Last Week in Financial Regulation

1–7 NOVEMBER 2026

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

The week of 1–7 November brought final rules for ESG ratings providers and FCA expectations for voluntary motor-finance settlements during the redress scheme's partial suspension. HM Treasury advanced the digital gilt pilot and proposed simpler Child Trust Fund access for young adults lacking mental capacity. Court decisions also highlighted investment-commission risks and the significance of independent fund governance.

1. UK Parliament

Financial Services (Gibraltar) (Amendment) (EU Exit) Regulations 2026

STATUTORY INSTRUMENT | 3 NOVEMBER

The Financial Services (Gibraltar) (Amendment) (EU Exit) Regulations 2026 (SI 2026/1154) were made on 2 November and laid before Parliament on 3 November. They extend the expiry of Parts 2 and 3 of the existing 2019 Regulations from 31 December 2026 to 31 December 2027.

The instrument extends across the UK and comes into force on 16 December 2026; it is not yet in force. It is a made-negative statutory instrument, subject to annulment, rather than a draft requiring affirmative approval.

Comment For firms already eligible under the transitional arrangements, this provides another year of continuity for cross-border services and branch access. It neither grants universal market access nor implements the permanent Gibraltar Authorisation Regime. Regulatory planning should therefore distinguish the extended transitional period from the future permanent framework.

Financial Services (Gibraltar) (Amendment) (EU Exit) Regulations 2026

2. HM Treasury

Proposed simpler access to Child Trust Funds for young adults lacking mental capacity

3 NOVEMBER

On 3 November, the Government announced plans to allow parents and carers to approach Child Trust Fund providers directly where a young adult lacks mental capacity to manage their finances. It estimates that 63,000–126,000 young adults could benefit.

The Government intends to bring forward an amendment to the Financial Services and Markets Bill, with detailed arrangements to follow in secondary legislation after parliamentary approval. Eligibility, evidence requirements and safeguards remain to be developed with stakeholders. The Court of Protection would remain available as an alternative route.

Comment The proposal could materially change how Child Trust Fund providers deal with affected families, but it does not yet authorise release through the proposed route. Eligibility, evidence of representative authority and safeguards will determine whether the scheme offers a workable alternative in practice. Commencement and territorial scope are not established by this announcement.

Child Trust Fund injustice to end under Government plans

Digital gilt pilot advances towards issuance

2 NOVEMBER

HM Treasury announced the allocation of lead-manager responsibilities for the Digital Gilt Instrument (DIGIT) pilot among Barclays, HSBC, Lloyds, Morgan Stanley, NatWest and RBC Capital Markets. Issuance is expected by the first

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quarter of 2027; the bond has not yet launched. NatWest and Morgan Stanley have investor platform-coordination roles.

Treasury also reported Bank of England regulatory approval for a link between HSBC Orion, the issuer Digital Securities Depository, and LSEG B3, an investor Digital Securities Depository. The link is intended to enable investor access through either infrastructure.

DIGIT will be digitally native and short-dated, with on-chain settlement within the Digital Securities Sandbox. It will sit outside the Government's main debt management programme.

Comment For investment firms, fund managers, custodians and infrastructure providers, the announcement makes prospective access and settlement arrangements more concrete. The approved link offers an additional route into this pilot, not general interoperability between digital-securities platforms. Detailed approval conditions and final issuance terms are not provided in the announcement.

UK moves closer to launching first digitally native government bond

3. Financial Conduct Authority (FCA)

FCA highlights unfair and unclear consumer contract terms

6 NOVEMBER

In a 6 November blog, the FCA explained how it challenges unfair or unclear consumer financial-contract terms using its existing Consumer Rights Act 2015 powers. Examples included excessive crypto storage fees, an attempted £800 complaint-handling charge by a financial adviser, and ambiguous travel-delay cover that resulted in £18,000 in redress.

The FCA reiterated expectations for clear wording, regular contract reviews and testing customer understanding. It said firms should amend or remove problematic terms, stop relying on them in existing contracts and provide redress where their use has caused harm. The publication is supervisory commentary, not a new rule or an announcement of court findings.

