

# Seminar programme 2025



A&O SHEARMAN

- Thank you for joining today's '**Ahead of the Curve: Consumer Duty – is the future brighter for wholesale firms?**' seminar. We will begin shortly.
- On joining the session your microphone will be muted and your video turned off. You will not be able to activate these during the session.
- To submit a question please click on  and type your question into the chat box that appears.
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# Ahead of the curve: Consumer Duty – is the future brighter for wholesale firms?

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Kirsty Taylor, Knowledge Counsel, London FSR

Jean Price, Counsel, London FSR

Rory Copeland, Senior Associate, London FSR

**NOVEMBER 2025**



# Agenda

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01 But first, the news...

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02 Background

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03 Evolution of the FCA position

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04 Reality for wholesale firms

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05 Where next?

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But first, the news...

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**KIRSTY TAYLOR**  
**KNOWLEDGE COUNSEL, LONDON FSR**

# FSCS depositor protection

## DEPOSIT PROTECTION LIMIT

- ◆ Increased to £120,000

## TEMPORARY HIGH BALANCE CLAIMS

- ◆ Increased to £1.4 million



PRA Policy Statement  
24/25

## FSCS COMPENSATION STICKER AND POSTER

- ◆ Scope of 'third-party premises' more closely reflects models such as banking hubs

## OPERATIONALISING CHANGES

- ◆ Update single customer view systems to reflect the new limit from December 1, 2025
- ◆ Change disclosure materials by 11.59pm on May 31, 2026

# PRA changes to retail deposits threshold (leverage ratio)

From January 1, 2026

|                         |                                                                                                                            |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------|
| THRESHOLDS              | Increase the retail deposits threshold from GBP50 billion to GBP75bn<br>Non-UK assets threshold remains unchanged at £10bn |
| METRICS                 | Firms’ retail deposits assessed using a three-year averaging mechanism                                                     |
| MODIFICATION BY CONSENT | Cease on June 30, 2026                                                                                                     |

# Consumer finance related updates



- 01 The Financial Services and Markets Act 2000 (Regulated Activities etc.) (Amendment) (No. 2) Order 2025
- 02 FCA progress statement on proposed motor finance consumer redress scheme consultation
- 03 FCA findings on CFD providers' compliance with the consumer duty
- 04 FCA statement on credit builder products
- 05 HM Treasury financial inclusion strategy

# Bank of England consultation on regulatory framework for sterling-denominated systemic stablecoins

## KEY POINTS

HM Treasury will designate systemically important payment systems using stablecoins, and their service providers.

Once designated, these entities will fall within the BoE's remit and be subject to its powers under the Banking Act 2009.

### BACKING ASSETS

- 
- issuers can hold:
- < 60% of backing assets in short-term sterling-denominated UK government debt
  - remaining 40% as unremunerated deposits at the BoE
  - Issuers deemed systemic at launch, or transitioning from the FCA regime, may initially hold < 95% in short-term UK government debt

