Regulatory Outlook

Welcome to the Regulatory Outlook, providing you with high-level summaries of important forthcoming regulatory developments to help you navigate the fast-moving business compliance landscape in the UK.

The spotlight development this month is that the Data (Use and Access) Bill has entered the "ping pong" stage, where both Houses of Parliament have to agree the wording of the bill for it to become law. AI has been the most contentious issue, which we explore further in the AI section.

May 2025

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Advertising and marketing

Advertising and marketing

HFSS advertising restrictions: government confirms brand advertising is out of scope and delays ban until 5 January 2026

In a welcome announcement for the food and drink industry, the UK government has confirmed, in a written statement, its intention to introduce secondary legislation that will explicitly exempt "brand advertising" from the advertising restrictions of less healthy food and drink on TV and online. To allow time for consultation on the draft secondary legislation, the government has also announced the delay to the formal date for the restrictions to come into force – from 1 October 2025 to 5 January 2026.

This follows industry concerns around the Advertising Standards Authority (ASA)'s implementation guidance and the government's previous statement, reiterating its view that pure brand advertising is not in scope of the incoming advertising restrictions. The government states that this clarification will enable the regulators to deliver clear guidance and assist the industry to prepare advertising campaigns with confidence.

However, advertisers and broadcasters, with the support of online platforms and publishers, have committed to the government that they will comply with the restrictions as if they were still coming into force from 1 October 2025. Therefore, the government would expect that ads for specific identifiable less healthy products will not be shown on TV between 5:30am and 9pm or at any time online from 1 October 2025. The legal clarification on "brand advertising" will land before the restrictions come into force legally on 5 January 2026, subject to Parliamentary approval.

ASA makes recommendations to influencers on disclosing ads on social media

The ASA has published a report looking at the rates at which influencers are complying with the rules on making it clear when their social media posts are ads.

The ASA used its AI-based Active Ad Monitoring System and analysed over 50,000 pieces of content on social media, from 509 UK-based accounts and 390 individual influencers, and manually assessed a representative sample.

The ASA's findings include:

- There has been some improvement in ad disclosure, but the overall rate is still lower than expected and further targeted enforcement action is needed.
- Applying an estimation based on the study findings, approximately 57% of influencer content analysed by the ASA was adequately disclosed, while 43% of influencer ads employed no disclosure at all.
- Some undisclosed ads did make some attempt to use a disclosure label (like "gifted", "pr trip", "affiliate"), but the ASA has previously ruled and the Competition and Markets Authority (CMA) has previously advised that this type of language fails to make the commercial nature of the content clear.

The ASA says that it will apply sanctions to influencer accounts that consistently and repeatedly fail to disclose, or inadequately disclose, advertising.

As a result of the findings, the ASA has provided some recommendations:

- All the parties in the advertising supply chain must contribute to ensuring that all advertising content is clearly disclosed. Influencers, brands and agencies should use platforms' own ad disclosure tools.
- Ads must be obviously identifiable as ads. ASA and CMA advice strongly recommends applying "Ad" or "#ad" to social media posts to make it clear. If influencers want to highlight the type of commercial relationship, they should put "Ad" first – for example, "Ad – Gifted", "#ad – prtrip".
- Influencers and brands cannot rely on ad disclosure in bios or other advertising posts to comply with the rules – each piece of advertising content must be disclosed as an ad.
- When advertising a brand, the ASA will find disclosure "clear by context" if the content clearly indicates that it is own brand advertising. No additional ad disclosure label will be required in that situation. If the brand name matches the name of the advertiser's account, there is a higher likelihood that ad disclosure will be considered "clear by context". However, the ASA has previously ruled that disclosure using abbreviated versions of an influencer's name is unlikely to be regarded as clear. If the names do not match, it is best to include an ad disclosure label.

Advertising and marketing

While there has been a significant improvement in ad disclosure since 2021, which the ASA attributes to its compliance monitoring and action, the ASA is also clear that further action is required. Following publication of its report on the online supply pathway of ads for age-restricted products in December last year (see this Regulatory Outlook), as well as last month's study of in-app ads (see this Marketinglaw Update) and the regulator's plans to create a set of principles that intermediaries sign up to (see below), the ASA also appears to be focusing more and more on intermediary parties in the supply pathway, such as influencers and encouraging them to ensure compliance with the rules alongside advertisers and publishers.

CAP publishes a guide to changes to the misleading advertising rules

The Committee of Advertising Practice (CAP) has published a quick guide to changes to the misleading advertising rules. It explains amendments to the advertising codes made following the unfair commercial practices provisions in the Digital Markets, Competition and Consumers Act 2024, which came into effect on 6 April 2025. The guide focuses on drip pricing, fake reviews and vulnerable consumers, as the key points to be aware of in an otherwise subtle set of changes. See this Insight and this MarketingLaw article for more information.

ASA and CAP publish annual report 2024

The ASA and CAP's annual report 2024 covers the past year's achievements and outlines plans for 2025.

Among other things, in 2025, the regulators will:

- Continue to develop the Active Ad Monitoring system, increasing the number of areas it monitors and integrating it more deeply into their work.
- Continue to ensure young people and children are protected from advertising-related harms, including by publishing the results of another Tech4Good project looking into the online supply pathway of in-app adds that objectify women.
- Publish the third project in their series of research on public attitudes to advertising, commissioned in 2024, covering the public's views on the depiction of older people in ads and to what extent certain portrayals give rise to offence or harm.
- Continue work on creating an online self-regulatory framework focused on holding advertisers to account for the creative content and placement of their ads, complemented by a set of principles, administered by the ASA, to which platforms and intermediaries agree to be held. The aim is to deliver the framework by 2026.

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Artificial Intelligence

Artificial Intelligence

UK updates

Data (Use and Access) Bill: Parliament continues to debate AI and copyright

The Data (Use and Access) bill entered the "ping pong" stage where both Houses of Parliament have to agree the wording of the bill for it to become law. AI has been the most contentious issue.

During the report stage, the House of Commons removed provisions on AI transparency, which had been added by the Lords, and which would require compliance with UK copyright law when content scraping from the internet, especially for AI purposes, and disclosure of the web crawlers used and of the sources of data used to train any AI models.

However, in an attempt to comfort the creative sector, the Commons added some provisions which would require the secretary of state to publish (i) an economic impact assessment of the four policy options in the government's consultation on copyright and AI (and, optionally, others if relevant), and (ii) a report on the use of copyright works in the development of AI systems, considering the same policy options. In particular, the report must make proposals in relation to:

- Technical measures and standards that may be used to control the use of copyright works to train AI systems and the accessing of copyright works for that purpose.
- The effect of copyright law on access to, and use of, third parties' data by developers of AI systems (for example, in text and data mining).
- The disclosure of information by AI developers about use of copyright works to develop AI systems, and how they access those works, such as by use of web crawlers.
- The granting of copyright licences for use in AI system development.

The assessment and report would have to consider the impact on both copyright owners and AI developers, and be published within 12 months of the bill becoming law.

On 12 May 2025, the bill returned to the Lords, who promptly voted to again add in transparency obligations. On 14 May, the Commons overturned the Lords' amendments. After some re-writing to try to address the Commons' objections, the House of Lords re-instated the AI/copyright transparency amendments, but the House of Commons again rejected them on 22 May.

The copyright transparency provisions are the final hurdle to passage of the bill. Parliament is now on holiday until 2 June, when the bill will be back in the Lords for their response to the Commons' latest rejection.

Children's Commissioner urges the government to ban AI apps enabling creation of sexually explicit deepfakes of children

The Children's Commissioner has called on the government to ban apps that allow users to generate sexually explicit deepfakes of children using generative AI. The call is a part of the commissioner's report exploring nudification tools and technologies around them. The commissioner is also asking the government to:

- Introduce specific legal requirements for developers of generative AI tools to screen their tools for nudifying risks to children and mitigate them.
- Provide children with effective ways to have sexually explicit deepfake images of them removed from the internet.
- Recognise deepfake sexual abuse as a form of violence against women and girls and take it seriously in law and policy.

AI Growth Zones are open for application

The government has launched a formal qualifying process for AI Growth Zones with applications welcome from regional and local authorities and industry, including data centre developers and energy firms.

AI Growth Zones are areas with enhanced access to power and support for planning approvals to accelerate the build out of AI infrastructure in the UK. Applications for designation in summer 2025 must be submitted by the end of May 2025, after which the applications process will stay open indefinitely.

Artificial Intelligence

Press regulator releases guidance on AI for journalists and publishers

One of the UK's independent press regulators, Impress, has released new guidance for journalists and publishers on the ethical use of AI. Key points for publishers are:

- **Accuracy and sources**: not to rely solely on AI tools for research purposes and to conduct human editorial review in order to ensure the accuracy of AI-generated content; not to use AI tools to create photorealistic images, videos or speech to depict real-life people or events.
- **Attribution and plagiarism**: to consider how to attribute the use of AI in an appropriate way, including clear labelling of AI-generated content; to be aware of the plagiarism risk when using AI tools.
- **Discrimination**: to be aware of AI's potential to create biased content.
- **Privacy**: not to input confidential, sensitive or commercial/proprietary information into AI tools unless using secure in-house systems with strict data protection measures.
- **Transparency**: be transparent about the use of AI, such as by including links to AI policies alongside links to privacy and other policies.

EU updates

EU AI Act: delay for the GPAI code of practice

The European Commission missed its 2 May deadline to finalise the general-purpose AI (GPAI) code of practice, with the timeline now saying only that it will be ready at some point "from May 2025". With the GPAI provisions coming into effect on 2 August 2025, developers and users will be hoping that it is finalised quickly.

EUIPO publishes report on generative AI and copyright

The EU Intellectual Property Office has issued a report on the copyright issues relating to generative AI. The comprehensive report examines how copyright-protected content is used in training AI models, the applicable legal framework, how copyright owners can reserve their rights through opt-out mechanisms, and what technologies exist to mark or otherwise identify AI-generated outputs.

The report also mentions protection for AI outputs, noting that "further reflections might also be needed on whether content generated by AI deserves protection through existing or new intellectual property rights." This is interesting because generally in EU countries, works generated solely by computers do not acquire copyright protection.

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Bribery, fraud and anti-money laundering

Bribery, fraud and anti-money laundering

Serious Fraud Office launches first 'failure to prevent' bribery prosecution

The Serious Fraud Office (SFO) has initiated a corporate prosecution against United Insurance Brokers Limited (UIBL), a UK insurance broker, for failing to prevent international bribery.

UIBL is accused of failing to prevent associates from bribing state officials in Ecuador between October 2013 and March 2016. It is alleged that UIBL's US-based intermediaries paid bribes in exchange for contracts worth USD $38 million.