Comment For consumer-facing firms, including advisers, insurers and crypto businesses represented in the examples, the practical issue extends beyond readable drafting to how terms operate. Complaints and customer-outcome evidence can reveal detriment that a wording review misses. The examples illustrate the FCA's use of existing powers, rather than a new legal test or an automatic entitlement to compensation.

The not-so-fine print: making consumer contracts fair

Quantum computing experiment to explore financial-crime detection

5 NOVEMBER

The FCA announced a Quantum Experimentation Group bringing together financial services firms, quantum technology providers and national research laboratories. Planned to launch in the first quarter of 2027, it will initially explore quantum machine learning for detecting money laundering and fraud using an FCA synthetic dataset.

The work will examine practical applications, limitations and barriers to experimentation. Expressions of interest are invited by 31 December 2026. This is an experimental collaboration, not guidance or a binding rule.

Comment The initiative is relevant to financial-crime technology teams and firms with quantum-research capabilities. It offers an opportunity to test potential applications, but it does not establish that quantum techniques outperform existing detection methods or require firms to adopt them.

FCA to explore quantum computing to tackle financial crime

FCA urges preparation for post-quantum cryptography

4 NOVEMBER

In a 4 November blog, the FCA urged financial firms to begin preparing for post-quantum cryptography, with senior managers providing sufficient resources and overseeing a safe, risk-based migration.

It endorsed National Cyber Security Centre (NCSC) targets for discovery, assessment and an initial migration plan by 2028; completion of the highest-priority migration activities by 2031; and migration of all systems, services and products by 2035.

The FCA is trialling a supervisory self-assessment tool with a sample of firms and intends to extend it. It also announced a future consultation on cyber-resilience guidance covering cryptographic controls and post-quantum risks. That consultation has not yet opened.

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Comment For operational-resilience, technology and compliance teams, the significance is the FCA's concrete supervisory interest in a long-lead migration involving systems and suppliers. Cryptographic dependencies, migration priorities and resourcing need to be understood before replacement work can be sequenced safely. The cited milestones are recommended migration targets, not newly enacted statutory deadlines, and the self-assessment remains a trial rather than a sector-wide reporting requirement.

Act now to be resilient in the quantum future

Final ESG ratings regime sets a June 2028 authorisation requirement

3 NOVEMBER

On 3 November, the FCA published PS26/22, finalising its environmental, social and governance (ESG) ratings regime. In-scope providers will need FCA authorisation and the relevant permission from 29 June 2028, subject to applicable exclusions or exemptions.

The authorisation gateway opens on 24 June 2027, with staggered application windows. Access to the Pre-Application Support Service is planned from February 2027.

The final requirements cover transparency, governance, systems and controls, conflicts of interest, stakeholder engagement and complaints, alongside baseline FCA standards. They do not prescribe a particular ESG methodology. Accompanying perimeter guidance explains the FCA's interpretation of scope but is not legally binding.

Comment The central question for prospective providers is whether their products fall within the statutory perimeter and any applicable exclusion or exemption. Asset managers and other ratings users will have supplier due-diligence considerations, but using a rating does not itself make a firm a provider requiring authorisation. The FCA is not applying the Consumer Duty to providers under this regime; existing obligations remain with firms already within its scope.

New FCA rules bring ESG rating providers into UK regulation for the first time

Expectations for voluntary motor-finance settlement offers

3 NOVEMBER

The FCA published minimum supervisory expectations for voluntary motor-finance settlement offers during the redress scheme's partial suspension. Offers should provide at least the individual consumer's maximum redress under the existing scheme methodology, including relevant adjustments and caps. This is settlement guidance, not a new compensation rule.

Firms planning offers are expected to notify the FCA and must provide its consumer factsheet. The expectations include at least one month to respond, no suggestion that the FCA has approved an individual offer, and an appendix explaining liability, calculations, interest, deductions, set-off and caps. Mixed complaints require separation of scheme and non-scheme issues, with outstanding non-scheme points addressed within one month of acceptance.

Acceptance is full and final: consumers retain the payment but cannot seek additional compensation for the settled complaint if the legal challenge changes their entitlement. These offers cannot be referred to the Financial Ombudsman Service; consumers who wait may retain later review rights. The challenges are scheduled for 16 February–3 March 2027. Firms must continue preparing and progressing complaints despite the partial suspension.