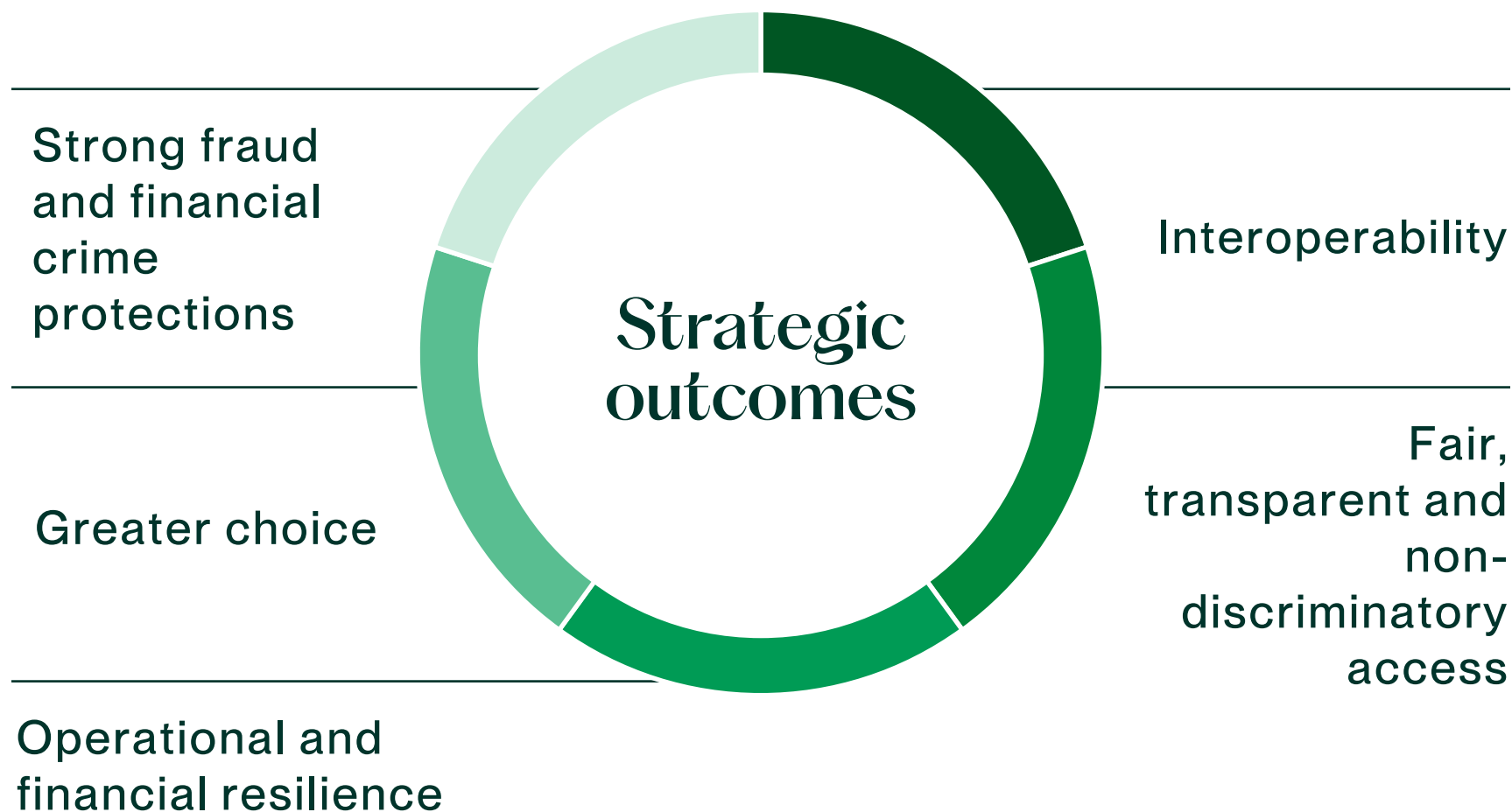
### CAPITAL STANDARDS

- 
- Existing international standards the baseline for general business risk of systemic stablecoin issuers, with capital to be held in the UK
- central bank liquidity arrangements to support systemic stablecoin issuers during periods of stress

### TEMPORARY HOLDING LIMITS

- 
- £20,000 per coin for individuals / £10 million for businesses (exemption regime for large corporates)

# Payments Vision Delivery Committee long-term strategy for future retail payments infrastructure



# Markets related updates

## FCA CP 25/30 ON CHANGES TO BINDING TECHNICAL STANDARDS

- ♦ reduce documentation requirements
- ♦ consolidate intragroup requirements, with requirements for the exchange of margin
- ♦ consequential amendments to BTS and supporting guidance



## UK EMIR – Intragroup exemption

## DRAFT OVER THE COUNTER DERIVATIVES (INTRAGROUP TRANSACTIONS) REGULATIONS 2026

- ♦ replace the temporary intragroup exemption regime (TIGER) with a permanent framework
- ♦ availability no longer links to equivalence decisions under Article 13 of UK EMIR.
- ♦ Streamlining the exemption process
- ♦ transitional provisions