Should the case proceed to trial, it will be the first instance of a "failure to prevent bribery" case brought by the SFO being heard by a jury.

Nick Ephgrave, QPM, SFO director, has previously suggested that the office would pursue a more aggressive approach to corporate crime and fraud investigations. This prosecution illustrates that the office is currently undergoing a period of proactive enforcement.

A reminder that the SFO recently published new guidance on corporate co-operation and enforcement in relation to corporate criminal offending (see our Insight for further information). Businesses that may need to self-report should carefully consider and follow the guidance.

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Competition

Competition

European Commission launches consultation for review of EU Merger Guidelines

The European Commission has initiated two consultations to gather feedback for reviewing its guidelines on horizontal and non-horizontal mergers. The Horizontal Merger Guidelines, adopted in 2004, and the Non-Horizontal Merger Guidelines, adopted in 2008, outline the core principles and factors considered by the Commission when assessing notified mergers concerning competition. The two consultations consist of a general, online questionnaire and a targeted, in-depth consultation.

The general consultation is seeking views on how the Commission should assess mergers and has sent out an online questionnaire, designed to collect stakeholder views on its approach to merger assessments. The questionnaire seeks input on the effectiveness, efficiency, relevance and coherence of the current guidelines. Stakeholders are invited to provide their perspectives on whether the Merger Guidelines require updates or amendments to ensure that the Commission's assessments adequately address issues such as competitiveness and innovation.

The in-depth consultation aims to gather detailed views on seven specific areas, supported by technical working papers on each, to build on the issues raised in the general consultation. The papers relate to competitiveness and resilience, market power, innovation, decarbonisation, digitalisation, efficiencies, public policy, security and labour market considerations.

This initiative aims to foster debate and discussion on current challenges, including the legal and economic criteria currently employed by the Commission.

The Commission has invited responses to both the general and the in-depth consultations by **3 September 2025**. Further engagement will take place through workshops and a consultation on the draft revised Merger Guidelines. The new, revised Merger Guidelines are expected to be adopted by the end of 2027.

Strategic steer for the CMA

The UK government has delivered a new strategic steer to prioritise growth while ensuring effective competition and consumer protection. This directive aims to reset the priorities of the Competition and Market Authority (CMA), to create a level playing field for businesses, by creating a more transparent, timely and responsive regulation.

The CMA's new public commitment focuses on enhancing the pace, predictability, proportionality and process of its mergers investigations, digital initiatives and consumer protection work. These efforts are designed to provide businesses with greater clarity and confidence in its operations. The government expects other regulators to demonstrate the same level of ambition.

The strategic steer is part of the government's broader commitment to regulatory reform, which includes plans to consolidate the Payment Systems Regulator (PSR) into the Financial Conduct Authority (FCA).

For more information, the strategic steer to the CMA can be found here.

Coming up: DMA Compliance Workshops

The European Commission has scheduled a series of Digital Markets Act (DMA) compliance workshops with major tech companies, including Alphabet, Amazon, Apple, Bytedance, Meta, and Microsoft, throughout June and July 2025. These workshops aim to allow business users and consumer groups to comment on compliance with the EU's tech gatekeeper legislation.

Hosted by the European Commission, these sessions will involve interested third parties to gather their views on specific issues related to the measures implemented by those designated as gatekeepers to ensure effective compliance of their core platform services with the DMA. These workshops follow the initial round held in March 2024.

In addition to these workshops, the Commission is also drafting guidance to be issued to the gatekeepers on the interplay between GDPR and the DMA, which is intended to resolve a potential conflict between the two pieces of legislation. Under the DMA, a gatekeeper needs to provide an end-user with their data in order for it to be easy for them to transfer to another platform; however, under GDPR, personal data can only be shared in a lawful, fair, and transparent manner, and with specific, explicit, and legitimate purposes.

Competition

For more information, and to register, please visit here.

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Consumer law

Consumer law

Digital Markets, Competition and Consumer Act 2024: CMA's approach to the new consumer enforcement regime

On 30 April 2025, the Competition and Markets Authority's (CMA) acting executive director for consumer protection, Emma Cochrane, delivered a speech on how the regulator is implementing its consumer protection duties under the Digital Markets, Competition and Consumer Act 2024 (DMCCA). The speech mostly reiterated the approach set out in the CMA's approach document, published after the release of its unfair commercial practices guidance, which also set out a timeline for further consultation and guidance – see this Regulatory Outlook.

Ms Cochrane said that the CMA has two core priorities over the next 12 months:

- To support compliance and help businesses "to do the right thing".
- To take action to protect consumers from harms stemming from the "more egregious practices" of some businesses, examples of which are set out in the approach document.

She also said that the CMA is monitoring how entities change their practices in light of the new legislation and that, where it has concerns about compliance, businesses can expect to hear from it. The CMA will publish its decisions on which cases to pursue, based on its public prioritisation principles, "over the coming weeks".

On implementing the "4Ps" (pace, predictability, proportionality and process), which will govern the CMA's approach to enforcement, she said that:

- The CMA will publish a timetable at the start of an investigation (pace).
- Businesses will soon be able to rely on the CMA's precedent decisions to predict how consumer law will apply in different scenarios (predictability). The CMA is also exploring further ways to give businesses clarity on conduct that does not infringe the law, especially in areas where there is no legal precedent.
- In determining the level of any penalty, the CMA will take account of proactive steps businesses have taken to correct wrongdoing (proportionality).
- The CMA intends to implement a process which works for businesses of all sizes (process).

Businesses can therefore expect assistance with compliance where they engage with the CMA, rather than enforcement, over the next 12 months (except for the worst infringements), but the CMA has also made it clear (in its annual plan 2025 to 2026) that it sees enforcement of consumer protection laws as instrumental to securing investment and economic growth. Once the initial 12-month period has passed, therefore, the CMA may well step-up its use of its direct enforcement powers under the DMCCA.

UK government publishes final strategic steer to the CMA

Following a consultation on the draft, which closed on 6 March 2025, the government has published its final strategic steer to the CMA. It sets out how the government expects the CMA to support and contribute to the government's overriding national priority – economic growth. The final document is in line with the draft – see this Regulatory Outlook for details.

EU

European Commission consults on consumer agenda 2025-2030

The Commission has launched a call for evidence and a public consultation on a new Consumer Agenda 2025-2030. The agenda will build on the 2020 New Consumer Agenda, outlining updated priorities and actions to tackle current and forthcoming challenges in consumer law and policy.

The consultation document lists various problems affecting consumers and businesses in the EU, including in relation to:

- New technologies and data-driven practices, sometimes leading to unfair commercial practices, such as dark patterns, misleading marketing by influencers and addictive design of digital products.
- The development of e-commerce, which has led to increased circulation of unsafe products and difficulties with enforcement against traders established outside the EU.

- A misalignment between consumers' choices and their environmental concerns due to sustainable choices not being easily available and affordable.
- Vulnerable consumers and children who face various challenges associated with new technologies, market trends and unethical practices.
- Administrative burdens and complex regulatory requirements, especially for small to medium-sized enterprises.

The agenda will complement other key initiatives in the consumer sector, such as the upcoming Digital Fairness Act, slated to address manipulative and unethical commercial practices in the digital world, reduce legal uncertainty for businesses, prevent regulatory fragmentation and facilitate enforcement. It will also seek to harness the opportunities presented by emerging technologies, including AI.

The consultation and call for evidence close on **11 August 2025**.

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Cyber-security

Cyber-security

NCSC blog on recent high profile cyber attacks on retailers

Richard Horne, the Chief Executive Officer of the National Cyber Security Centre (NCSC), published a blog post urging businesses to "face the stark reality of the cyber threat they face", following news of cyber incidents affecting UK retailers in recent months.

The NCSC previously confirmed that it is working with the affected retailers, who have reported incidents to both the NCSC and the Information Commissioner's Office. In his latest blog post, Mr Horne emphasised the importance of businesses "redoubling their efforts" in defending against and preparing for cyber attacks, which have the potential to disrupt critical services, impose financial and reputational costs, and put customers' personal data at risk.

He highlighted that effective risk management is crucial for managing cyber risks and encouraged businesses to use the freely available guidance on the NCSC website to strengthen their defences.

Effective incident response is key to minimising potential legal, financial, and reputational fallout. If you would like to discuss any of the issues raised, please get in touch with your usual Osborne Clarke contacts or our experts below to help you make the right decisions to minimise the risk to your business.

New voluntary software security code of practice

On 7 May 2025, the Department for Science, Innovation and Technology (DSIT) published a new voluntary software security code of practice for software vendors.

Co-sealed by the Canadian Centre for Cyber Security, the new voluntary code of practice sets out expectations for the security and resilience of software. It aims to support software vendors and their customers in reducing the likelihood and impact of software supply chain attacks and other software resilience incidents.

The code consists of 14 principles that software vendors are expected to implement to establish a consistent baseline of software security and resilience across the market.

The software security code of practice should be considered as part of the broader suite of cyber security guidance issued by DSIT. It should be read alongside with other applicable codes of practice, such as the cyber governance code of practice, and those relating to AI cyber security (see more in our previous Regulatory Outlook).

Download the code and access related resources on the NCSC website. See also the NCSC blog post and implementation guidance.

Russian intelligence campaign targeting western logistics and technology organisations

The NCSC and partners from ten countries (the US, Germany, Czech Republic, Poland, Australia, Canada, Denmark, Estonia, France and the Netherlands) published a new joint advisory detailing a malicious state-sponsored cyber campaign conducted by the Russian military intelligence service (Unit 261565 – also known as APT 28) against public and private organisations since 2022.

The advisory warns that the campaign targets Western logistics and technology firms, including those involved in the coordination, transport, and delivery of support to Ukraine. It also targets firms in the defence, IT services, maritime, airports, ports, and air traffic management systems sectors in multiple NATO nations.

The advisory includes advice to organisations on mitigating the malicious activity, such as increasing monitoring, using multi-factor authentication, and ensuring security updates are applied promptly.

Read the NCSC press release.

Cyber-security

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Data law

Data law

UK

Data (Use and Access) bill: Parliament continues to debate AI and copyright

The Data (Use and Access) bill has entered the "ping pong" stage where both Houses of Parliament have to agree the wording of the bill for it to become law. AI is the most contentious issue. See AI section for an overview of the Commons' and Lords' positions.

EDPB approves the extension of adequacy decisions for the UK

The European Data Protection Board (EDPB) has approved the extension of the two 2021 adequacy decisions with the UK for a period of six months, until 27 December 2025. The extension was previously proposed by the European Commission to allow time for the legislative process on the Data (Use and Access) bill to conclude. See this Regulatory Outlook.

