FINANCIAL CONDUCT AUTHORITY

Secondary International Competitiveness and Growth Objective report 2024/25

Under section 26 of the Financial Services and Markets Act 2023

July 2025

Financial Conduct Authority

Secondary International Competitiveness and Growth Objective report 2024/25

Presented to Parliament pursuant to Section 26 of the Financial Services and Markets Act 2023.

July 2025

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Abbreviations:
CP – Consultation Paper
DP – Discussion Paper
FS – Feedback Statement
PS – Policy Statement

FOS – Financial Ombudsman Service
FSB – Financial Stability Board
PRA – Prudential Regulation Authority

The second year of the secondary objective

Putting growth and competitiveness at the heart of the FCA approach

- Reforming our supervisory model so more firms have direct contact with us, streamlining our communications and being more transparent.
- Consulting on retiring data collection returns, benefitting 16,000 firms.
- Using new technologies to make the interface with firms more efficient. For example, MyFCA, a platform giving firms single sign on, making it easier to submit their data to us.
- Increasing capacity in our Edinburgh and Leeds offices, to draw on the best talent and experience from across the UK.

Contributing to the wider economy

- Retaining London's position as the second highest rated financial centre and narrowing the gap to New York. Edinburgh rising to 29th place and Glasgow climbing to 32nd from 42nd from March 2024 to March 2025.
- Building on the simplified listing regime, reforming the prospectus regime so it's easier to raise capital and encourage investment.
- Bringing in new public offers and admission to trading regime to ease retail access to certain corporate bonds.
- Introducing Private Intermittent Securities and Capital Exchange System (PISCES) enhancing private companies' access to new investors.
- Initiating a new form of regulated targeted support so firms can help consumers make more informed decisions about pension and retail investments, while being clear about potential investment risk and benefits.

Increasing productivity and innovation

In global fintech, retaining London's second place position in the global fintech centres rankings behind New York.

Building the long-term regulatory framework for Open Banking so consumers and businesses have more choice in making and receiving payments safely, securely and efficiently.

Launching the Digital Securities Sandbox, allowing firms to test regulatory changes in real world scenarios before they are permanently implemented.

Extending our Pre-Application Support Service to all wholesale, payments and cryptoasset firms.

Letting more firms know we are 'minded to approve' applications for authorisation when we think they can meet required standards.

Rolling out improved Authorisations application forms making applications process quicker and easier.

In global fintech, retaining London's second place position in the global fintech centres rankings behind New York

Increasing competitiveness

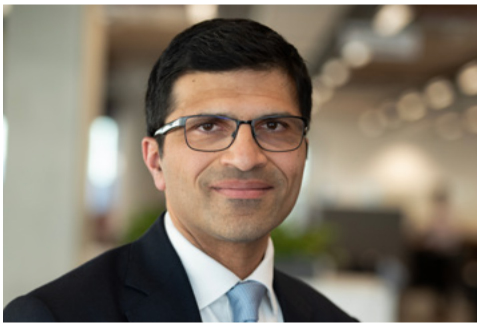
Assessing 99.1% of authorisation cases within the statutory deadline. Determining 50% of new firm authorisation applications in just over four months, and 75% within seven months.

Providing a dedicated Authorisations case officer to every firm within our regulatory sandbox.

Retiring over 100 pages of outdated guidance and hundreds of supervisory publications, reducing regulatory costs on firms.

Establishing a presence in the United States and in Asia-Pacific.

CEO's foreword



In last year's report, we set out how we have made growth and competitiveness central to our operations. Over the past year we have put the rocket boosters under our work to support growth.

Teams across the FCA are embracing that mindset in their day-to-day work. I am proud of what we've delivered while also pursuing our primary objectives – from helping consumers to have more choice and control over their financial lives to fighting financial crime – all of which create the right conditions for growth.

As demonstrated in this report, and with around 50 initiatives to support growth that we proposed to the Prime Minister and Chancellor, we have been bold, creative and delivered at pace. To date, we have completed 10 of these initiatives and all others are underway.

We've unlocked capital investment and liquidity by developing a new prospectus regime. We are introducing targeted support for pensions and investments. We're launching the PISCES sandbox to support trading in private markets. And we are seeking feedback on how we could take further steps to widen access to the mortgage market.

Our focus on growth is front and centre of our new strategy, which was shaped with input from thousands of our colleagues, and from our statutory panels, firms and consumer groups. It's there in our approach to supervision, where we are making engagement with us easier and focusing on where harm is greatest.

We are transforming how we work, using technology and streamlining data requests to reduce the burden on firms, while making sure we have the right information to intervene where we need to. Our authorisations have become more efficient, and we are helping firms to grow with greater pre-application support and dedicated resources in our sandbox.

