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UK Financial Insights from Katten

April 2024

FCA Proposes ‘New’ Option for Investment Research Payments – Back to Bundled Payments?

By Neil Robson, Sara Portillo

On April 10, the Financial Conduct Authority (FCA) published a consultation paper proposing the introduction of a ‘new’ option for investment research payments, alongside the existing two options (CP24/7). In essence, the FCA is proposing to reintroduce the concept of bundled payments for both research and execution services, which long existed in the UK before being prohibited in 2018 by the Markets in Financial Instruments Directive, as revised in January 2018 (MiFID II). [Read about Investment Research Payments.](#)

UK FCA Publishes Guidance on Social Media Financial Promotions

By Neil Robson, Carolyn Jackson, Nathaniel Lalone, Christopher Collins, Ciara McBrien, Sara Portillo

On March 26, the FCA issued its finalized guidance in relation to financial promotions on social media. The Finalized Guidance follows the FCA’s July 2023 consultation on a draft version of this guidance. Annex 1 of the Finalized Guidance contains a feedback statement to the consultation in which the FCA summarizes the feedback received and its response. The Finalized Guidance replaces the FCA’s previous guidance on social media and customer communications, published in March 2015. [Read about the Finalized Guidance.](#)

UK HMT Publishes Policy Paper on its Approach to Designation of Critical Third Parties

By Nathaniel Lalone, Ciara McBrien

On 21 March 2024, HM Treasury (HMT) published a policy paper (Policy Paper) setting out its approach to designating critical third parties (CTPs). This follows the Bank of England, Prudential Regulation Authority and Financial Conduct Authority’s (together, the Regulators) December 2023 consultation on operation resilience for CTPs in the UK financial sector (Consultation). For more information on the Consultation, please see our article available [here](#). [Read about CTPs designations.](#)

EU Leading the Way With Passing of the Artificial Intelligence Act

As if implementing rules to make USB-C ports mandatory for electronic devices was not enough, the European Union approved on March 13 the world's first major set of legislation to regulate the use of artificial intelligence (AI), the EU AI Act, which sets the global standard for AI regulations with uncertainties around the US federal bill and the UK AI (Regulation) Bill in its second reading. [Read about the Act's scope and requirements related to risk management systems.](#)

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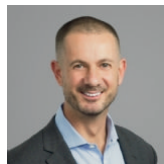
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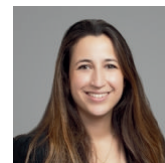
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