EU

European Commission to reduce GDPR record-keeping burden for small/medium companies with fewer than 750 employees

The European Commission has published a Single Market Simplification Proposal (its fourth Simplification Omnibus package). If adopted this will, among other things, simplify the EU GDPR record-keeping obligations for small and medium size enterprises (SMEs) and "small mid-cap companies" (SMCs) with fewer than 750 employees.

The current position:

- Article 30(1) of the GDPR is the obligation to maintain records of processing.
- Article 30(5) exempts SMEs and other organisations with fewer than 250 employees (with some exceptions).
- The exemption applies only if processing is only occasional, not likely to cause risk to data subjects, and does not involve special categories of personal data or data on criminal offences.

The Commission is proposing:

- Extending the current exemption under Article 30(5) to include SMCs and other organisations with fewer than 750 employees (and which are below a certain annual turnover threshold, in the case of companies – see below).
- Changing Article 30(5) so the exemption would apply unless the processing is "likely to result in a high risk to the rights and freedoms of natural persons"; a change from the current provision which states that the exemption applies unless the processing is "likely to result in a risk" and is just occasional.
- Adding a recital which will clarify that the processing of special categories of personal data in accordance with Article 9(2)(b) (that is, in to order to meet legal obligations in employment, social security or social protection law) would not, as such, trigger the record-keeping obligation.

There would be associated amendments to GDPR Article 4 (to add definitions of micro, small and medium-sized enterprises, and for small mid-cap enterprises) and to Article 40 (codes of conduct) and Article 42 (certification mechanisms).

The Commission has recommended that the definition of SMCs to be used should cover enterprises which have fewer than 750 employees and have either an annual turnover not exceeding EUR 150 million, or an annual balance sheet total not exceeding EUR 129 million.

In a letter issued shortly before the proposal was published, the EDPB and the European Data Protection Supervisor expressed their "preliminary support" for the Commission's initiative, noting that they understand that there will be a consultation on the proposals, which will allow them to comment in more detail.

Putting in place and operating the systems necessary to properly comply with GDPR record-keeping obligations is a particular burden (and cost) for many smaller businesses, so the proposed changes will be warmly welcomed by businesses and other organisations which come within the relevant definitions.

Of course, these proposals are only for the EU GDPR, and not the UK's version, so businesses in the UK whose processing is caught by the EU GDPR will still have to comply with the more onerous UK obligations. Ironically, the previous UK government had proposed (under its Data Protection and Digital Information Bill (No. 2)) to largely eliminate the obligation to keep records under the UK GDPR unless they were likely to give rise to a high risk, but these proposals were dropped when the current government replaced it with the draft Data (Use and Access) Bill.

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Digital regulation

Digital regulation

Online safety updates

Protection of children codes of practice and guidance under OSA

Ofcom has published its protection of children statement under the Online Safety Act 2023 (OSA), which includes draft protection of children codes of practice for search services and for user-to-user (U2U) services (which are now subject to final parliamentary sign-off), and final form children's risk assessment guidance and children's risk profiles, as well as guidance on highly effective age assurance (HEAA) and guidance on what is included in "content harmful to children".

This part of the regime applies to services which are likely to be accessed by children, which will have been determined by completing a child access assessment (the deadline for which was 16 April 2025) – see our Insight for further information.

All in-scope services have until **24 July 2025** to complete and record a children's risk assessment to assess the risk of children encountering content harmful to children on their service and the impact on them. This risk assessment is an additional requirement to completing an illegal content risk assessment (the deadline for which was 16 March 2025).

From **25 July 2025**, service providers will need to have implemented the measures set out in the protection of children codes of practice (or be using equivalent effective measures to protect children and mitigate the risks to children identified in their risk assessment).

According to the codes of practice, not every U2U service has to apply HEAA to comply with their duties. For example, if a U2U service prohibits content harmful to children in its terms and conditions *and* has the ability to take down such content when it becomes aware of it, it will not need to employ HEAA. There are also carve-outs for the limited number of services for which applying any access or content controls is not currently technically feasible.

The codes and guidance are complex and services only have until 25 July 2025 to comply. Services should be aware, however, that Ofcom says that it stands ready to enforce, certainly against those services that are deliberately not engaging with child protection measures or are causing egregious harm (see item below for example).

Letter to pornography services ahead of 25 July deadline to implement mandatory age assurance requirements under OSA

From 25 July 2025, services in scope of the OSA and that allow pornography must implement "highly effective age assurance" to stop under 18s encountering pornographic content. In light of this deadline, Ofcom has written to hundreds of such services, setting out in detail what they need to do to comply with their duties under the OSA and reminding them of the consequences of non-compliance (penalties of up to 10% of qualifying worldwide revenue or £18 million, whichever is greater).

The duties under the OSA are already in force for services publishing their own pornography and Ofcom also has an active enforcement programme investigating non-compliance in place.

Ofcom consults on putting additional requirements on smaller user-to-user services likely to be accessed by children under OSA

Ofcom has published a consultation on amending its illegal content codes of practice under the OSA to expand the application of measures that allow children to block and mute user accounts (ICU J1 in the code of practice) and disable comments (ICU J2) to include providers of certain smaller user-to-user services that have certain risks and functionalities and are likely to be accessed by children.

The consultation closes on **22 July 2025**.

Statement of Strategic Priorities for online safety laid before Parliament

In November 2024, the government published its draft Statement of Strategic Priorities for online safety under the OSA, and launched a targeted stakeholder consultation that closed in January 2025. See this Regulatory Outlook for background. On 8 May 2025, the final statement was laid before Parliament.

The government has also published its response to the consultation. Overall, most respondents were broadly supportive of the priorities set out in the draft. A few stakeholders said that they would like to see the statement go beyond the measures in the OSA. However, the government said that the statement should not be used as a vehicle to request Ofcom to consider

changes beyond the OSA's framework. The OSA provides a clear scope for "online safety matters" in section 235, which requires that priorities within the statement are related to Ofcom's existing online safety functions. In response to the feedback, the government has made some minor amendments to the priorities to provide more clarity.

Senior executives potentially to face personal liability for failure to remove illegal knife-related content

The government has published its response to the consultation launched in November 2024 on "knives and offensive weapons: personal liability measures on senior executives of online platforms or marketplaces" (see this Regulatory Outlook), confirming that it will go ahead with introducing legislation to support the removal of illegal knife-related online content from platforms, marketplaces and search services. Failure to comply may ultimately lead to both the companies responsible, and their senior executives, facing penalties.

The measures the government is proposing will be added to the Crime and Policing Bill currently going through Parliament. A new system will be set up, administered by a new policing unit with national capability, which will be able to:

- Require companies to designate an appropriate senior UK-based executive. Failure to do so may result in a civil penalty notice against the company of up to £60,000.
- Issue content removal notices to companies and their designated senior executive, informing them of the illegal content and giving them 48 hours in which to remove it.
- Issue civil penalty notices of up to £60,000 for companies and up to £10,000 for the designated senior executive for failure to comply with a content removal notice, rather than face civil court proceedings.

The proposed legislation will also give online companies and designated executives the right to:

- Have content removal notices and the content in question reviewed by the police unit.
- Make representations before being issued with a civil penalty notice.

The government will also propose the following defences, where the senior executive:

- Has taken all reasonable steps to comply with a content removal notice.
- Was too new in post to be considered responsible for failing to comply.
- Had no knowledge of being named as the designated senior executive.

The measures are separate to the OSA, but complement its provisions relating to illegal content on knives and offensive weapons, according to which companies are required to assess the risk of illegal knife-related content appearing on their services and put measures in place to manage those risks.

Media Act updates

Ofcom publishes final statement on principles and methods it will apply when preparing its report on the designation of TSS

In December 2024, Ofcom consulted on a statement setting out the principles and methods it will apply when preparing its report to the secretary of state with recommendations on the designation of "television selection services", a new online availability and prominence regime for public service broadcasters' (PSBs) TV apps distributed on connected TV platforms. See this Regulatory Outlook for background.

The responses to the proposed statement were largely supportive, so Ofcom has decided to proceed with no changes.

Ofcom's statement on designation of radio selection services

Ofcom has published its statement of principles and methods that it will apply when preparing a report with recommendations to the secretary of state regarding the designation of radio selection services. Ofcom has previously consulted on the statement – see this Regulatory Outlook.

Ofcom consults on PSB quotas

Ofcom is consulting on implementing changes to the PSB quota obligations under the Media Act 2024.

The Media Act updates the regulatory framework for PSBs set out in the Communications Act 2003, which was originally designed for an age of linear TV, and allows PSBs to use their on-demand services to meet their productions quotas. PSBs each have quotas for original, regional and independent productions.

Ofcom is also consulting on guidance on which programmes will count towards the original productions quota, and on amending its guidance on regional productions.

The deadline for responses is **10 July 2025**.

EU

European Commission publishes draft guidelines on protection of minors online under DSA

The Commission has published its long-awaited draft guidelines on the protection of minors online under the Digital Services Act (DSA). The guidelines cover age verification, use of recommender systems, privacy by default, content moderation, child-friendly reporting systems, governance and user support. They therefore cover similar themes as Ofcom's child safety codes of practice (see item above). However, the EU guidelines are just guidelines, whereas Ofcom's codes of practice set out what providers need to do in order to comply with their legislative obligations under the OSA.

The guidelines are open for consultation until **10 June 2025**, and the Commission plans to adopt the final version "by the summer of 2025".

The Commission is also working on an age verification app that platforms can use as an interim solution until the EU Digital Identity Wallet is adopted by Member States in 2026.

Review of AVMSD: Council outlines its priorities for the audiovisual media sector

The Council of the EU has published its conclusions on the assessment of the legal framework for audiovisual media services and video-sharing platform (VSP) services in relation to the Commission's upcoming review of the audiovisual media services directive (AVMSD).

The AVMSD was last revised in 2018, and the audiovisual and media landscape has changed significantly since then. On 26 November 2024, the Commission informed the Council of its intention to review the AVMSD in 2026. The conclusions outline the Council's preliminary position on this review, offering the Commission guidance on the key areas to focus on.

The Council invites the Commission to:

- **Scope**: analyse the scope of the AVMSD, including assessing whether amendments are needed to make it clear that specific groups of content creators on VSPs, such as influencers, are covered.
- **Minors**: assess whether the current rules still ensure a high level of protection of minors from potentially harmful or unsuitable content on audiovisual services, and look into how the AVMSD and the DSA work together in protecting minors.
- **VSPs**: assess whether the current AVMSD rules for VSPs are sufficient to protect the public from harm and other societal risks on VSP audiovisual content and promote a level playing field, including in audiovisual commercial communications.
- **Disinformation**: engage regularly with Member States on the results of the dialogue between providers of very large online platforms under the DSA (in particular those within the definition of VSPs), media service providers and other key stakeholders, focusing on compliance with self-regulatory initiatives to protect users from harmful content, including efforts to combat disinformation.
- **Events of cultural importance**: assess if the AVMSD is still effective in ensuring broad access to events of major societal importance.