As we enter the third year of our secondary objective, we want to accelerate the pace of our delivery and ruthlessly prioritise activities that deliver the greatest impact.

We recognise that, in some cases, the push for growth may lead to greater risks. That's why we want an open, honest debate with Government, parliament and relevant stakeholders about how we rebalance risk and the choices involved so that our approach to risk can endure over time. For example, we have discussed metrics for "tolerable failures" or "tolerable harm". These would capture how allowing more risk into the system could produce benefits in terms of growth and competitiveness, while recognising the

We are transforming how we work, using technology and streamlining data requests to reduce the burden on firms, while making sure we have the right information to intervene where we need to.

possibility of more failures and consumer harm.

There is often a lack of consensus among stakeholders on how best we should support growth and many factors are outside of our control. Our growth research competition results show that we have made progress in building a strong evidence base to inform these decisions. But there is still more to do to narrow the evidence gaps.

We know we are not tackling the growth challenge alone, nor can we. It will require a sustained collaborative approach across industry, consumer groups, parliamentarians and Government. For our part, we're working to deliver a better co-ordinated, more effective and more competitive regulatory environment. We can make a real difference when we work together on the best solutions.

Nikhil Rathi, Chief Executive

This report covers our work on

- Putting growth and competitiveness at the heart of the FCA approach
- Contributing to the wider economy
- Increasing productivity and innovation
- Increasing competitiveness

Introduction

Regulation has an important role in the UK maintaining its position as a preeminent financial centre and in supporting economic growth. Through our research we have identified and substantiated 3 routes to support growth: enabling the UK's financial services to support growth in the wider economy; supporting improvements in productivity within financial services firms; and strengthening the competitiveness of UK financial services.

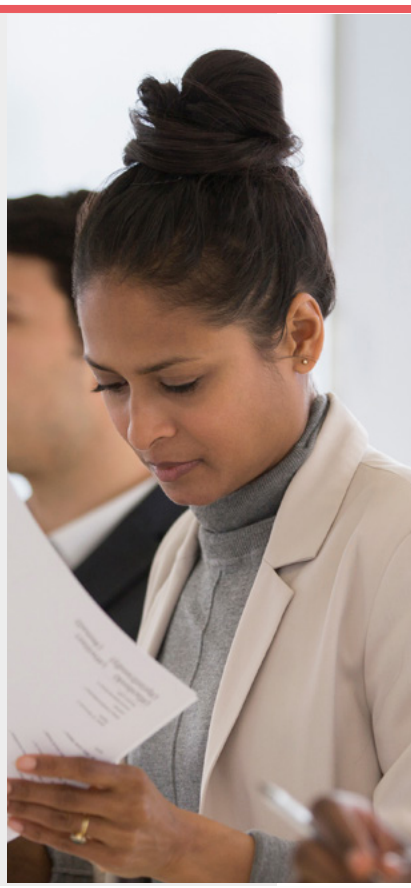
The relationship between the 3 routes, regulation and growth is complex and the existing evidence base is patchy. So, we are improving our understanding through further research, such as our first research competition. We organised a conference in June centring the winners' work.

For example, research from the University of Birmingham suggests a feedback loop between growth and demand for finance. The performance of the UK economy is important for initial public offering activity and firm survivability. This is particularly true for the Alternative Investment Market (AIM), as these firms have lower access to capital than larger firms on the main market. This distinction between the AIM and main markets underscores how macroeconomic conditions influence the availability of finance in different market environments.

There is also Fathom's research, which provides a toolkit, grounded in network theory, for how we can monitor and understand the diffusion of risk through the financial system. This toolkit is relevant when identifying how regulation shapes risk diffusion, and how this interacts with growth in the wider economy, especially for nonbank entities such as insurance companies and wealth/private asset managers. This will help inform our wider thinking on rebalancing risk.

This research will be important in developing the most effective approach to policy and regulation, as we advance the secondary objective in pursuit of our primary objectives.

This is our second report on how we have advanced our secondary objective (SICGO). We are required by law to publish a report annually for the first two years of operation of the secondary objective. In future, we plan to report on how we have advanced SICGO in our annual report. In this report, we set out what we have done to support the growth and competitiveness of the UK economy from July 2024 to July 2025 – the second year of our secondary objective. The statistics about our work in this report are updated to end of March 2025. The exception is on the commitments in our response letter dated 16 January 2025 to the Prime Minister. Those statistics are updated to end of June 2025. Statistics from non-FCA sources are updated as specified. We have also published our performance against the metrics agreed with HM Treasury to assess our performance on this objective. Our work to support growth is multi-year; to read more about our forward-looking plans, see the FCA's Business Plan for 2025/26 and our 5-year strategy.



