



## ***UK Financial Insights from Katten***

January 2024

### **UK Regulators Consult on Operational Resilience for Critical Third Parties**

*By Nathaniel Lalone, Ciara McBrien*

On 7 December 2023, the Bank of England (BoE), Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) (together, the Regulators) published a joint consultation paper on operational resilience for critical third parties (CTPs) in the UK financial sector. In the consultation, the Regulators propose new rule requirements and accompanying expectations for CTPs. [Read about CTP designation.](#)

### **FCA Publishes Consultation on UK Overseas Funds Regime**

*By Ciara McBrien, Neil Robson, Christopher Collins*

On 4 December 2023, the FCA published a consultation (CP23/26) on the implementation of the UK's overseas funds regime (OFR). The OFR is a new statutory framework that is intended to provide non-UK domiciled funds with a more streamlined route to become eligible to be marketed to UK retail investors. There are currently two potential routes available for overseas funds to market to UK retail investors — European Economic Area (EEA) undertakings for collective investment in transferable securities (UCITS) and "individual recognition" under the Financial Services and Markets Act 2000 (FSMA). [Read about the OFR.](#)

### **Thomson Reuters - Regulatory Intelligence Discusses AIFMD II With Neil Robson**

In an article in *Thomson Reuters - Regulatory Intelligence*, Financial Markets and Funds Partner Neil Robson helped break down the European Council's final compromise text of the revised Alternative Investment Fund Managers Directive (AIFMD II) and UCITS amendments, and what it means for managers of hedge funds, private equity funds and investment funds. [Read about Neil's comments.](#)

### **FCA Publishes Update on UK Market Share Test for Ancillary Activities Exemption 2024–2025**

*By Carolyn Jackson, Ciara McBrien*

On 20 December 2023, the FCA published a statement providing an update on the ancillary activities exemption (AAE) for commodity derivatives for 2024–2025. The AAE enables firms

carrying on investment services and activities relating to commodity derivatives and emission allowances on an “ancillary” basis to their main business to not be required to be authorized by the FCA. [Read about the AAE update.](#)

## **FCA Consults on UK Commodity Derivatives Regulatory Framework Reform**

*By Carolyn Jackson, Ciara McBrien*

On 4 December 2023, the FCA published a consultation paper (CP23/27) on reforming the UK commodity derivatives regulatory framework. CP23/27 sets out the FCA’s proposals regarding commodity derivatives, including position limits, the exemptions from those limits, position management controls, the reporting regime, and the ancillary activities test (AAT). [Read about the FCA’s reforms.](#)

## **UK Regulators Publish Policy Statement on Margin Requirements for Non-Centrally Cleared Derivatives**

*By Carolyn Jackson, Ciara McBrien*

On 18 December 2023, the FCA and the PRA published a joint policy statement on the UK’s bilateral margin requirements for non-centrally cleared derivatives under the onshored European Market Infrastructure Regulation (UK EMIR). The Policy Statement contains the FCA and PRA’s final policy in the form of amendments to Binding Technical Standards (BTS) 2016/2251. [Read about the bilateral margin requirements.](#)

## **The UK Information Commissioner's Office Launches Consultation on Generative AI**

*By Trisha Sircar*

On 15 January, the UK's Information Commissioner's Office (ICO) launched a consultation series on generative artificial intelligence (AI), examining how aspects of data protection law should apply to the development and use of the technology. The first consultation will explore the legality of training generative AI models on personal data scraped from the internet. The initial consultation period closes on 1 March. [Read about AI regulation.](#)

## **European Commission Upholds 11 Existing Adequacy Decisions**

*By Trisha Sircar*

On 15 January, the European Commission published a [report](#) that confirmed that the data protection standards in Andorra, Argentina, Canada, the Faroe Islands, Guernsey, the Isle of Man, Israel, Jersey, New Zealand, Switzerland and Uruguay satisfy equivalency to the EU General Data Protection Regulation (GDPR). Accordingly, the adequacy decisions adopted for these 11 countries and territories remain in place and personal data can continue to flow freely to these jurisdictions. The European Commission will continue to monitor relevant developments as part of the GDPR’s requirement to review adequacy decisions periodically.

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## **CONTACTS**

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