Digital regulation

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Employment, contingent workforce and immigration

Employment, contingent workforce and immigration

Reforming the immigration system: Immigration White Paper May 2025

In a significant move intended to "restore order, control and fairness" to the UK's immigration system, the government has announced a series of reforms in its Immigration White Paper May 2025. It is important to note that these are **NOT** yet in force and have to follow the required process before they become law. These intended changes are designed to address "the over-reliance on overseas workers to fill gaps in labour", ensure fair practices, and boost domestic talent and skills. Some key points for employers from the white paper:

Raising skill thresholds

One of the most impactful changes is the decision to lift the skill threshold for skilled workers back to RQF 6, which corresponds to degree-level qualifications. This move aims to ensure that only highly-skilled individuals are eligible for work visas. Additionally, salary thresholds will be increased to reflect the higher skill level required. It is also anticipated that the minimum salary threshold for skilled workers will also increase.

Immigration Skills Charge

The Immigration Skills Charge (ISC), which has not been reviewed since its introduction in 2017, will be increased by 32% to align with inflation. The funds generated from this charge will be used to support skills funding for priority sectors, helping to upskill the domestic workforce and reduce reliance on migration. It is anticipated that this change will come into force quicker than the other changes. With the ever-increasing costs of sponsoring overseas workers, employers should keep this increase in mind for new applications.

Closing the social care visa route

In response to concerns about exploitation and abuse, the social care visa route will be closed to new applications from abroad. A transition period until 2028 will allow for visa extensions and in-country switching for those already in the UK with working rights, but this will be kept under review.

Labour Market Evidence Group

To make informed decisions about the state of the workforce and the role of different policies, a Labour Market Evidence Group will be established. This group will gather and share evidence about workforce conditions, training levels and domestic labour market participation.

Workforce strategies

Key sectors, of which social care was named, with high levels of overseas recruitment will be required to produce or update workforce strategies. Employers will need to comply with these strategies, detailing steps to improve skills, training and engagement of the economically inactive domestic labour force.

Temporary Shortage List

A new Temporary Shortage List will be created to provide time-limited access to the Points-Based immigration system for occupations below RQF 6. Access will be limited to occupations with long-term shortages, justified by the Migration Advisory Committee and supported by a workforce strategy.

Employer incentives

Employers using the immigration system will be incentivised to invest in boosting domestic talent. Options to restrict employers from sponsoring skilled visas if they are not committed to increasing skills training will be explored.

Refugee employment

Reforms will allow a limited pool of UNHCR-recognised refugees and displaced people to apply for employment through existing skilled worker routes, provided they have the necessary skills and meet the requirements.

Global talent

Efforts will be made to ensure highly-skilled individuals have opportunities to come to the UK through targeted routes for global talent. This includes increasing places for research interns and streamlining processes for top scientific and design talent.

English language requirements

Employment, contingent workforce and immigration

To foster better integration and community cohesion, language requirements for skilled workers will be increased from B1 to B2 (Independent User) levels, in accordance with the Common European Framework for Reference for Languages (CEFR). Additionally, new English language requirements will be introduced for adult dependants of workers and students.

Indefinite leave to remain

The path to settlement in the UK will be made longer, increasing from five years to 10 years for individuals in the UK on Points-Based System routes. There is a suggestion that individuals who contribute to the UK economy and society will be able to reduce the qualifying period, but no information on what exactly will be taken into consideration for the reduction.

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Environment

Environment

UK Woodland Carbon Code publishes template agreements for purchasing carbon units

The UK Woodland Carbon Code team at Scottish Forestry and the UK Peatland Programme have collaborated to create template agreements for the purchase and sale of Pending Issuance Units (PIUS) and Carbon Units (CUs) from peatland and woodland projects.

These agreements are publicly accessible for use across the UK, with versions specifically tailored to each of the UK's legal jurisdictions. Their purpose is to foster market development and instil confidence among buyers and sellers. However, it is not mandatory to use these templates for Peatland Code or Woodland Carbon Code projects.

A link to the template agreements can be found on the Woodland Carbon Code website and further information is available within this short video.

UK government consults on implementation of principles for voluntary carbon and nature market integrity

The government has opened a consultation inviting feedback on the implementation of its principles for the voluntary markets where carbon and other credits are produced and purchased (excluding the UK Emission Trading Scheme).The six principles originally published by the Department for Energy Security and Net Zero (DESNZ) in November 2024 are:

1. Use credit in addition to ambitious actions within value chain.
2. Use high integrity credit.
3. Measure and disclose the planning use of credits as part of sustainability reporting.
4. Plan ahead.
5. Make accurate green claims using appropriate terminology.
6. Co-operate with others to support the growth of high integrity markets.

The consultation aims to ensure that interventions across government and the private sector create a cohesive regime for unlocking capital, whilst also clarifying regulatory responsibilities. The government will introduce these principles in a proportionate manner with the aim of aligning common processes across markets, while simultaneously acknowledging the varying maturity, scale and characteristics of different projects.

The consultation closes on 10 July 2025.

HM Treasury consults on reform of Landfill Tax

The government has invited feedback on proposed reforms of Landfill Tax in England and Northern Ireland. This follows calls for evidence on reform by the previous government at the end of 2021. The government response to these calls for evidence was published in 2023 and concluded that the current approach of applying Landfill Tax rates based on material type is outdated and does not fully align with modern waste processes.

The consultation seeks views on the following proposed changes:

- Transitioning to a single rate of Landfill Tax by 2030.
- Removing the Qualifying Fines Regime from April 2027.
- Removing the exemption for filling quarries from 2027.
- Removing the exemption for stabilisers used in dredged material from April 2027.
- Removing the water discounting scheme from April 2027.
- Increasing the rate applied to disposals at unauthorised waste sites.

The consultation closes on 21 July 2025.

Environment Principles, Governance and Biodiversity Targets (Wales) Bill announced for introduction before summer 2025

Environment

Following the Welsh government's response in January 2024 to its consultation "Securing a Sustainable Future Environmental Principles, Governance and Biodiversity targets for a Greener Wales," minister for delivery, Julie James, announced that the Environment Principles, Governance and Biodiversity Targets (Wales) Bill (EPGBT) will be introduced to the Senedd before the 2025 summer recess.

As outlined in the consultation response, the bill will seek to:

- incorporate environmental principles into Welsh law, emphasising a high level of environmental protection and promoting sustainable development;
- introduce environmental governance within Welsh law, featuring an independent body responsible for enforcing environmental regulations against public entities and
- establish biodiversity targets and obligations in Wales, aiming to reverse the decline of nature by 2030 and pursue a nature-positive agenda.

Read the full oral statement by Julie James.

Code of Practice launched for Scope 3 greenhouse gas emissions by the Voluntary Carbon Markets Integrity Initiative

The Voluntary Carbon Markets Integrity Initiative (VCMII) has published a Code of Practice for Scope 3 greenhouse gas emissions (GHG). Traditionally the hardest GHG emissions for businesses to reduce, occurring across a company's value chain (for example GHG emissions associated with the production of purchased material), the VCMII's Code of Practice aims to produce a "practical, high integrity solution".

The code provides:

- A practical step-by-step framework to help companies realise their Scope 3 decarbonisation targets;
- Strict guardrails to ensure the use of carbon credits is a temporary, transparent and accountable measure and not a substitute for decarbonisation;
- Clear disclosure requirements for companies to report their emissions gap and actions needed to help realise their net zero goals.

A further press release from the VCMII can be found here

Climate Change Committee publishes 2025 progress report to Parliament

The Climate Change Committee has published its 2025 progress report on the government's adaptation to climate change. The report reviews its Third National Adaptation Programme (NAP3) and its implementation. In short, the report summarises that:

- The UK's preparations for climate change are inadequate.
- The government has yet to change the UK's inadequate approach to tackling climate risks.
- The government must act without further delay to improve the national approach to climate resilience.

Among the most pressing risks that will reach an unacceptable level and require the proactive adaption now are: (1) increasing threats to food production by extreme weather; (2) an increasing number of properties at risk of flooding or overheating; (3) future heat posing a risk to the health and lives of vulnerable people; and (4) extreme weather more frequently disrupting key infrastructure.

The report concludes with recommendations that the government's NAP3:

- Improves objectives and targets.
- Improves co-ordination across government and integrate wider resilience efforts.
- Integrates adaptation into all relevant policies.
- Implements monitoring, data collection, reporting and evaluation across all sectors.

Environment

Government announces rapid review of local authority enforcement of fly-tipping waste offences

The government has announced a review of local authority enforcement of fly-tipping waste offences. It has indicated that the changes it is considering include:

- Using drones and mobile CCTV cameras to identify vehicles used for fly-tipping.
- Requiring fly-tippers to pay the costs of seizing and storing fly-tipping vehicles, instead of this being a cost for local authorities.
- Increasing the types of waste offences that could incur a five-year prison sentence.

The government is also considering giving the principal regulator, the Environment Agency, powers to carry out identity and criminal record checks on waste operators and increased powers to fund enforcement costs through environmental permits, revoke permits and issue enforcement notices and fines.

Planning and Infrastructure Bill moves to committee stage in House of Commons

On 11 March 2025, the Planning and Infrastructure Bill received its first reading in the House of Commons. It passed its second reading in the House of Commons on 24 March, and moved on to its committee stage on 24 April 2025.

The bill looks to bring around the following key measures;

- the removal of the mandatory pre-application consultation stage in development consent orders (DCOs), alleviating developers, in principle, from consulting prescribed bodies, local authorities, the local community and persons with an interest in the land is removed;
- allowing promoters to seek consent for alternative consent outside the Nationally Significant Infrastructure Projects (NSIP) regime;
- the removal of consultation with individuals or entities that could make a relevant claim due to the impact of a DCO ("category three persons");
- updates to the National Policy Statement (NPS) every five years, which ties in with consultations the government is undertaking around their content;
- fast-tracking legal challenges and creating more legal hurdles for their pursuit in meritless applications (for example, allowing applications to be decided at oral hearing); and
- the establishment of a Nature Restoration Fund managed by Natural England which will undertake large-scale conservation efforts, with developers making a financial contribution to the fund thereby discharging their environmental obligations.

New standards released by the UN for setting up a carbon market under the Paris Agreement

The Paris Agreement Crediting Mechanism (PACM) (also known as Article 6.4) is a carbon crediting mechanism established under the Paris Agreement which enables countries, companies and individuals to work together to reduce greenhouse gas emissions through the generation of carbon credits.

