



# Summary of regulatory developments

## Updates for August 2023

This memo identifies and summarises any regulatory updates published during August 2023 that may be of relevance to life insurance companies.

The following table summarises the relevant updates identified in August.

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### REGULATORY ITEMS IDENTIFIED IN AUGUST THAT MAY BE OF RELEVANCE TO LIFE INSURANCE COMPANIES

Date	Description
3-Aug	Financial Conduct Authority (FCA) <a href="#">to conduct joint review of the Advice Guidance Boundary with the Treasury</a>
10-Aug	The FCA <a href="#">reviews fund managers' value assessments</a>
24-Aug	The Bank of England (BoE) <a href="#">considers enabling innovation through a digital pound</a>
25-Aug	The Prudential Regulatory Authority (PRA) <a href="#">asks firms to ensure their details are up to date</a>
29-Aug	His Majesty's Revenue and Customs (HMRC) <a href="#">publishes consultation on draft tax regulations to specify structural assets in long-term business</a>
31-Aug	The European Insurance and Occupational Pensions Authority (EIOPA) <a href="#">publishes its Q&amp;A on regulation</a>

## Updates for August 2023

This section highlights articles of interest to life companies released in August 2023.

### EIOPA

- **EIOPA publishes its Q&A on regulation**

Updates include the following:

- (EU) 2023/894 – Implementing technical standards (ITS) with regard to the templates for the submission of information necessary for supervision. Questions [2727](#), [2681](#), [2745](#), [2689](#), [2722](#), [2724](#), [2630](#) and [2732](#).
- (EU) No 2015/2450 – Templates for the submission of information to the supervisory authorities. Question [2629](#).
- (EU) No 1286/2014 – PRIIPs Regulation. Question [2767](#).
- (EU) No 2015/35 – Supplementing Dir 2009/138/EC – Taking up and pursuit of the business of insurance and reinsurance (SII). Question [2592](#).
- (EU) 2020/852 – Taxonomy Regulation. Questions [2737](#)
- Risk-Free Interest Rate – VA calculations. Questions [2736](#) and [2682](#).
- (EU) No 2016/97 – Insurance Distribution Directive. Question [2694](#).

### PRA

- **The PRA asks firms to ensure their details are up to date**

The PRA requests that all firms ensure that regulators have the correct information for them by checking, amending and confirming their details at least on an annual basis using the FCA's system [Connect](#).

The PRA also notes that dual-regulated firms (those supervised by both the FCA and PRA) were written to in August to inform them that they will need to attest to their firms' details within 60 business days of their Accounting Reference Date, from 1 December 2023.

### BOE

- **The BoE considers enabling innovation through a digital pound**

The BoE has published several policy papers on central bank digital currency (CBDC) and on the specific CBDC under consideration in the United Kingdom, known as the digital pound. The BoE and HM Treasury recently stated that, while it is too early to make the decision on whether to introduce the digital pound, it's likely that a digital pound will be needed in the future.

In an increasingly digital economy, the UK authorities see a role for the digital pound in maintaining public access to retail central bank money and promoting innovation, choice and efficiency in domestic payments. This paper explores the second of these roles, studying academic literature on innovation for lessons on how to design a digital pound to encourage innovation in the payments ecosystem.

### HMRC

- **HMRC publishes consultation on draft tax regulations to specify structural assets in long-term business**

There is uncertainty around the meaning of the term "structural asset" in section 137 of the Finance Act 2012. These draft regulations will clarify which assets are to be treated as structural assets of an insurance company's long-term business. This is important because the income and gains from structural assets are excluded from trading profits.

The consultation closes 26 September 2023. Regulations are expected to be made during autumn 2023 and will apply to accounting periods beginning on or after 1 January 2024.

## FCA

- **FCA to conduct joint review of the Advice Guidance Boundary with the Treasury**

The joint review was announced as part of the Edinburgh Reforms. The aim is to ensure that consumers get the help they want, at the time they need it, and at a cost that is affordable, to help them make informed financial decisions.

While the review is ongoing, the FCA has published clarification for firms that want to support consumers more, particularly during the increased cost-of-living crisis, without providing a personal recommendation. This reflects what firms can currently do under the existing framework. The FCA has also set out clear examples of where a conversation with a consumer would not be classed as a personal recommendation.

This review should leverage the Consumer Duty, to set clear expectations for the support that firms provide their customers and ensure that consumer protection remains at the core of any future regime.

- **FCA reviews fund managers' value assessments**

In 2017, the FCA published its Asset Management Market Study, which found evidence of weak demand-side pressure on fund prices, resulting in uncompetitive outcomes for investors in authorised funds. Since then, the FCA has worked closely with industry to encourage a greater focus on assessment of value.

The FCA's most recent review found that many firms have now integrated considerations on assessment of value into their product development and fund governance processes. This greater focus has also driven changes in fees and charges, resulting in savings of costs to consumers.

However, further action still needs to be taken in some cases. This is particularly important in light of the new Consumer Duty, where firms are expected to deliver fair value for retail consumers.



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