# PRA discussion paper on alternative life capital

## **ALLOWING TRANSFER OF DEFINED TRANCHES OF RISK TO THE CAPITAL MARKETS**

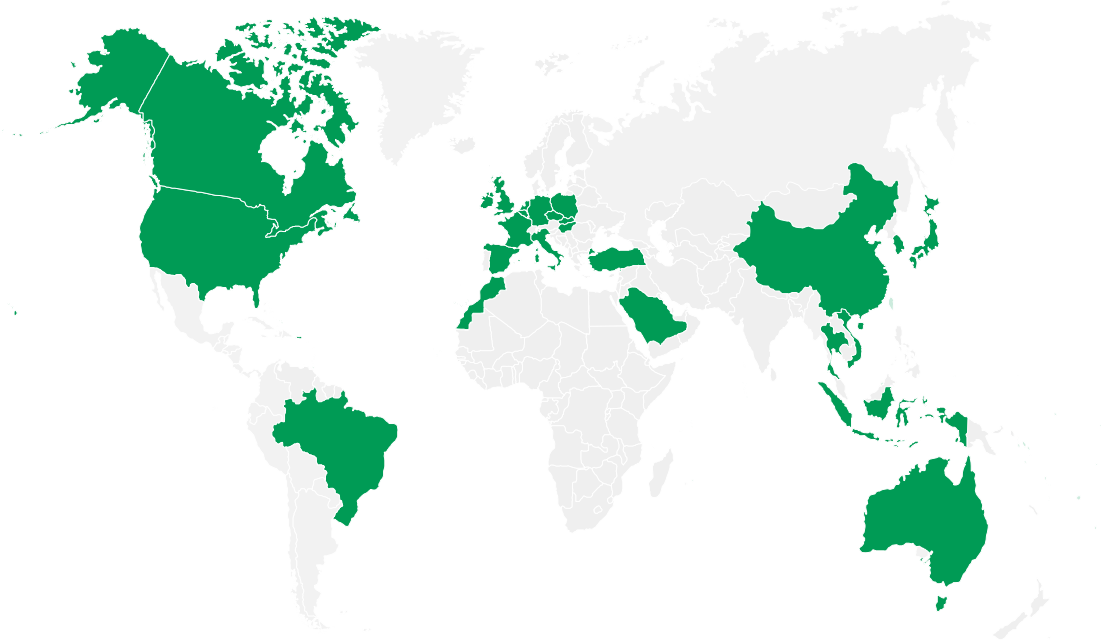
Regulatory barriers?

Potential use cases for capital flexibility

Challenges and risks

Supervisory and authorisation models for  
alternative life capital funding structures





# The Financial Services (Gibraltar) (Amendment) (EU Exit) Regulations 2025

- ◆ The Investment Association and the Investment Management Association of Singapore, UK Financial Conduct Authority and Monetary Authority of Singapore (MAS) joint **report on** challenges and opportunities in **tokenised asset markets** across the UK and Singapore
- ◆ FCA strategic partnership with Singapore to drive **growth and AI innovation**
- ◆ Bank of England collaboration with MAS and the Bank of Thailand to explore technical and policy implications of **settling foreign exchange (FX) transactions through testing synchronised settlement mechanisms**

# Ahead of the curve: Consumer Duty – is the future brighter for wholesale firms?

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**JEAN PRICE – COUNSEL, LONDON FSR**  
**RORY COPELAND – SENIOR ASSOCIATE, LONDON FSR**

# Overview of the Consumer Duty

|                                                                                                                                                                                                                                                                                                |                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Principle 12</b></p> <p>A firm must act to deliver good outcomes for retail customers</p>                                                                                                                                                                                                | <p>The Consumer Principle is developed by the other elements of the Consumer Duty and reflects the overall standards of behaviour required from firms.</p> |
| <p><b>Cross-cutting rules</b></p> <p>Firms must</p> <ol style="list-style-type: none"> <li>1. Act in good faith toward retail customers</li> <li>2. Avoid foreseeable harm to retail customers</li> <li>3. Enable and support retail customers to pursue their financial objectives</li> </ol> | <p>The cross-cutting rules develop the overarching expectations that apply across all areas of firm conduct.</p>                                           |
| <p><b>Outcomes</b></p> <ol style="list-style-type: none"> <li>1. Products and services</li> <li>2. Price and value</li> <li>3. Consumer understanding</li> <li>4. Consumer support</li> </ol>                                                                                                  | <p>The outcomes give more detailed expectations for the key elements of the firm-consumer relationship.</p>                                                |

- ♦ Underpinned by the concept of **reasonableness**
- ♦ Does not remove consumers' responsibility for their choices and decisions

“It is important that all firms that can determine or materially influence retail customer outcomes should take responsibility for their actions, regardless where they sit in the distribution chain.”