Comment For lenders, the voluntary route creates a demanding communication and calculation exercise rather than an obligation to restart suspended scheme payments. For consumers and their advisers, the central trade-off is certainty now against the possibility of a different entitlement after the legal challenge. The restriction on referring these offers to the Ombudsman should not be presented as a permanent bar covering all motor-finance complaints.

FCA sets expectations for firms making car finance settlement offers

Expanded terms for review of the FCA's interactions with Simon Andriesz

2 NOVEMBER

The FCA published expanded terms of reference for its review of interactions with whistleblower Simon Andriesz, covering at least 2017–2026. Lea Paterson CBE, an independent non-executive FCA director, will conduct the review with independent external legal support.

The review will assess communications, compliance with the FCA's responsibilities as a prescribed person under the Employment Rights Act 1996, and adherence to its policies and procedures, including its handling of concerns about detriment. It will not assess the merits of allegations in Mr Andriesz's protected disclosures.

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A progress update is due in January 2027. The final report is expected in spring 2027, rather than the previously indicated early-2027 timetable.

Comment For compliance professionals and advisers supporting external whistleblowers, the significance is the examination of the regulator's own handling of disclosures and concerns about detriment. The review's scope should not be mistaken for findings of wrongdoing. Nor does its consideration of SYSC 18 and the FCA Complaints Scheme amend either framework.

FCA publishes terms of reference for independent review concerning Mr Andriesz

Warning over disguised remuneration loan repayment demands

2 NOVEMBER

The FCA warned about demands for repayment of loans or purported loans originating in disguised remuneration schemes, including debts sold to third parties. It said creditors may seek an FCA Validation Order, but approval is not guaranteed. Where an order is required but not granted, the debt remains unenforceable.

Consumers uncertain about liability are encouraged to consider payment carefully, consult HMRC guidance and consider legal advice. The FCA also asked consumers to report undue collection pressure. The statement is a regulatory warning, not a new binding rule or a court judgment.

Comment Debt purchasers, collectors and advisers need to distinguish the regulatory and enforceability position of each agreement rather than assume a uniform answer for this category of debt. The statement does not establish that every disguised remuneration loan is unenforceable or determine an individual borrower's liability. Its qualification that validation may be required is therefore important.

Demands for disguised remuneration scheme loan repayments

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

4. Courts & Tribunals

The Public Institution for Social Security v Muna Al-Rajaan Al-Wazzan & Ors [2026] EWHC 2847 (Comm)

High Court (Commercial Court) | 5 November

In a substantive trial judgment delivered and published on 5 November, the High Court found corruption involving approximately US$1 billion in secret investment commissions benefiting the claimant's former director-general and associates. The court applied principally Kuwaiti law and upheld compensation claims, including recovery extending to benefits obtained for accomplices.

Man Investments AG's assessed liability was US$155,170,214. Man Investments Ltd's liability covered an earlier period, while claims against Man Group Ltd and Man Strategic Holdings Ltd were dismissed. Compensation remains subject to settlement credits and currency issues; the figures should not be read as final net payment orders.

The court also upheld trust and Kuwaiti-law recovery routes concerning Pensée Foundation assets, with precise relief reserved. Only preliminary issues were determined in the separate Insolvency Act section 423 claim.

Comment For investment managers, financial-crime teams and litigation advisers, the judgment underlines the importance of understanding introducers' actual services, commission destinations and beneficial ownership rather than relying solely on contractual assurances or compliance sign-off. These are civil findings under the applicable law, not criminal convictions or a general change to English consumer commission rights. Settlements with other parties should not be treated as findings of liability against them.

[2026] EWHC 2847 (Comm)

Secretary of State for Housing, Communities and Local Government v Urban Splash Limited & Ors [2026] UKFTT 1426 (PC)

First-tier Tribunal (Property Chamber) | 5 November

In a decision dated and published on 5 November, the First-tier Tribunal ordered the developer and four associates to pay £46,500,650 jointly and severally towards remediation of seven Manchester buildings. Payment is due by 4pm on 3 December 2026.

The Tribunal rejected claims against SURE Residential A Limited and SURE Residential LLP. The LLP's independent investment decision-making defeated the alleged developer control. The company satisfied the association

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gateway, but imposing liability was not just and equitable. External investors' interests and the fund's regulated governance materially informed that assessment.