Putting growth and competitiveness at the heart of the FCA approach

We are reforming how we work, our capabilities and technology so we can do more, faster and safely.

We are reforming how we work

- Reforming our supervisory model
- Streamlining our data collection
- Working differently to reform regulation
- Embracing new technologies in our regulatory process
- Working smarter and faster, through streamlined engagement

Reforming our supervisory model

We want to focus our supervisory resources on areas where harm is greatest. We will set our supervisory priorities more predictably and will stop issuing Dear CEO letters so regularly, instead moving to an approach where we set out our priorities in a smaller number of annual market reports.

We are developing a model where more firms will have direct contact points with us, and we intend to less intensively supervise firms that are demonstrably seeking to do the right thing. We will continue to regularly share the findings and lessons from our supervisory work and market risk assessments.

We have retired 92 Dear CEO portfolio letters on our website that no longer set out our current priorities and predate our 2022-25 Strategy. We have also started work on retiring other communications such as multi-firm reviews which are no longer relevant.

Streamlining our data collection

We launched MyFCA, a platform giving firms single sign on, making it easier to submit data to us.

And we introduced a new regulatory return for consumer credit firms by streamlining report elements so firms can meet our requirements more easily.

Working differently to reform regulation

We have been testing new policy early to speed up regulatory reform. We ran an Advice Guidance Boundary Review (AGBR) policy sprint over 6 weeks with retail banks, platforms and wealth managers, regulatory partners and consumer groups to design and test the consumer-facing element of a 'cash to equity' targeted support journey – so as to co-design the policy before formal consultation.

We are taking new approaches to give the market as much information as possible on our thinking and intended rule making so that firms can make commercial decisions ahead of final rules being made. For example, we published an interim statement on our likely approach towards final rules for PISCES before the rules were finally made.

We will be relying as much as possible on the Consumer Duty for our consumer-facing work, reducing the need for new rules where possible. We will make sure future consumer protection work considers existing Consumer Duty requirements and we will ask in consultations whether the Duty is sufficient rather than creating new rules.

FSMA requires us to consult when amending FCA rules, but we are looking to do this as quickly as possible where appropriate. For example, we are acting quickly to switch off data returns that we no longer need. We have to formally consult to do so, but in our recent consultation on retiring 3 data collections, expected to benefit 16,000 firms, we confirmed that firms would not need to submit these returns while we consulted and confirmed that we would not charge late return administrative fees if they did not do so. As these amendments were relatively straightforward, we consulted for a shorter period than usual.

Embracing new technology in our regulatory process

We are leveraging 'network' analytics and machine learning to identify potentially harmful networks of firms and/or individuals.

Our use of advanced analytics is helping us identify and prioritise financial crime risks. For example, digital tools have enabled us to be more targeted in the way we use supervisory resource to focus on firms posing financial crime and consumer harm risks. Three firms had requirements imposed, 10 firms were required to undertake remedial actions and one firm was required to appoint a skilled person.

We are using technology to make our supervisory work more efficient streamlining our internal processes.

We are now using automated workflow tools (that support intelligence analysis) so as to prioritise efficient and swift closure of low-risk cases identified during our supervision of firms.

We recently launched a beta version of our new Handbook website so that it's fit for the future.

This includes improved search functionality across the website, new features to make the connections between different parts of the Handbook clearer, and tools to help track how the Handbook has changed over time. The full website will be launched later this year.

Working smarter and faster, through streamlined engagement

We are working closely with Government to ensure a smooth transition as the Payment Systems Regulator is primarily consolidated with us. This will reduce the number of regulators some firms will need to engage with.

We are using new ways to consult and engage with stakeholders to improve policy decision-making. For instance, in derivative reporting under UK EMIR, we sought input from industry via the UK EMIR Reporting Industry Engagement Group on our questions and answers ahead of a public consultation to help ensure our guidance meets the needs of industry and supports accurate reporting.

In developing the discussion papers on regulating cryptoassets, we engaged with industry on our proposals and held several crypto policy roundtables (See also 'Working differently to reform regulation' above for AGBR sprint).

We are also developing new services to engage global industry to support inward investment and outward exports (See 'Increasing Competitiveness – Promoting the UK' for details).

In developing our multi-year strategy, we engaged early and closely with various stakeholders including our statutory panels, industry, consumer groups, regulatory partners, government bodies and HMT.

Training, culture and talent building

We have put the work in to embed the secondary objective into our culture and policy making. It was at the core of our FCA-wide internal growth sprints to develop our current 5-year strategy, where growth is one of the four key themes. We received 1,200 ideas from staff through an online survey for the strategic blueprint.