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**FCA POLICY STATEMENT PS 22/9**



# Excluded wholesale activities

## WHOLESALE MANUFACTURERS

Manufacture of products or services only for wholesale purposes, where they meet the conditions in the retail market business definition

## NON-RETAIL FINANCIAL INSTRUMENTS

Activities relating to non-retail financial instruments

## MARKET ACTIVITIES

Market activities for certain financial instruments meeting the criteria in the retail market business definition



## INSURANCE CONTRACTS OF LARGE OR NON-UK RISK

Activities in relation to contracts of large risk for a commercial customer or where the risk is located outside the UK

## BENCHMARK ADMINISTRATION

Regulated activity of administering a benchmark, any ancillary activity, and any activities undertaken by a benchmark administrator for the purpose of complying with the Benchmarks Regulation

## INSURANCE DISTRIBUTION IN RESPECT OF A GROUP POLICY

Certain insurance distribution activities carried on by a firm in respect of a group policy or activities in relation to extending such a policy to new members



“If a humble frog, powered by nothing more than insects, can jump 20 times its own height, then the UK’s financial services industry, powered by an incredible 2.5 million people across our country, and even the odd consultant, can take the leap to the heights of full implementation of the Consumer Duty.”

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**SHELDON MILLS, FCA  
EXECUTIVE DIRECTOR OF  
CONSUMERS AND COMPETITION**

**SPEECH GIVEN ON 31 JULY 2024**

# Consumer duty in 2025



## FCA STRATEGY 2025-2030 (MARCH)

FCA states that the Consumer Duty will underpin FCA work in helping consumers navigate their financial lives



## MANSION HOUSE (JULY)

Chancellor of the Exchequer confirms in her speech that she has tasked the FCA with assessing whether the Consumer Duty unduly affects wholesale activity



## FCA PUBLICATIONS (SEPTEMBER)

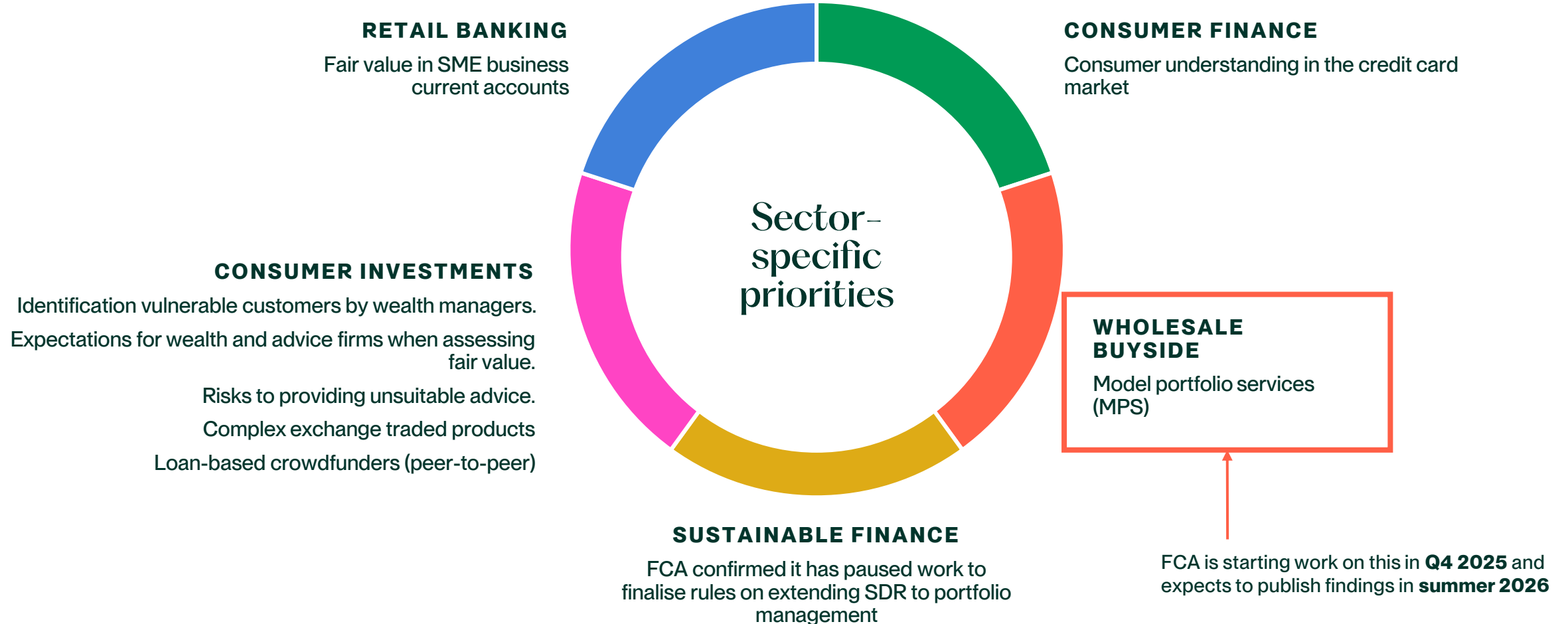
FCA published an update on the its **priorities for 2025 to 2026**, its **Consumer Duty requirements review**, and the **FCA CEO letter to the Chancellor** (right)