Publicly funded costs were reduced by 10% for acknowledged government regulatory failures. The reduction was not an apportionment of responsibility.

Comment For property-fund managers and their advisers, the decision shows why effective independent investment governance and conflict controls can matter when assessing developer connections and remediation exposure. Regulatory status is not automatic immunity: the Tribunal's reasoning was fact-specific and considered external investors' interests. It establishes neither blanket protection for regulated funds nor a general 10% discount on remediation liability.

[2026] UKFTT 1426 (PC)

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

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)

Survey highlights governance gaps in smaller pension schemes

4 NOVEMBER

TPR reported substantial differences in pension scheme governance in a research announcement published on 4 November. According to the announcement, formal governance arrangements were reported by 27% of small defined contribution (DC) schemes, compared with 94% of large DC schemes and 89% of master trusts.

The survey involved 373 trustees, with fieldwork conducted between 15 January and 6 March 2026. Fewer than half of defined benefit and DC schemes reported trustee succession plans. The findings generally exclude micro schemes.

TPR called for governance reviews against its general code and stronger board development. The announcement signals supervisory priorities rather than introducing a new binding requirement.

Comment The findings point to a governance-capacity challenge, particularly for smaller DC schemes, but do not by themselves establish poor outcomes in an individual scheme. For trustee boards and advisers, the relevant context is the existing general code, board development and succession planning. Consolidation may merit consideration where it serves members' interests; the announcement is not a mandatory consolidation policy or a new compliance deadline.

Regulator finds significant governance gaps between small and large pension schemes

8. Exchanges & Trading Venues

Cboe Europe reminds participants of order-entry and drop-copy changes

CBOE EUROPE (UK VENUE) | 3 NOVEMBER

Cboe Europe Equities issued a 3 November reminder of two changes effective from 16 November across BXE, CXE, DXE, TRF and SIS, relevant to participants using the monitored UK venue.

Participants may optionally enable visibility of BOEv2 order rejects on Order-by-Order Drop Copy (ODrop) sessions, by requesting the change through the Cboe Portal. Separately, a mandatory change will populate DeliverToCompId (FIX tag 128) with the trading identifier, or bank code, rather than the firm's MPID on ODrop messages originating from BOE Order Entry ports. This aligns their behaviour with FIX.

Comment For affected trading-operations and systems teams, the mandatory identifier change matters to downstream monitoring, reconciliation and mappings even if the optional reject-visibility feature is not enabled. Both changes are available in certification environments. This is a technical implementation notice, not a new legislative or regulatory rule.

Reminder - Cboe Europe Equities Announces BOE Improvements

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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)

AS TM1 review and discussion paper on retirement illustrations

3 NOVEMBER

On 3 November, the FRC launched a post-implementation review of Actuarial Standard Technical Memorandum 1 (AS TM1) and a separate discussion paper on additional pension illustrations. Responses to both are due by 26 January 2027.

The AS TM1 review concerns statutory defined contribution pension illustrations, including estimated retirement income on pensions dashboards. It seeks evidence on investment accumulation methodologies, real-terms accumulation rates and assumptions, and the conversion of pension savings into illustrated retirement income.

The discussion paper explores standards for trust-based schemes supporting Guided Retirement and decumulation. It considers alternatives to immediate annuities, the effect of taking a pension commencement lump sum, and illustrations of future income and sustainability after pension access, including outside default arrangements. It is intended to inform subsequent formal consultation on proposed standards.

These are evidence-gathering exercises, not adopted amendments or new binding illustration requirements. The AS TM1 review is also separate from the annual accumulation-rate consultation closing on 27 November 2026.

Comment For trustees, pension providers, administrators and actuarial advisers, the two exercises address connected but different questions: consistency in existing statutory projections and how illustrations could support retirement choices and ongoing withdrawals. Future changes could affect calculation systems and member communications, but neither publication requires implementation changes now. Evidence on member understanding and implementation costs will be particularly relevant.

Actuarial Standard Technical Memorandum 1 (AS TM1) Post Implementation Review • Discussion Paper - Additional Pension Illustrations (Guided Retirement and Decumulation) • FRC launches reviews of how pension illustrations can better support savers throughout retirement

10. Information Commission

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

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