We have launched a research programme to develop our understanding of how financial services regulation supports growth and international competitiveness. This builds on our literature review which identified evidence gaps which we are seeking to address and our research competition which delivered initial insights on some of these gaps. Findings from this research will be shared with relevant teams across the FCA to improve their understanding of these relationships and improve our regulatory design and approach.

We understand the importance of continuous training for our staff in the secondary objective. New joiners in the most relevant areas undergo training, while the wider staff have taken part in 11 in-house workshops to deepen their practical knowledge of it. We held an organisation-wide webinar to share our progress on implementing the SICGO and arranged strategy sessions, including a staff briefing from the chief executive and a senior leaders' Townhall. We also circulate a regular newsletter to colleagues, sharing intelligence and knowledge on growth and competitiveness.

The secondary objective has also informed our approach to recruitment.

We have continued to expand our footprint by increasing the capacity in our Edinburgh and Leeds offices, drawing on the best talent and experience from across the UK. Nearly 11% of our workforce is based outside London (as of end of March).

And despite a very active external labour market, we continue to attract a high calibre of talent, with strong competition for roles. For the past few years, we have strengthened our workforce's capability with a balance of external appointments and internal movements.

This means that in our front-line supervisory and regulatory roles, we can draw on a wealth of experience from the financial services industry, government departments, other financial regulators and law enforcement agencies, as well as our own internal talent who have moved into these roles.

Contributing to the wider economy

The financial services sector has a critical role to play in the wider economy and its growth, funding UK business to invest and scale up, as well as managing risk across the economy. Our work helps financial services to better support the economy.

Our listing reforms in 2024 created a simplified, more disclosure-based listing regime. Firms are starting to use the international commercial companies secondary listing category. While overall listings have been low in 2024 reflecting some global trends, there were 8 listings in Q4 2024, and we continue to receive reports that a number of firms are actively considering new listings. Given IPOs are typically planned around 18 months in advance, and the significant market turbulence in recent months, it is too soon to assess the impact. Since our new reforms, 21 transactions (as of end of March) that would have required prior shareholder approval (significant transactions) have taken place without the need to do so.

Introducing a new prospectus regime and easing rules on admission to trading

We are introducing a new prospectus regime, with changes to thresholds and liability for companies. This makes it easier to raise capital and encourage investment.

In parallel, we are easing barriers to retail access to certain corporate bonds, helping the UK to remain an attractive place to raise capital and invest.

A regulatory framework for PISCES

Following HM Treasury's legislation for a Private Intermittent Securities and Capital Exchange System (PISCES) coming into force, we established the regulatory framework for the PISCES Sandbox. This will support growth by allowing investors to gain earlier access to growth companies and enhancing private companies' ability to scale and grow.

Reforming retail access to investment

We want to help consumers navigate their financial lives and want to support a greater culture of retail investment. We are working to support consumers in making well-informed investment decisions. We have consulted on a new product information framework for Consumer Composite Investments (along with some further related proposals) so as to reform the information that is made available to consumers and to help consumers to invest with confidence. We expect to publish final rules by the end of the year. We are carrying out landmark reform on advice guidance, and have consulted on a new form of regulated targeted support for pensions and retail investments which would allow firms to help consumers make more informed decisions about their pensions and investments.

'The upshot is that the set of rules that are now in place in the UK for listing, I think people would recognise are now competitive with other jurisdictions in the world.' – extracted from 'Listing review boss Lord Hill: Why London's markets needed change'

The first phases of implementing the Sustainability Disclosure Requirements (SDR) and investment labels are in effect, with funds more accurately being described to consumers and over 125 using the new labels. We will be consulting on updating climate disclosure rules for listed companies that are aligned with international standards. We welcomed the Government's decision to bring ESG ratings providers into regulation. Once the legislation is finalised, we will consult on the regulatory regime.

We consulted on a new value for money framework for workplace defined contribution (DC) pension schemes to shift the focus of firms from cost to value for consumers, and will further consult later this year alongside Department for Work and Pensions (DWP) proposals for trust based schemes.

We have sought feedback on other reforms that we could carry out to better support pension savers in the digital age, testing views on our requirements for pension projections in the context of digital tools and modellers; consumer-initiated transfer and consolidation of Defined Contribution (DC) pensions; and the due diligence and client assets requirements for self-invested personal pensions.

Research conducted by the Wisdom Council and Investment Association in December 2024 showed that over half of retail investors surveyed were aware of the labelling regime and 94% would find it helpful. Research by the Association of Investment Companies found that nearly two-thirds of private investors surveyed (63%) said the labels would increase their trust in funds' sustainability claims.