“We plan to amend the Duty’s rule to remove disproportionate burdens from wholesale firms and give them confidence to act proportionately.”

**FCA CEO LETTER TO  
THE CHANCELLOR OF  
THE EXCHEQUER**

**29 SEPTEMBER 2025**

# FCA priorities for 2025–2026



# Consumer Duty requirements review update

## FCA ACTIONS

The FCA is taking action in response to challenges faced by firms in interpreting Consumer Duty requirements as they apply to different roles across distribution chains.



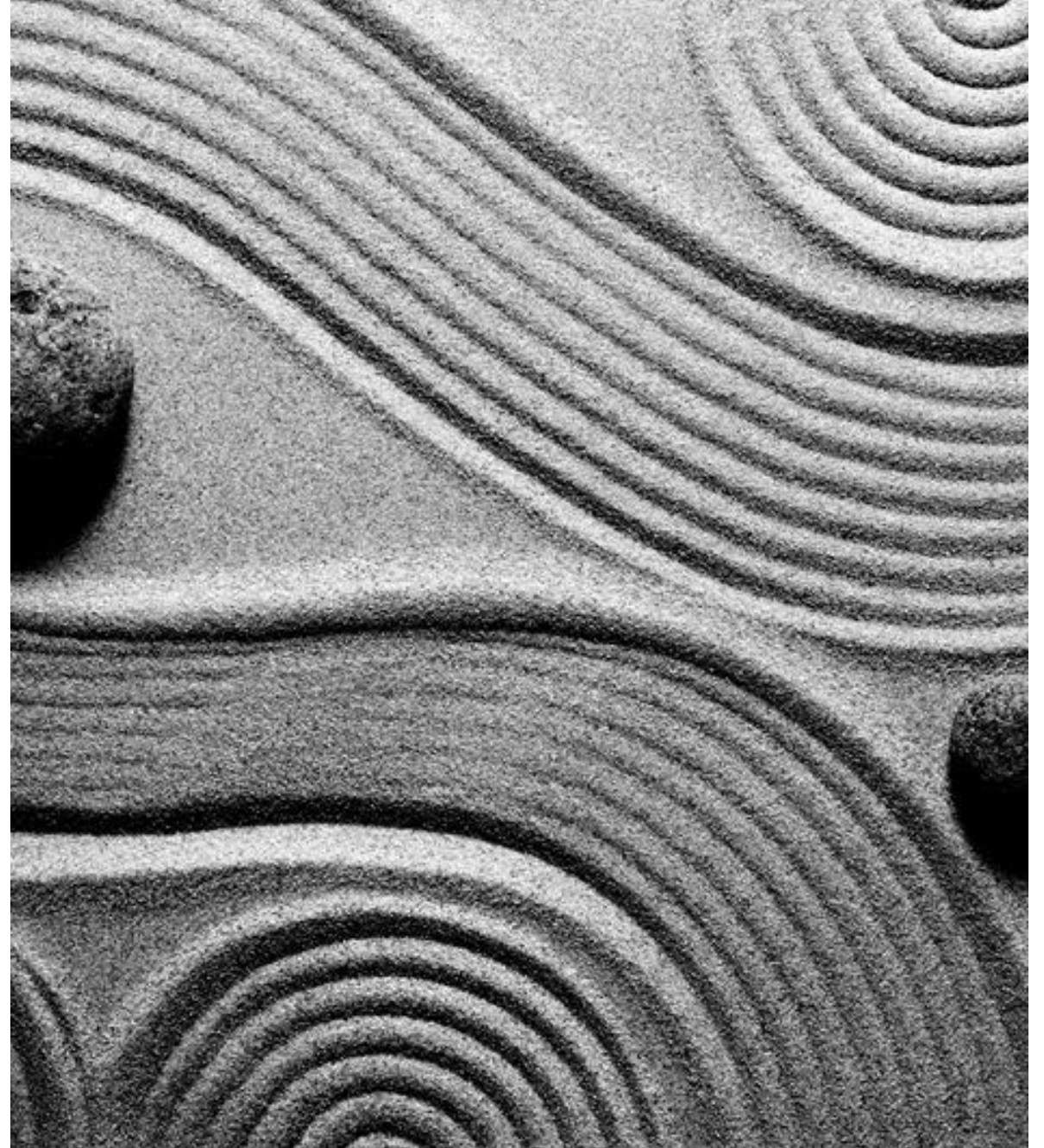
**Co-manufacturing in insurance** – FCA will take forward proposals in CP 25/12 on simplifying the insurance rules, setting out next steps (Q4 2025)



**FCA consultations** on the application and requirements of the Consumer Duty, including through **distribution chain**, and removing business with **non-UK customers** from scope (H1 2026)



**Co-manufacturing generally** - Provide clarity on supervisory approach and expectations where firms work together to manufacture products (Q4 2025)



# FCA plans for wholesale firms

## CLARITY ON SUPERVISORY APPROACH AND EXPECTATIONS

Aim to “reduce **the potential for misunderstanding** leading to excessive compliance costs, duplication of effort between firms and adverse impacts on business models where firms work together”

Provide comfort to senior management and firms

**Q4 2025**



## CLIENT CATEGORISATION FRAMEWORK

Consultation on updated standards for individuals capable of being treated as professional clients and new test at a high threshold of assets

FCA suggestion that the Government consider updating the FPO and Promotion of Collective Investment Schemes Order in line with any changes

**Q4 2025**

## CONSULTATION ON RULE CHANGES

FCA to consult on changes to the rules on application and requirements, including through **distribution chains**

Consider whether a clarity needed on exemptions, and whether further exemptions needed

Consider whether changes can be made to clarify **how and when firms in the same distribution chain can rely on each other**

**H1 2026**

## NON-UK CUSTOMERS

Proposal to remove business with non-UK customers from the scope of the Consumer Duty

Thought to be given to the potential impact on customers including UK expatriates

**H1 2026**



# Wholesale wish list?



## **ANCILLARY ACTIVITIES**

Potential for clarity around treatment of ancillary and support activities, including where they are provided by third parties?



## **CHAIN RESPONSIBILITIES**

Clear delineation of responsibilities, distinguishing between client-facing and non-client facing firms



## **UNREGULATED ACTIVITIES**

Potential for unregulated support activities to be carved out completely?