At the latest PACM supervisory body meeting, two new standards were proposed in draft form:

1. A standard for estimating emission that would have occurred without a project under PACM (the "baseline"). This includes setting downward adjustments of the baseline to help avoid over-crediting.
2. A standard for measuring any unintended increases in emissions that might have happened elsewhere as a result of a project ("leakage"). The aim is to develop methodologies that capture all potential sources of emissions related to a project.

Beyond these two standards, the PACM Supervisory Board proposed additional steps to ensure that carbon credits under PACM are "ambitious, real and verifiable." These steps include a process of consultation on how project benefits can be shared between countries as well as a renewed focus on capacity building to help countries participate in PACM.

The Supervisory Body is expected to approve the first PACM methodologies by the end of 2025.

Environment

Council of Europe new environmental strategy and protection of environment through criminal law

On 14 May 2025, the Council of Europe unveiled its new Strategy on the Environment for 2025 to 2030. This strategy aims to tackle the environmental crisis by integrating human rights into environmental policies, enhancing democratic governance, supporting environmental defenders, and prosecuting environmental crimes. It also prioritises the protection of wildlife, ecosystems and landscapes, and advocates for national recognition of the right to a clean, healthy and sustainable environment. A significant part of this strategy is the introduction of the new Convention on the Protection of the Environment through Criminal Law.

The convention's primary objective is to strengthen environmental protection by preventing and combating environmental crimes, fostering national and international cooperation, and establishing minimum legal standards for states' national legislation.

As an international legally-binding instrument, it provides a framework for states to address serious environmental crimes. The UK is among the 46 state parties to the Council of Europe.

Key features of the convention include:

- A comprehensive definition of the environment, encompassing air, soil, water, ecosystems and services, wild fauna and flora, and habitats.
- A broad range of environmental offences, allowing states to prosecute intentional acts leading to environmental disasters, including "particularly serious offences" akin to ecocide.
- Provisions addressing corporate liability, sanctions, jurisdiction, and organised crime.
- A monitoring mechanism to ensure effective implementation and accountability.

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Environmental, social and governance

Environmental, social and governance

UK

No sign of UK regulations banning products made from illegal deforestation

Under the Environment Act 2021, the UK government has the power to introduce regulations that would prohibit products resulting from illegal deforestation, similar to the EU Deforestation Regulation. Despite ongoing discussions over the past couple of years, no concrete measures have been introduced and it seems unlikely that these are to materialise any time soon.

On 30 April, a debate on global deforestation took place in the House of Commons. During this debate, numerous questions were raised regarding the timeline for introducing these regulations. However, Mary Creagh, parliamentary under-secretary for the Department for Environment Food and Rural Affairs (Defra), did not provide a specific date for their introduction. Read the full debate.

Additionally, a House of Commons Library briefing paper was published ahead of the debate. This paper highlights several parliamentary questions related to the introduction of these regulations, yet it still does not provide an indicative timeline of when the government will introduce them.

EU

EUDR risk classifications adopted

On the 22 May, the European Commission adopted the Implementing Act on the country benchmarking system under the EU Deforestation Regulation (EUDR). This classifies countries according to their risk of deforestation associated with the production of the seven commodities covered by the EUDR: cattle, cocoa, coffee, oil palm, rubber, soya and wood.

This classification is designed to help businesses perform due diligence and allow authorities to oversee and ensure compliance. The Commission also hopes the classification will incentivise countries to improve the sustainability of their agricultural practices and reduce their impact on deforestation and forest degradation.

The level of risk associated with a country, defines the extent of compliance checks that Member States' competent authorities will undertake. Additionally, sourcing from low-risk countries requires simplified due diligence, where operators and traders only need to gather information without assessing or mitigating risks.

The Annex to the implementing act sets out the low and high risk countries. All other countries not listed remain as standard risk. See information on the methodology behind the benchmarking system.

Simplification to EU CBAM

On 22 May, the European Parliament endorsed the Commission's proposal to simplify the EU carbon border adjustment mechanism (CBAM) as part of the first Omnibus simplification package.

A key change is the introduction of a new de minimis mass threshold of 50 tonnes, which will exempt 90% of importers, primarily small and medium-sized enterprises and individuals, from CBAM rules. The changes also streamline the authorisation process for declarants, the calculation of emissions, and the management of CBAM financial liability, while strengthening anti-abuse provisions.

The Council of the EU adopted its negotiating position on 27 May.

The Parliament and Council will now start negotiations to finalise the legislation.

EFRAG's work plan on proposed revision of ESRS

As set out in the EU's Omnibus Package, the European Commission intends to adopt a delegated act to revise the first set of European Sustainability Reporting Standards (ESRS), which are to be delivered by 31 October 2025.

On 25 April, the EFRAG Sustainability Reporting Board published its work plan setting out the timetable as well as contents for revision of the ESRS. From April to mid-May, they will gather evidence from stakeholders to identify actionable levers for simplification. This will include in relation to revising ESRS presentation and architecture, addressing challenging provisions, and evaluating reliefs to reduce the reporting burden. Specific focus areas include clarifying the materiality principle, tackling problematic datapoints, streamlining language using international standards, and balancing reporting effort with disclosure relevance.

After gathering evidence, EFRAG will draft amendments and publish exposure drafts by July 2025, followed by a 30-45 day public consultation and outreach events, aiming to finalise technical advice by October 2025.

European Commission call for evidence on revising the SFDR

The European Commission has published a call for evidence on revising the rules on sustainable finance disclosure (SFDR).

The Commission commenced its review of the SFDR in 2023. Although some feedback to the Commission's review indicates the SFDR has increased transparency and given investors access to detailed ESG information, other feedback suggests implementation of the SFDR is complex and costly. Therefore, the call for evidence indicates that revisions to the SFDR could:

- Simplify key concepts.
- Streamline and reduce disclosure requirements (by focusing on the most important investor information).
- Explore the case for categorising financial products that make sustainability-related claims. Product categories should be easily understandable by retail investors, accommodate different sustainability objectives and take into account current market practices in terms of available data and financial products. The Commission is examining making far-reaching changes involving the establishment of a number of categories reflecting different sustainability objectives of financial products, underpinned by common criteria (for example, products contributing to a sustainability objective, products contributing to the transition, or products contributing to other ESG strategies).

The call for evidence notes that revisions need to interact with requirements relating to the distribution of financial products and the Omnibus sustainability package that impacts the Corporate Sustainability Reporting Directive (CSRD) and Taxonomy Regulation. Comments can be made until 30 May 2025.

German Chancellor and French President call for EU to scrap CSDDD

The German Chancellor, Friedrich Merz, has called on the European Comision to scrap the Corporate Sustainability Due Diligence Directive (CSDDD). This follows on from a coalition agreement which agreed to remove Germany's Supply Chain Act (the local equivalent of the CSDDD). Mr Merz said in his statement: “We will revoke the national law in Germany, and I also expect the European Union to follow suit and really cancel this [the CSDDD] directive.”

French President, Emmanuel Macron, also called for the CSDDD to be removed completely rather than just postponed.

European Commission proposes new small mid-caps category

The European Commission has published its new "Single Market Strategy" which aims to tackle 10 of the most harmful barriers reported by businesses – the “terrible ten”: complicated business establishment and operations; complex EU rules; lack of ownership by Member States; limited recognition of professional qualifications; lack of common standards; fragmentated rules on packaging; lack of product compliance; restrictive and diverging national services regulation; burdensome rules for posting of workers in low-risk sectors; unjustified territorial supply constraints causing high prices for consumers. See our Insight for more.

To tackle complex EU rules, the Commission adopted its fourth simplification omnibus which introduces a new category of companies, small mid-caps (SMCs): companies with fewer than 750 employees; and either up to €150 million in turnover or up to €129 million in total assets. This new definition will apply to eight legislative acts including the General Data Protection Regulation, the Sustainable Batteries Regulation and the Fluorinated greenhouse gas Regulation.

The working document on this measure highlights that this will be on top of the simplification packages announced earlier this year to the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), the Carbon Adjustment Mechanism (CBAM). Therefore, this new definition, when agreed, will be applicable to these pieces of regulation as well to "benefit from tailored regulatory simplification in the same spirit as SMEs".

Delay to battery due diligence obligations and changes to F-gas regulation

The fourth simplification omnibus package also includes a proposal to delay the due diligence obligations under the battery regulations from 2025 to 2027. Guidelines on these obligations will be published a year before the requirements

take effect, giving businesses time to prepare. A consultation has been launched on this proposal and closes on 24 July 2025.

It also includes a proposal to **amend the EU F-gas Regulation** so that importers who do not exceed certain annual F-gas thresholds will no longer be required to register and exporters would only need to register if their products and equipment are subject to export restrictions.

International

Corporate reporting: International Sustainability Standards Board consults on changes to IFRS S2

On 28 April 2025, the International Sustainability Standards Board (ISSB) published an exposure draft on proposed amendments to International Financial Reporting Standard S2 (Climate-related Disclosures) (IFRS S2).

The ISSB issued its first two IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2) in June 2023, setting out requirements for an entity to disclose information about its sustainability-related risks and opportunities.

In response to challenges to the application of IFRS S2 raised by stakeholders, the exposure draft proposes additional relief and clarity on existing relief from specific greenhouse gas (GHG) emissions disclosure requirements. The amendments aim to reduce complexity and duplication so that the sustainability-related financial information that is reported is useful.

Comments on the questions raised in the exposure draft are to be received by 27 June 2025.

Code of Practice launched for Scope 3 greenhouse gas emissions by the Voluntary Carbon Markets Integrity Initiative

Please see Environment.

Please also see our latest international ESG Knowledge Update, for a round-up of legal, regulatory and market news.

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Fintech, digital assets, payments and consumer credit

Fintech, digital assets, payments and consumer credit

Cryptoassets updates

Draft legislation on cryptoassets published

On 29 April 2025, the chancellor announced the publication of draft legislation for regulating cryptoassets – the Financial Services and Markets Act 2000 (Regulated Activities and Miscellaneous Provisions) (Cryptoassets) Order 2025, bringing crypto exchanges, dealers and agents into the regulatory perimeter.

Crypto firms with UK customers will also have to meet clear standards on transparency, consumer protection and operational resilience. New specified activities (set out in the accompanying policy note) include safeguarding, stablecoin issuance and arranging deals in qualifying cryptoassets.

