Proskauer

The FCA's Agenda for UK Asset Management

Regulatory & Compliance on **June 3, 2024**

Background

On 23 May 2024, Ashley Alder, the Chair of the UK Financial Conduct Authority ("**FCA**"), delivered a speech which outlined the regulator's agenda for the asset management sector (the "**Speech**"). In particular, the Speech covered how regulation relates to the FCA's new objectives for competitiveness and growth.

Key Points

The key points in the Speech included:

- **Smarter Regulatory Framework:** The FCA are currently reviewing and potentially replacing European Union ("**EU**") law including UCITS, AIFMD, and parts of MIFID. Initial feedback to the FCA's discussion paper on the future of asset management (which we wrote about here) has indicated a desire to remain broadly aligned with EU law (particularly in relation to retail funds), but the FCA sees significant potential for more proportionate regulation for alternative managers.
- **Private Finance, Non-Bank Financial Intermediation ("NBFI") and Valuations:** Given the rapid expansion of global private finance, the FCA is thinking further about the tools / data needed to effectively supervise NBFI. In addition, the FCA is undertaking domestic supervisory work in relation to valuations and is co-leading a workstream on leverage in the non-banking sector for the global Financial Stability Board.
- **Retail Investments**: The FCA welcomes the revocation of the PRIIPS Regulation and plans to consult on a new regime that is proportionate and tailored to the market / products in the UK, which allows firms to design a more engaging consumer journey.
- **Sustainability Disclosure Requirements ("SDR"):** The FCA has aimed to create a system for confident investing in sustainable products, ensuring firms' sustainability claims are genuine. International interoperability has remained a key priority and the FCA will continue to work with HM Treasury as it considers extending the disclosure and labeling regime to overseas funds. Please refer to our

dedicated article on the SDR here.

- **Innovation:** Fund tokenisation is a special area of focus for the FCA. The FCA are collaborating with the industry-led Technology Working Group of the UK Government's Asset Management Taskforce, to develop models within existing frameworks and keep its regulations updated to support these innovations. Please refer to our dedicated article on fund tokenisation here.

Conclusion

As flagged in the Speech, the FCA will continue to advance its primary operational objectives and weigh up which of them could advance growth and competitiveness. Market participants should continue to monitor updates to the areas of focus flagged by the FCA. For further information, please reach out to the Proskauer UK Regulatory team.

View original.

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