## **POSITIVE IDENTIFICATION OF OBLIGATIONS**

Clear statement of what is actually required of wholesale firms rather than reliance on “proportionate” language

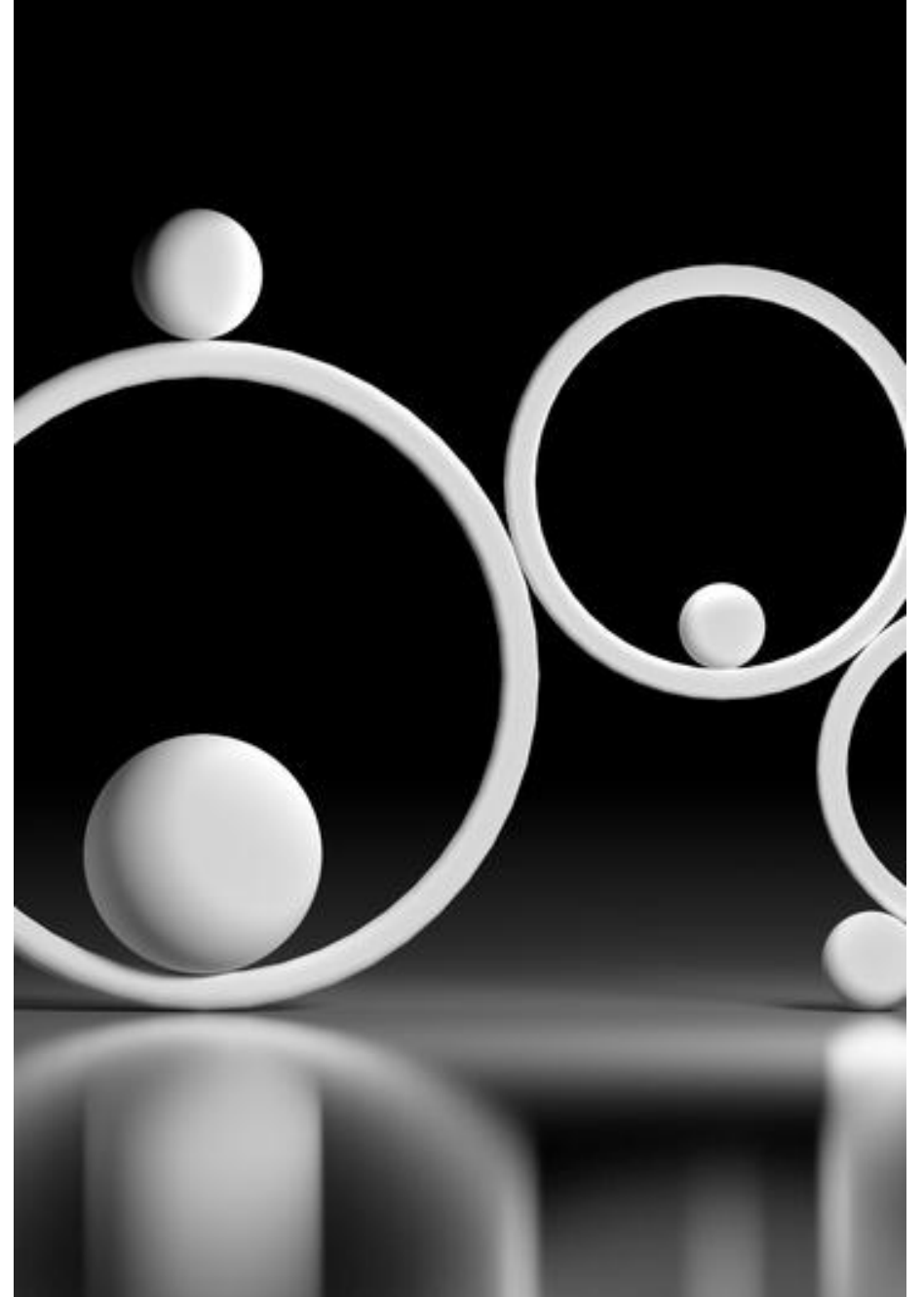
## CONSUMER DUTY

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“We want firms to support good outcomes for retail customers, while being able to take calculated risks with confidence, innovate in ways that drive growth, help consumers pursue their financial objectives, and support the long-term development of our markets and the wider economy.”

FCA Chief Executive Nikhil Rathi

*Letter to the Chancellor of the  
Exchequer, 29 September 2025*



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