Modernising asset management

We made changes to our Long-term Asset Fund (LTAF) regime to unlock more investment in long-term, illiquid assets by making it easier for other funds to invest into LTAFs. This is important for supporting long term economic growth.

Since the launch of the new regime, we authorised 12 umbrella scheme long-term asset funds (with 22 sub-funds within these) as of the end of March 2025. We have also authorised our first LTAF which is seeking to target retail investors. Although we have six months in which to take a decision on these applications, we are averaging decision times of around 3 months.

Simplifying lending and advice requirements in the mortgage sector

We set out steps to improve access and flexibility for borrowers. Following this, some mortgage lenders have made changes to their respective stress tests when determining affordability. This helps their customers to potentially borrow more or access affordable mortgages that they otherwise wouldn't have. Also we consulted on simplifying our rules for mortgages as quickly as possible, making it easier, faster and cheaper for consumers to make certain changes to their mortgage and engage with their provider. And we launched a discussion paper on the mortgage market and our overall regime, considering how we could take further steps to widen access and support growth.

We have responded to industry recommendations for the design of a new Credit Reporting Governance Body, aiming to improve industry governance and deliver industry-led remedies to better support consumers, foster competition and innovation.

Increasing productivity and innovation

Productivity and efficiency in financial services – and, with it, growth – can be supercharged by greater competition and innovation. We are enhancing our support of creative, digital and data-led approaches to new financial products and services.

Implementing Variable Recurring Payments and expanding Open Banking

We are working to establish an independent central operator to develop and co-ordinate Variable Recurring Payments (VRPs), which aim to give consumers greater control of their regular payments and lower costs for businesses. We are also working with industry and trade associations to expand the use of Open Banking for e-commerce to give consumers and businesses more choice in making and receiving payments safely, securely and efficiently.

Developing Open Finance

Open Finance will take data-sharing beyond payments to creating consumer choice and personalised support in other financial services like savings, mortgages and credit. It could also be used to help entrepreneurs access funding to start and grow businesses through a focus on SME finance. By the end of the year we will publish an Open Finance roadmap.

We are also participating in Project Alperta, a world-first initiative led by BIS Hong Kong aimed at piloting a multilateral cross-border interoperability network for safe and secure financial data sharing. This will directly support how the FCA thinks about international competitiveness in the future Open Finance ecosystem.

Continued development of our Innovation and Authorisation Services

Our regulatory sandbox allows firms to test novel products and services in a live but controlled environment. Our Innovation Pathways service supports firms to understand our rules and the implications for their business models, and the Digital Sandbox provides innovators with access to privacy-compliant financial data sets.

In the last year, we received 52 applications to our regulatory sandbox programme, 46 to the digital sandbox, and 79 applications to our Innovation Pathways service. In October we published a report on the support we have provided to firms to date.

Our Digital Securities Sandbox (DSS) has accepted 6 applicants (as of end of March) since its launch last September. These include standalone Digital Securities Depositories and hybrid entities combining a trading venue and Digital Securities Depository.

Case Study

Deriskly was supported via the Digital Sandbox and Innovation Pathways. Aligned to the FCA's consumer duty, their AI-driven solution analyses consumer feedback to assess and improve the clarity of firms' financial communications with consumers, to deepen trust and increase users' understanding of complex products and terms. In the Sandbox they leveraged over 10,000 customer complaints and outcome records, as well as augmented data on financial product issues. They are now helping firms enhance customer experience and drive growth through the use of AI.

We continue to improve and evolve our Innovation Services, including in target areas such as AI and Open Finance, as well as unifying our service to improve the firm experience. We now provide a dedicated Authorisations case officer to every firm within our regulatory sandbox to help with the process of securing regulatory approval.

We launched our AI Lab to support responsible AI development and financial innovation. A Sprint and Spotlight event brought together hundreds of leaders working on AI within financial services. Our AI Supercharged Sandbox also provides a safe space for firms to test their AI propositions. As a member of the Digital Regulation Cooperation Forum, we supported its one-year pilot of an AI and Digital Hub for cross-regulatory queries. While the pilot is closed for enquiries, the case studies on the webpage continue to help firms.

Making it easier for firms to start up and grow

Our data-led Early and High Growth Oversight (EHGO) function continues to reap dividends. Since 2021, Early and High Growth Oversight has supported over 530 firms. In the commitments we made to the Prime Minister in January, we agreed to put in place 50% more dedicated supervisors to support early and high growth firms which will be in place by September 2025. This will help them better navigate the regulatory system once approved to operate.