FCA publishes discussion paper on regulating cryptoasset activities

On 2 May 2025, the Financial Conduct Authority (FCA) published a discussion paper, seeking views on how it plans to regulate:

- **Cryptoasset trading platforms**: entities authorised to operate a qualifying cryptoasset trading platform.
- **Cryptoasset intermediaries**: including those authorised to deal in qualifying cryptoassets as principal or as agent and arrange deals in qualifying cryptoassets.
- **Cryptoasset lending and borrowing**: operating a cryptoasset lending platform and cryptoasset lending and borrowing will fall under the regulated activities of cryptoasset dealing as principal and arranging – as such, the FCA proposes specific rules for these business models.
- **Restrictions on the use of credit to purchase cryptoassets**: the FCA is exploring whether to impose restrictions on firms from accepting credit as a means for consumers to buy cryptoassets but potentially exempting qualifying stablecoins issued by an FCA-authorised stablecoin issuer.
- **Staking (the process where cryptoassets are used and locked for blockchain validation)**: regulation will aim to address technological, customer understanding and safeguarding risks.
- **Decentralised finance**: these activities will be covered by the new regime where they involve cryptoasset regulated activities and there is a clear controlling person(s) carrying on an activity.

Comments are due by **13 June 2025**, after which the FCA will consult on any proposals it intends to adopt as final rules.

BoE speech on proposed stablecoin regulatory framework

The Bank of England (BoE) has published a speech by Sarah Breeden, BoE Deputy Governor, Financial Stability, that, among other things, discusses the proposed framework for regulating stablecoins in the UK.

The BoE published a discussion paper proposing a regulatory regime for stablecoins in retail payments in November 2023 – see this Regulatory Outlook. The speech highlights three key themes arising from feedback:

- **Existing business models:** the proposed regime does not align with existing stablecoin business models whose revenues are based on interest income. In addition, the BoE's focus on "singleness of money" for stablecoins widely used for payments jars with existing use cases for stablecoins.
- **FCA regime:** the greater the divergence between the BoE's proposed regime for non-systematic stablecoins and the FCA's, the greater the challenge of transitioning into the regime.
- **Cross-border challenges**: there are concerns that if the UK's stablecoin regime differs from those being implemented in other countries, this will create challenges for cross-border business.

As it continues to develop its proposals, the BoE will maintain its focus on the singleness of money and financial stability.

Artificial intelligence

FCA summary and insights from AI Sprint

The FCA has published a summary of its January 2025 AI Sprint. Key discussions included:

- **Regulatory clarity**: participants highlighted the importance of firms' understanding how existing regulatory frameworks apply to AI and suggested areas where they could benefit from more clarity.
- **Trust and risk awareness**. Participants saw trust in AI as vital for its successful adoption – if firms and consumers felt able to trust AI, utilisation may increase.

- **Collaboration and co-ordination**: participants emphasised that all parties involved in AI, including regulators, government, financial services firms, academics, model developers and end users, needed to work together to develop solutions.
- **Safe AI innovation through sandboxing**: participants were grateful for a safe testing environment to encourage responsible innovation, suggesting that the FCA's sandboxes and innovation services could create such a space, as well as providing access to datasets for innovators to develop and improve AI solutions.

The FCA has also published a blog exploring how it is considering ways to enhance trust and clarify its rules.

FCA seeks views on new live AI testing service

On 29 April 2025, the FCA announced plans to launch a live AI testing service, as part of the FCA AI Lab, to run for 12-18 months from September 2025.

The testing service is designed to:

- Allow firms to collaborate with the FCA while they check that their new AI tools are ready to be used.
- Provide the FCA with intelligence to better understand how AI may impact UK financial markets.
- Provide regulatory support to firms who are ready to deploy consumer or market-facing AI models.

Before launching, the FCA is seeking views on how the service could help firms deploy safe and responsible AI. Feedback to the engagement paper can be submitted until **10 June 2025**. An application process is expected to open in early summer 2025.

Other updates

FCA speech on tech positive approach to support growth

On 29 April 2025, the FCA published a speech delivered by Jessica Rusu, FCA Chief Data, Information and Intelligence Officer, on the FCA's commitment to being increasingly tech positive to support growth. Key points included:

Sandboxes:

- Independent studies have found that over 90% of firms that engaged with the FCA's Innovation direct support and advice services became authorised.
- While the success rate for FinTech firms can be mixed, 80% of Regulatory Sandbox firms are still in operation.
- FCA Sandbox firms are 50% more likely to raise funding than their peers and, on average, raise 15% more in investment.

Advice guidance boundary review: using a six-week Tech Sprint, the FCA has worked with firms to test a future set of rules relating to a simplified advice service and targeted support (in advance of launching a consultation). This approach helps firms develop new ways to support consumers, while ensuring that the FCA develops a data-driven and effective policy framework.

Open finance: tech sprints are playing a role in developing the open finance regulatory framework – outputs will inform policy testing, leveraging experimentation to accelerate towards the future of open finance.

AI policy: the FCA does not consider that new rules are necessary for AI – rather, it considers its existing frameworks, particularly the Senior Managers and Certification Regime and the consumer duty, provide sufficient "regulatory bite".

Live AI testing: the FCA is launching a live AI testing service as part of its AI Lab (see above).

The Treasury Committee launches new finfluencer inquiry

The Treasury Select Committee has updated its current inquiries webpage to reflect the launch of a new inquiry on finfluencers.

In October 2024, the FCA announced the targeted action it was taking against finfluencers who were potentially promoting financial services products illegally. See this Regulatory Outlook.

The FCA set out its expectations of firms and others (including finfluencers) in its March 2024 social media guidance. See this Insight.

Payments

Draft Payment Services and Payment Accounts (Contract Termination) (Amendment) Regulations 2025

On 28 April 2025, HM Treasury published draft Payment Services and Payment Accounts (Contract Termination) (Amendment) Regulations 2025, which:

- Aim to strengthen protections against debanking, providing customers with more time to challenge decisions and find alternative payment service providers (PSPs) if their account is closed or their payment service terminated.
- Amend regulation 51 of the Payment Services Regulations 2017 and introduce new regulations 51A to 51D.

Proposed changes would apply to framework contracts for payment services concluded for an indefinite period and entered into on or after 28 April 2026 (when the legislation is expected to come into force), and include:

- Extending the minimum notice period for contract terminations from two months to 90 days.
- Requiring PSPs to provide sufficiently detailed and specific explanation for contract termination.

Certain exceptions are provided for (for example, to enable PSPs to comply with financial crime obligations). The FCA will update guidance relating to contract terminations in its payment services and electronic money approach document to reflect legislative changes. The draft regulations are awaiting Parliamentary approval.

FCA review of international payment pricing transparency under consumer duty

On 1 May 2025, the FCA published its findings following a review into how firms communicate the cost of international payments, having noticed differences in firms' transparency on the cost of international money remittance and cross-border payments.

In the light of these concerns, and the consumer duty coming into force from 31 July 2023, the FCA reviewed a sample of firms to assess whether their communications gave clear pricing information before a transfer was initiated. The FCA found that:

- Transaction fees were not always clearly displayed.
- Additional fees, such as those charged by intermediary banks, were often not displayed up front.
- It was not always clear that fees could vary.
- Relevant information for consumers was not always easy to find.

Following its review, the FCA has shared examples of good and poor practice, so firms can improve their communications and deliver better outcomes for retail customers. Future work in this area to understand what improvements have been made is likely.

PSR policy statement on decision to revoke Specific Direction 3 and consultation on revoking Specific Direction 2

The Payment Systems Regulator (PSR) has published a policy statement and consultation paper setting out its decision to revoke Specific Direction 3 (SD3) on competitive procurement of central infrastructure (FPS) and Specific Direction 3a (SD3a) (which varies SD3), and consulting on revoking Specific Direction 2 (SD2), which relates to BACS.

The PSR believes that revoking SD3 and the legal obligations it imposes will provide the necessary space and certainty to progress the task given to it and the BoE by the National Payments Vision of reassessing the requirements for retail payments infrastructure and strengthening the governance and funding arrangements needed to deliver this.

The consultation closes on **5 June 2025**.

The PSR has published the Specific Direction it has given to FPS revoking SD3 and SD3a. It came into force on 21 May 2025.

Consumer Finance

FCA policy statement on new regulatory reporting return for consumer credit firms

The FCA has published a policy statement setting out its final rules relating to a new regulatory reporting return for consumer credit firms who engage in one, or more, of the regulated activities of credit broking, debt adjusting, debt counselling and providing credit information services.

The new return aims to make the FCA's expectations of firms clearer, using common industry terminology to help understanding. The FCA consulted on the rules in September 2024. Overall, the feedback was positive with most

comments pertaining to the scope of the data elements and clarifying the FCA's expectations. In response to feedback, the FCA has reduced the number of questions asked in the return by 27%. It has also made changes to make its rules clearer and more effective.

The new return has five mandatory sections for firms to complete followed by tailored questions specific to their permissions. These will ask for data about:

- Permissions.
- Business model.
- Marketing.
- Revenue.
- Staff.

The statement confirms the changes to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC), Client Assets sourcebook (CASS) and Supervision manual (SUP), which are set out in the Consumer Credit (Regulatory Reporting) (Amendment) (No 2) Instrument 2025. It came into force with immediate effect on 7 May 2025.

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Food law

Food law

UK/EU summit - Sanitary and Phytosanitary agreement

On 19 May 2025, the UK and EU summit took place where it was announced that a UK-EU Sanitary and Phytosanitary (SPS) agreement (also known as a veterinary agreement) would be established. This will aim to streamline the movement of agrifood products between the UK and the EU and reduce border controls and checks for businesses. Key points of the agreement include:

- Removal of export health certificates.
- Removal of plant health certificates.
- Removal of certificates of inspection for organic products.
- End of routine border checks on agrifood products.
- Removal of routine checks on certain imports from the EU.
- Resumption of trade for previously banned British products, meaning fresh sausages, burgers, certain shellfish, and seed potatoes will be able to resume trade to the EU.
- Easier movement of goods between GB and NI by reducing paperwork and checks due to the removal of SPS and other requirements. Reports have also suggested that the SPS agreement could do away with the "Not for EU" labels which are required for those agrifood products moving to Northern Ireland under the Windsor Framework agreement. It should be noted that until an SPS agreement is concluded and applied, the SPS arrangements under the Windsor Framework will continue to apply.

The main element of the SPS agreement, which is causing significant discussion, is the requirement for "dynamic alignment." This means that the UK will likely need to follow EU food standards. There are currently no details on how this will be implemented.

The common understanding document suggests that the SPS Agreement should include a short list of limited exceptions to dynamic alignment. These exceptions could potentially exclude certain areas from the agreement's scope, and it will be interesting to see what they are.

Although the government has stated that negotiations are ongoing and it has not yet fully agreed to EU rules, many believe that the EU is unlikely to reduce border checks unless the UK agrees to dynamic alignment.

For businesses operating in both the UK and EU, the SPS agreement will probably be welcomed: with fewer checks being required and the need to navigate only one set of standards required by the dynamic alignment. However, an agreement is yet to be reached, and many details on how this will work are still to be determined, meaning businesses will need to stay informed about these developments.

Regulations to simplify approval for precision bred plants in the UK enacted, but will they survive the UK/EU summit?

