosure, including loan-level data and analyses of commission-model impacts and the discretionary commission arrangements ban, together with matching-methodology code.

Economic expert evidence is permitted on consumer harm, loss, scheme design and differences between captive and third-party lending, with responsive FCA evidence. The parties must seek agreement on confidentiality and timetables.

The scheme remains partially suspended under an earlier tribunal order, with specified rules retained. The FCA says lenders need not calculate or pay scheme compensation until the legal process concludes. These new directions are procedural and do not themselves grant a further stay or determine the substantive applications.

Comment The directions enable scrutiny of the economic basis and design of the motor-finance schemes; they do not decide consumer harm or the schemes' lawfulness. For lenders, partial suspension is not permission to stop all preparation: retained requirements include specified communications and data-gathering obligations. The FCA also expects operational and financial contingency planning for the possibility that successful challenges leave neither a scheme nor a complaint-handling pause. That is a contingent supervisory expectation, not an announced outcome or an immediate restoration of ordinary complaint deadlines.

Motor finance directions order October 2026 • Motor finance legal challenge to be heard in February 2027

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R v Kerry Nelson and Jacqueline Stephens

Portsmouth Crown Court | 12 October

Kerry Nelson and Jacqueline Stephens pleaded guilty at Portsmouth Crown Court on 12 October to all FCA charges, the regulator reported on 13 October. Nelson was a director of Nexus Independent Financial Advisers Limited and Nexus Investment Managers Limited; Stephens was operations manager.

The offences involved defrauding four clients, who lost £2 million, and using false documents between January 2019 and January 2023. Nelson also admitted a money-laundering offence. Neither firm was permitted to hold or control client money.

Sentencing is scheduled for 10 December. The FCA intends to pursue confiscation against Nelson, but no confiscation order is reported.

Comment For investment and pension-advice professionals, the case highlights that a firm's lack of permission to hold client money does not eliminate the risk of client funds being diverted through fraud. The guilty pleas are a substantive criminal development, but neither the forthcoming sentence nor the FCA's intention to seek confiscation establishes what clients will recover.

Two plead guilty after clients lose £2m in fraud case

5. Financial Ombudsman Service (FOS)

No qualifying development was identified in the registered sources checked for this reporting period.

6. Financial Services Compensation Scheme (FSCS)

No qualifying development was identified in the registered sources checked for this reporting period.

7. The Pensions Regulator (TPR)

No qualifying development was identified in the registered sources checked for this reporting period.

8. Exchanges & Trading Venues

Coverage limitation: Exchange market notices: coverage of this source could not be verified for the reporting period; Rule consultations and responses: coverage of this source could not be verified for the reporting period. Other supported developments are included where available.

9. Financial Reporting Council (FRC)

No qualifying development was identified in the registered sources checked for this reporting period.

10. Information Commission

No qualifying development was identified in the registered sources checked for this reporting period.

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