We are providing greater support and help to firms through the authorisation process. In April, we extended our Pre-Application Support Service (PASS) to all wholesale, payments and cryptoasset firms, providing support such as pre-application meetings during their authorisation journey. Last year, over 80 firms applied to use (PASS). We also allow new insurers to test viability, operating with some restrictions for up to 12 months from the point of authorisation ('Authorised with Restrictions' (AWR)). And, we are working with the Government to explore options to update the legislative framework to allow relevant firms to conduct limited regulated activities with streamlined conditions (while they work towards full authorisation). We are also letting more firms know we are 'minded to approve' applications for authorisation when we think they can meet required standards. This should support those firms obtain funding and investment – if they can let funders and investors know that they are likely to obtain our formal approval.

Case Study

Financial Inclusion TechSprint

Ask Silver is a small UK start-up who attended our Financial Inclusion TechSprint last year, using AI to serve vulnerable customers.

Ask Silver: "The TechSprint gave us our first ever validation that we were onto something. We were introduced to key people at some of the biggest banks in the UK who we're now building alongside, but it also gave us the momentum and credibility through the demo day to secure coverage in the Daily Mail (and we've since been in the Independent, Telegraph and recorded to be on TV with BBC Rip Off Britain). We've now helped thousands of consumers and are working with some of the biggest UK banks."

We launched our AI Lab to support responsible AI development and financial innovation. A Sprint and Spotlight event brought together hundreds of leaders working on AI within financial services.

In relation to a the variation of permission (VOP) applications, Bert van Delft, Board Member, Robinhood U.K. Ltd called out:

- Quick turn-around times on our responses and follow up questions.
- Asking thoughtful questions that helped getting to the core elements of the VOP quickly and allowed us to provide accurate answers to your questions.
- Flexibility in communications in addition to email, like providing the opportunity to have meetings and showing demos with instant feedback speeding up mutual understandings and the VOP process.

We meet statutory timelines in around 99.1% of cases and will continue to improve our service. 50% of new firm authorisation applications are determined in just over four months, and 75% within seven months. We are working with the Prudential Regulation Authority (PRA) and the Society of Lloyd's on a pilot to speed up the process for authorising Managing Agents (firms that manage one or more insurance syndicates on behalf of members of a Lloyd's syndicate).

We are continuing to digitise our operations to strengthen our authorisation services and to gather higher quality data. We are rolling out simpler application forms with better guidance, supporting quicker assessment. We rolled out improved Form A (for senior management function and controlled function applications) and are testing four other improved forms. As the end of March 14% of our application forms were received on our new Gateway platform.

Strengthening wholesale market efficiency

Reforms to derivatives markets

To strengthen the resilience of and trust in commodity derivatives markets in the UK and globally, we have reformed the regulatory framework, increasing liquidity and fostering economic growth.

We introduced derivatives trading obligations to certain classes of swaps. This improves market resilience and, in turn, helps increase access to liquidity.

Victoria Webster, Managing Director of Fixed Income at the Association for Financial Markets in Europe, commented:

"... the UK's new bond transparency regime will do much to assist price formation and proof of best execution while protecting the ability of liquidity providers to appropriately manage the risks they take when dealing in larger sizes and in illiquid bonds. We have long acknowledged that establishing the correct balances between simplicity versus nuance, and sufficient transparency versus adequate protection for market makers, is crucial for a successful transparency regime."

We have also established a simpler and more timely post-trade transparency regime for bonds and derivatives markets that will support liquidity in those markets, while making sure that liquidity providers are sufficiently protected against undue risk. This regime will take effect in December 2025.

We consulted on a simplified regime for a new ancillary activities test, so non-financial firms dealing in commodity derivatives can assess if they are exempt from authorisation as investment firms, potentially reducing compliance costs.

We are seeking feedback on future reforms to equity markets, to identify potential changes that improve transparency and liquidity in our markets while preserving best execution for clients.

Bidding for consolidated tape provider for bonds

We invited bidders for the provision of a consolidated tape for bonds. We aim to authorise the consolidated tape provider in 2025. This will help market participants access good quality trade data at fair and reasonable prices, aiming to increase efficient business investment in the wider economy.

We also published our next steps for consulting on an equities consolidated tape later in 2025. We have been exploring issues such as: the costs of, use cases for, and impact on market structure of the inclusion of pre-trade data; the appropriate economic model under which the consolidated tape provider will operate; how to use the tape to tackle issues of data quality; and how to ensure the tape provider offers a reliable and resilient service.

We have continued to work with industry on a blueprint for fund tokenisation, and on a vision for how blockchain technology can help to drive operational efficiency and new avenues for distribution.

Update on T+1 Settlement cycle

We welcomed the implementation plan from the Accelerated Settlement Taskforce – on which we act as an observer – for the move to a T+1 securities settlement cycle in October 2027 (in alignment with the EU go-live date that helps in maximising the efficiency of firms operating across both jurisdictions) and urged firms to engage and plan early.