The Genetic Technology (Precision Breeding) Regulations 2025 are set to come into force on 13 November 2025.

As previously reported, the Genetic Technology (Precision Breeding) Act 2023 establishes a new regulatory framework to facilitate the use of precision bred organisms (PBOs) in England. The Genetic Technology (Precision Breeding) Regulations 2025, which apply exclusively to precision bred plants, have now been enacted and will come into force on 13 November 2025.

However, in light of the recent UK/EU summit as reported above, the news of an SPS agreement leaves the future of these regulations unclear. The SPS agreement will require dynamic alignment, which means the UK will need to follow EU standards. This means the UK may need to adjust its regulatory approach to match that of the EU, provided the EU continues with its gene editing plans. Read our Insight for more.

Changes to the Soft Drinks Industry Levy

A consultation has been launched on changes to the soft drinks industry levy (SDIL). Changes being put forward are as follows:

- To reduce the minimum sugar content at which the SDIL applies to qualifying drinks from 5g to 4g. The SDIL standard rate would apply from 4g to 7.9g total sugar per 100ml, as opposed to 5g to 7.9g total sugar per 100ml currently.
- To remove the exemption for milk-based drinks while introducing a "lactose allowance" to account for the natural sugars in the milk component of these drinks.
- To remove the exemption for milk substitute drinks with "added sugars" beyond those sugars derived from the principal ingredient, such as oats or rice.

The consultation closes on 21 July 2025.

HFSS advertising restrictions: government confirms brand advertising is out of scope and delays ban until 5 January 2026

Please see Advertising and marketing.

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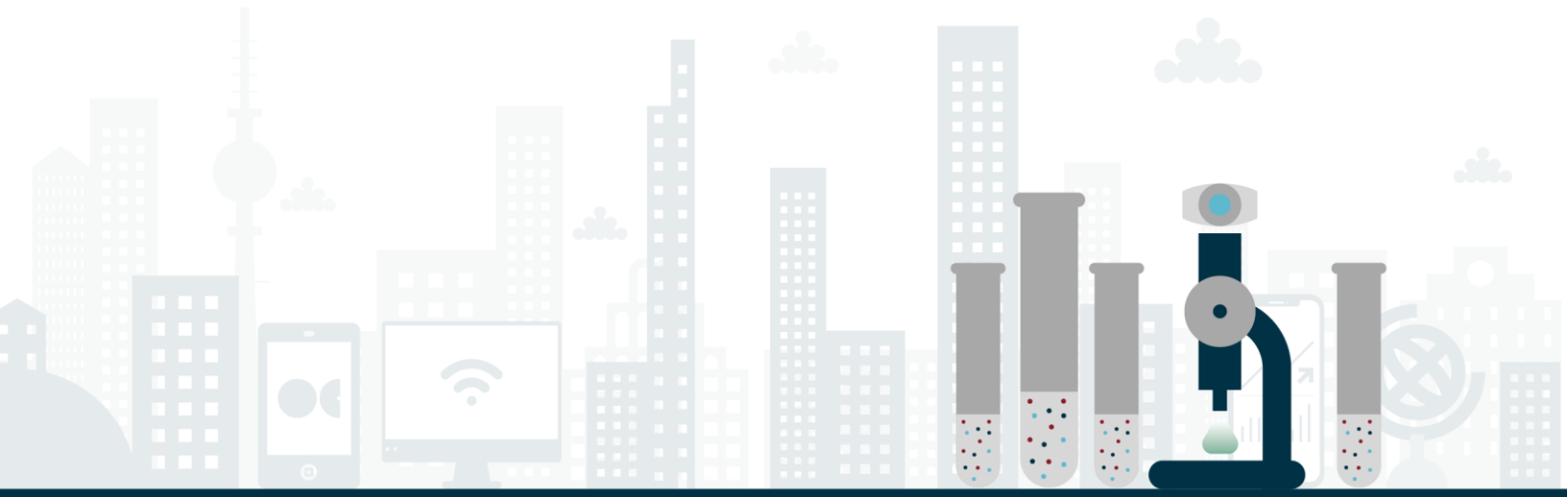

Health and Safety

Health and Safety

Mental Health Awareness Week

The 12-18 May was Mental Health Awareness Week. The Health and Safety Executive (HSE), in line with this, again promoted its Working Minds campaign and urged businesses to implement or revisit the "5Rs":

- Reach out and have conversations
- Recognise the signs and causes of stress
- Respond to risks by agreeing action points
- Reflect on the actions taken – have things improved?
- Make it Routine to check in regularly and review how things are going.

As part of the campaign and coinciding with Mental Health Awareness Week, the HSE has also issued a new online learning module for businesses on risk assessments for stress. This provides information on:

- what to include in a risk assessment;
- identifying and addressing the root cause of issues; and
- shifting focus from individual to organisational solutions.

This can be accessed here.

Mental Health Awareness Week serves as a timely reminder for businesses to implement measures that mitigate the risks associated with mental health, particularly given the rising instances of work-related stress. The HSE is increasingly focused on promoting its Stress Management Standards and it anticipates there being a move towards enforcement action against businesses who are not considering the issue in the future.

Building safety

MPs have urged the government to review how it can best support the Building Safety Regulator (BSR) to reduce delays in building safety approvals. The House of Commons' Housing, Communities and Local Government Committee wrote to the housing secretary and building safety minister stating it was "clear that improvements need to be made both to the operating efficacy of the Regulator, as well as the quality of building control applications which are submitted for its review".

In a written statement to parliament, the minister for building safety, Alex Norris, has confirmed that Ministry of Housing, Communities and Local Government is "exploring all possible options" to ensure the BSR can handle the high demand of applications and that the BSR is conducting a "systematic review of all its building safety guidance" to identify where improvements are needed. The statement came shortly before key findings of the Housing, Communities and Local Government Committee were published on the government's response to the Grenfell inquiry Phase 2 report. In addition to reviewing how to support improvement in the BSR's operations and addressing delays to BSR sign-off "as a priority", the committee's recommendations included:

- creation of a national oversight mechanism to oversee implementation of recommendations from public inquiries, to be considered as part of the upcoming "Hillsborough Bill";
- explanation of how the government will address developers' concerns around the potential impact of the Building Safety Levy on housing supply and a revised estimate of how much the levy will raise after any adjustments, with shortfall to be made up "preferably" through developer contributions; and
- the proposed new independent panel of building control should be given statutory footing and lay out a plan to drive recruitment of building control professionals.

The BSR has itself highlighted the poor quality of the applications submitted, stating that 44% of Gateway 2 applications are rejected at the validation stages for missing basic information and documentation. Of those validated applications,

70% are rejected due to non-compliance with building regulations. In terms of processing times, the BSR have advised that these have reduced to 16-17 weeks for higher-risk projects and 10 weeks for lower-risk work (the statutory time limits for the BSR to undertake these reviews are 12 weeks and 8 weeks respectively).

Paddleboard business owner sentenced for gross negligence manslaughter

A paddleboard business owner, Nerys Lloyd, has been sentenced to 10 years and six months in prison for gross negligence manslaughter following the deaths of four individuals in October 2021. Lloyd admitted to the charges on 5 March 2025, including one count under the Health and Safety at Work Act.

Despite severe weather warnings and heavy flooding, Lloyd proceeded with a paddleboarding trip without checking the hazardous conditions of the weir, providing a safety briefing, or informing participants of the dangers. This negligence led to the deaths of four participants by drowning. It was also found that Lloyd did not hold the correct qualification to lead such a tour.

The investigation by Dyfed-Powys Police and the HSE found Lloyd's gross negligence in planning and executing the trip.

This case underscores the severe consequences of safety failings in business operations. Gross negligence manslaughter can be prosecuted when actions or omissions result in a breach of duty of care, leading to foreseeable risk of death. The conviction serves as a reminder to all businesses of the importance of adhering to safety regulations and managing risks.

Acquittals in health and safety cases: HSE ordered to pay defendants costs

The HSE has been ordered to pay £587,382.76 in defence costs following a court decision that the prosecution was brought with insufficient evidence. The case involved a tower crane collapse in Crewe on 21 June 2017, resulting in the deaths of three employees where the HSE prosecuted Falcon Cranes, alleging that they had defendant failed to appoint an "Appointed Person" (AP) to oversee the crane erection. These costs were awarded under section 19(1) Prosecution of Offences Act 198.

The defendant, a tower crane supplier, was accused of breaching sections 2 and 3 of the Health and Safety at Work etc Act 1974. The prosecution claimed the defendant failed to appoint an AP, but the defendant maintained it had appointed an AP.

During the trial, the AP identified by the defendant reversed his initial denial, confirming he was indeed appointed and had carried out similar jobs. His testimony led to the HSE conceding there was no evidence against the defendant, resulting in an acquittal. The defence argued that the HSE's prosecution was flawed, and the court agreed, criticising the HSE's investigation and decision-making process. The awarded costs were deemed reasonable, reflecting the serious nature of the case and the distress caused to the defendant.

Four businesses acquitted in fire safety trial

Four businesses have been acquitted of a fire safety prosecution brought by the fire service for a fire that occurred at a retirement village in August 2019. What was supposed to be an eight-week trial ended on day two, after the prosecution offered no evidence. All four defendants argued the expert evidence was inadmissible, claiming it lacked independence, impartiality and competence. The prosecution accepted these points and therefore conceded.

This case illustrates the importance of ensuring evidence put forward by the prosecution is both reliable and credible and demonstrates the benefits of challenging the admissibility of evidence.

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Modern slavery

Modern slavery

German Chancellor and French President call for EU to scrap CSDDD

Please see ESG.

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Products

Products

Jump to: General / digital products | Product sustainability | Life Sciences and healthcare

UK

Call for views launched on enterprise connected device security

The government has launched a call for views on the security of enterprise connected devices. "Enterprise connected devices" (or "IoT devices") are devices used by businesses and organisations such as office printers, internet-connected telephones, building entry systems and room booking systems.

In 2022, the government created 11 principles to guide manufacturers in the secure design of enterprise connected devices, but awareness of the principles has been low. Therefore the government is now proposing to turn the principles into a new voluntary Code of Practice for Enterprise Connected Device Security on which it is seeking views. This code aims to guide manufacturers in designing secure devices and includes guidelines on updates, authentication, data protection, device integrity, and more.

Subject to feedback, following the publication of the code, the government will then look to take the following next steps:

- Creating a voluntary pledge that manufacturers can sign up to and require them to publicly commit to showing measurable progress against some (or all) of the principles outlined in the code.
- Creating a new global standard based on the code, similar to ETSI EN 303 645, which currently exists for consumer IoT devices.
- Introducing new legislation, which could be done via an update to the Product Security and Telecommunications Infrastructure Act 2022 (PSTIA) to broaden the scope of the PSTIA regime to cover both consumer and enterprise devices.