Digitising asset management to drive efficiency and competitiveness

We plan to consult on an optional alternative dealing model, Direct to Fund (D2F), for all authorised funds. This aims to support fund tokenisation by allowing investors to invest directly into the fund, without first having to invest via the authorised fund manager. This reduces regulatory and operational burdens for fund managers, while maintaining appropriate protection.

We have continued to work with industry on a blueprint for fund tokenisation, and on a vision for how blockchain technology can help to drive operational efficiency and new avenues for distribution. We will consult on further proposals to support fund tokenisation later this year.

We are a member of Project Guardian, a collaborative initiative between France, Germany, UK, Japan, Singapore, and Switzerland. As part of this we are working with the Monetary Authority of Singapore to explore the use of fund and asset tokenisation globally.

Adapting the regulatory framework for digitalisation

Responding to improvements in technology are an important part of driving modernisation of financial services and delivering productivity improvements.

Our engagement paper on the contactless payment limits sets out several ways we could give greater flexibility to payment service providers, consumers and businesses.

Our outcomes-focused Consumer Duty is intended to be future proof and supportive of innovation and digitisation. One area where we are seeking to do this is convening industry to increase the use of technology, such as electronic verification of death, to improve bereavement claim times in insurance.

Developing a regulatory framework for cryptoassets

We are developing a regime for cryptoassets aimed at delivering appropriate levels of consumer protection, market integrity and setting the regulatory framework to enable growth and for firms to be able to innovate safely. But consumers must be fully aware of the risks they face, too. As part of our crypto roadmap, over the past year we have sought views on admissions and disclosures and market abuse regime, and on new regulated activities under FSMA such as the operation of cryptoasset trading platforms, intermediary activities and staking.

We have recently published consultation papers on issuing qualifying stablecoins and safeguarding qualifying cryptoassets as well as proposed prudential requirements for these activities. Qualifying stablecoins are designed to be stable, money-like instruments used across a range of use cases. We want to set proportionate standards for stablecoins and ensure these have the right protections in place, to protect consumers, support stability and ensure both retail and institutional holders can trust them. We are proposing to regulate the issuance of qualifying stablecoins differently from other activities associated with qualifying cryptoassets to reflect our view of the different risks associated with each.

As crypto markets evolve and the relevant regulatory framework continues to evolve, we have also outlined in a quarterly consultation paper on our proposals to lift the ban on retail access to certain cryptoasset exchange traded notes (cETNs). Our financial promotion rules will apply to cETNs so consumers get information on the risks and are not offered inappropriate incentives to invest.

Increasing competitiveness

Boosting the attractiveness and competitiveness of the UK economy means making the regulatory environment more predictable and more proportionate.

The UK's financial services are a significant direct contributor to the economy, together with related professional services, generating £307 billion or 12% of our national output in 2024. Within this, financial services produced £214 billion directly and related professional services produced £92 billion. In the last quarter of 2024, 1.2 million people were employed in financial services in the UK. (Source: City of London Corporation analysis of Office for National Statistics (ONS) data; ONS).

Consumer Duty rule review

As part of our work to streamline our rules, reduce burdens on businesses, and improve outcomes for consumers, we have outlined an ambitious programme of action to simplify our requirements of firms under the Consumer Duty, including our expectations for mortgages and lending, and to explore how we can simplify communications about savings accounts. Later this year we will pilot an approach to offering small firms dedicated guides to understand our requirements in one place. We removed the expectation that firms appoint a Consumer Duty Board champion in February. (See also 'Putting growth and competitiveness at the heart of the FCA approach – Reforming our supervisory model').

Reducing red tape and regulatory burdens for firms

We are working to reduce regulatory burden for firms in the wholesale markets. For example, we introduced an additional option for MiFID investment firms and pooled funds to make it easier, for smaller firms especially, to procure investment research across borders. We consulted on simplifying the capital requirements for FCA investment firms, reducing the volume of legal text by approximately 70%.

We published our discussion paper on improving the UK transaction reporting regime, aiming to simplify the current rules and improve data quality while reducing reporting burdens, to bolster the competitiveness of the UK's financial markets globally.

We consulted on simplifying the UK's European Market Infrastructure Regulation (EMIR) equity options, allowing UK firms to stay competitive with firms in other major markets. We aim to consult by the end of 2025 on simplifying rules relating to securitisation in the UK, such as transparency and due diligence requirements.

In May, we started consulting on simplifying conduct requirements for commercial and retail insurance firms. We also requested views on further proposed changes to simplify our rules for insurers and funeral plan providers following our Consumer Duty Call for Input. Proposals involve removing some rules or making them more flexible, reducing costs while still protecting consumers appropriately.

Reforms to the Senior Manager and Certification Regime (SM&CR)

We and the PRA will be consulting to improve the efficiency and effectiveness of the SM&CR. We are also working with HMT on reforms that may need legislative changes that would allow us to further streamline the regime.

Reforming the remuneration regime

We collaborated with the PRA on a consultation to make our remuneration regimes more effective and to remove unnecessary duplication across regulators.

We have started a review of our three remuneration codes for solo-regulated firms, which cover alternative asset managers, retail (UCITS) fund managers and many investment (MiFID) firms. We are engaging widely, including with industry bodies, to understand the value and costs of these codes, including their impact on growth. We will consider the future shape of these codes based on this review.

Modernising asset management

We are streamlining asset management requirements. For example, we have provided continuity to firms by proposing to transfer the firm-facing requirements of the MiFID Organisational Regulation into the FCA's Handbook and also inviting feedback on conduct and organisation rules. Once the firm-facing requirements are restated into our Handbook, we will consider how to make the rules better suited to the UK in the future.

We proposed making it simpler for new entrants and for existing firms to grow with our call for input on future regulation of alternative investment fund managers (AIFMs).

We are consulting on simplifying reporting requirements for funds' assessments of value, to help streamline the regulatory requirements and reduce costs for UK asset managers, boosting competitiveness.

We also supported greater competition and more choice for investors by opening the overseas funds regime gateway, allowing certain retail investment funds established abroad to be promoted in the UK, including to retail clients.

As of 31 March 2025, we have recognised 56 standalone schemes and 119 umbrella schemes with 1,758 sub-funds within these. Although we have two months in which to take a decision on these applications, we are averaging decision times of under one month.

Pursuing a proportionate approach

Sometimes, deciding not to do something (or to do it differently) can help advance our secondary objective as much as more obvious reforms.

We decided not to take forward new rules on diversity and inclusion reporting, targets or strategies. We recognised there is currently an active policy and legislative agenda around equality and gender, disability and ethnicity, being led by Government. While diversity can support the competitiveness of UK financial services over the medium- to long-term, not least by ensuring firms can access the widest possible pool of talent, many respondents to our consultation wanted us to align our regulatory approach instead with such initiatives, to avoid duplication and unnecessary costs.

We paused the Compensation Framework Review, pending ongoing work in the consumer investment space.

We are consulting to retire our guidance for firms supporting their existing mortgage borrowers impacted by the rising cost of living.

We took action to implement the feedback from our independent statutory panels that challenge and advise our work. For example, our 'Consumer Support Outcome: good practices and areas for improvement' explored areas of organisations' practices which were suggested by our Consumer Panel. Our 'Complaints and root cause analysis: good practice and areas for improvement' reflected feedback from the Smaller Business Practitioner Panel that smaller firms should be identifying other ways to capture insights due to the relatively fewer number of complaints that such firms tend to receive. In response to the Smaller Business Practitioner Panel's feedback, we are prioritising proportionality, including exploring how we can simplify firm requirements, and a plan to pilot guides to support smaller firms in understanding our regulatory requirements.

Certainty and predictability

Certainty and predictability in regulation underpins confidence for firms and their investors, that may otherwise have the potential to hold back investment and innovation.

An effective and efficient redress framework gives consumers confidence to participate, knowing that when things go wrong, the regulatory and legal framework will encourage firms to put things right. We published a joint Call for Input with the Financial Ombudsman Service (FOS) setting out proposals for modernising the redress system and are taking this work forward with FOS and the government.

We work closely with the FOS to manage potential material redress issues through the Wider Implications Framework (WIF), the Terms of Reference of which have been updated to give stakeholders more opportunities to engage. We have also updated our Memorandum of Understanding with the FOS to improve how we work together.

Promoting the UK

Our international work is central to our 5-year Strategy and our focus on growth and competitiveness. We are working to implement the Berne Financial Services Agreement (which is due to be implemented by the end of 2025, and enter into force shortly thereafter). We will support the Government's negotiation of any future financial services components of UK Free Trade Agreements, ensuring the appropriate regulatory and supervisory cooperation is in place.

We remain committed to our leadership in, and membership of, the International Organisation of Securities Commissions and the Financial Stability Board (FSB). This is to ensure high global standards, providing a basis for a level playing field and UK exports.

We are working with the Government to establish a service aimed at promoting the UK as a destination for global financial services.

Recognising that major international investors want easier access to us, we are establishing a presence in Asia-Pacific to support this service, and are considering other opportunities.

Annex 1: 6-month progress on actions in PM letter

Annex 2: How any rules and guidance made have advanced our operational and secondary objectives from the end of FY 2023/24 to FY 2024/25

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