The call for views closes on 7 July 2025, after which a government response with an overview of the key themes will be published.

RIO delivers latest round of funding for regulators to increase innovation and cut red tape

On 22 May, the government announced that the fourth round of the Regulators' Pioneer Fund opened. The aim of this funding is to "help bring innovations in critical sectors such as healthcare and transport to market quicker" and to cut red tape. Building on the success of 24 previously-backed projects, including AI to boost clinical trials, drones for emergency medical deliveries, and pioneering regulatory guidance to expedite access to innovative medicines and treatments, the government claims this round continues to support its Plan for Change by speeding up access to new technologies that will enhance public services.

With a total funding of £5.5 million, this round is intended to support regulators and local authorities across the UK in key growth areas such as AI in healthcare, engineering biology, space, and connected and autonomous vehicles. Projects may include smarter ways to test new treatments, manage airspace for drones, or support technologies like lab-grown foods, ensuring regulations are fit for purpose to bring innovations to market.

Science minister, Lord Vallance, stated: "By backing this kind of innovation, we're helping to make the UK the best place in the world to launch, test and scale new ideas, and drive the economic growth we need to improve lives and deliver our Plan for Change."

Product Regulation and Metrology Bill: Committee stage concludes

The Product Regulation and Metrology Bill has now completed its committee stage in the House of Commons. During this stage, various amendments were put forward, including around issues with aligning with the EU and extending liability for online marketplaces, but all amendments were rejected. The bill now moves to the report stage where further amendments will be considered.

New guidance on amending furniture and furnishings fire safety regulations

The Office for Product Safety and Standards (OPSS) has published new guidance for businesses to assist them in implementing the Furniture and Furnishings (Fire) (Safety) (Amendment) Regulations 2025, which come into force on **30 October 2025**, updating the Furniture and Furnishings (Fire) (Safety) Regulations 1988 to:

- remove certain baby and young children's products from scope of the regulations;

- remove the requirement for manufacturers to affix a display label to new products; and
- extend the time frame for instituting legal proceedings from 6 – 12 months.

These changes are being made following a review of the Furniture and Furnishings (Fire) (Safety) Regulations 1988 (see this Regulatory Outlook for more).

Senior executives potentially to face personal liability for failure to remove illegal knife-related content

Please see Digital regulation.

EU

EU's single market strategy and simplification omnibus outlines major reforms to product regulation

The European Commission has published its new 'Single Market Strategy' which aims to tackle 10 most harmful barriers reported by businesses – the "terrible ten": complicated business establishment and operations; complex EU rules; lack of ownership by Member States; limited recognition of professional qualifications; lack of common standards; fragmented rules on packaging; lack of product compliance; restrictive and diverging national services regulation; burdensome rules for posting of workers in low-risk sectors; unjustified territorial supply constraints causing high prices for consumers.

Alongside this, it also adopted its fourth simplification omnibus "to take the first steps toward aligning EU product legislation with the digital age".

Key updates from these announcements include the digitalisation of product compliance documentation, the introduction of common specifications, and the postponement of battery due diligence requirements.

Digitalisation of product compliance documentation

One of the most impactful changes is the shift towards digitalisation of product compliance documentation. Businesses will no longer be required to provide product compliance documentation in paper format. Instead, they can opt to provide instructions digitally. The Commission is proposing a "digital by default" principle for product legislation, including documents such as declarations of conformity and instructions.

The Digital Product Passport (DPP), set to first become operational for batteries by 2027 and progressively rolled out to other product categories, will serve as a digital container for essential product information. Additionally, QR codes will be permitted for use by businesses. This digital transformation is expected to streamline processes, reduce administrative burdens, and significantly cut costs for businesses.

Modernising product legislation

The Commission acknowledges that the New Legislative Framework, which provides the principles for harmonised product legislation, requires improvement. This includes defining the responsibilities of economic operators involved in product circularity, embracing digital solutions, and aiming to align enforcement actions across the EU, potentially establishing an EU Market Surveillance Authority.

Introduction of common specifications

The simplification proposal aims to introduce common specifications for products as a legally recognised fallback option, marking another major development. Harmonised standards are the primary method for businesses to demonstrate product conformity with essential EU requirements. However, when these standards are unavailable, businesses face costly and complex conformity assessment procedures. The new common specifications will provide an alternative means for demonstrating conformity. The Commission hopes that these changes will enable businesses to operate efficiently even in the absence of harmonised standards, avoiding unnecessary delays and costs.

Delay of battery due diligence requirements

The simplification proposal looks to delay the due diligence obligations under the battery regulations from 2025 to 2027. Guidelines on these obligations will be published a year before the requirements take effect, giving businesses time to prepare.

The Commission hopes that these changes will streamline compliance processes, reduce costs, and enhance the efficiency and competitiveness of businesses.

Products

EU Critical Raw Materials Act legislation to apply in Northern Ireland under Windsor Framework

The Cabinet Office and European Commission have issued a joint statement following the latest Withdrawal Agreement Joint Committee meeting. It outlines the new EU legislation to be added to Annex 2 to the Windsor Framework and therefore will apply in Northern Ireland.

Among these is the Critical Raw Materials Act (CRMA). The CRMA aims to secure sustainable and resilient supplies of critical raw materials for the EU while addressing supply chain vulnerabilities and reducing dependences on non-EU sources for such materials. Critical raw materials are contained in an evolving list continually reviewed by the EU Commission. There are currently 34 critical raw materials.

Under the CRMA, by 24 May 2025, EU Member States will identify large companies (those with 500 or more employees and over €150m turnover) exposed to strategic raw material shortages in key technologies. These companies must then conduct a supply chain risk assessment every three years.

Sustainable products

UK

PackUK publish updated version of the EPR Recyclability Assessment Methodology

PackUK, the scheme administrator for the extender producer responsibility (EPR) scheme for packaging, has published an updated version of the Recyclability Assessment Methodology (RAM). The RAM is to be used by large packaging producers to assess the recyclability of their household packaging and produce a red/amber/green output which will inform the level of fee modulation payable for that material from year 2 of extended producer responsibility (EPR) (in 2026).

Producers are required to apply the methodology for household packaging placed on the market from 1 January 2025, with the first reporting deadline being 1 October 2025.

Version 6 of EPR agreed positions and technical interpretations guidance

Version 6 of the "Extended producer responsibility (EPR) for packaging: Regulators' agreed positions and technical interpretations" has been published. A list of all the updates made can be found in Appendix 10. These include:

- New and revised examples for improved clarity and to reflect regulatory changes.
- New sections on "When a person ceases to be a producer" and "Small producers".
- New appendices that include the regulators' position on mid-year changes, and a self-managed packaging waste flow diagram to help large producers identify their packaging waste as self-managed organisation waste, or self-managed consumer waste.

Version 6 applies to 2025 reporting obligations onwards.

Amendments to EPR legislation to be introduced later this year

In its latest circular economy newsletter, Defra outlined that amendments to the EPR regulations are to be laid before parliament in November to come into force ahead of year 2 of the EPR (that is, before October 2026).

Amendments include:

- Enabling the appointment of a producer responsibility organisation (PRO) – "supporting closer producer involvement in the scheme. This has been a critical request from industry and aligns with international best practice for pEPR to be producer led."
- Extending closed-loop offsetting provisions to food grade plastic, which will aim to reduce the UK's reliance on virgin plastic material by incentivising producers to establish or continue to deliver closed loop systems that preserve the quality of recyclate.
- Minor operability changes to enable more efficient operations, which includes:
    - Amending the fibre-based composite (FBC) material definition for EPR by introducing a threshold to exclude paper and card with plastic content equal to or below 5%.

- Clarity on how obligations apply to each class of producer obligated, including to give clarity on how obligations are transferred when a company is merged or acquired.
- Removing barriers to compliance and enforcement: provides regulators with powers to request information from organisations that are connected to obligated parties and to request data for previous assessment years for historic freeriders so that PackUK can invoice these producers. These changes also update regulator fees to account for new compliance duties.
- Minor changes to provide flexibility in the approach to modelling, and more accurately model local authority costs for running an efficient waste management service.
- Minor drafting improvements resolving potential loopholes and removing ambiguity.

The update also flags issues raised by obligated producers regarding assessing recyclability for packaging under the Recycling Assessment Methodology (which the first assessments are due by October 2025). Defra states it is addressing these concerns and working with compliance schemes and producers on options to reduce the reporting burden. Details on this will be shared soon.

Wales introduce legislation to ban the supply of wet wipes containing plastic

The Welsh government has laid regulations to prohibit the supply (including for free) and offer to supply of single-use wet wipes containing plastic. It is anticipated that these will come into force in December 2026.

In its written statement, the Welsh government states that they "expect this timetable to be broadly in line with the other UK nations and believe any small difference in timing arising throughout the UK is manageable for manufacturers and retailers." However, the UK government has not provided an update on when similar regulations will be introduced.

Deposit Return Scheme for drinks containers: policy statement

The UK Deposit Management Organisation (UK DMO) for the Deposit Return Scheme (DRS) has been established. The DMO is a not-for-profit, business-led entity appointed by the government to develop and implement the scheme. You can visit their site here.

The DMO's responsibilities include meeting collection targets set by legislation, managing and overseeing the scheme's material and financial flows, producing and sharing technical information for businesses, engaging with stakeholders to contribute to the scheme's design, raising consumer awareness, and creating an easy process for users to raise queries.

New EPR guidance for small producers

Defra has published new guidance for small producers explaining what must be recorded, reported and paid under the Producer Responsibility Obligations (Packaging and Packaging Waste) Regulations 2024 (that is, the EPR regulations).

A "small producer" is an organisation that either:

- Has an annual turnover of more than £1 million and up to £2 million and supplies more than 25 tonnes of packaging in the UK.
- Has an annual turnover of more than £1 million and supplies more than 25 tonnes and no more than 50 tonnes of packaging in the UK.

Lifesciences and healthcare

UK

Medicines for Human Use (Clinical Trials) (Amendment) Regulations 2025

The Medicines for Human Use (Clinical Trials) (Amendment) Regulations 2025 will now come into force on 28 April 2026, instead of 10 April 2026. The government updated its press release to note that the date change was due to a technical issue during the final processing of the statutory instrument meaning it needed to be re-signed on 28 April 2025. See here for more on the regulations.

EU

Commission launches consultation on functioning of Cosmetic Products Regulation

Products

On 5 May, the European Commission launched a consultation on the functioning of the Cosmetic Products Regulation. This forms part of the evaluation launched back in February.

Views are being sought from a range of stakeholders to gather information, opinions and experience on the implementation of the Cosmetic Products Regulation and the extent to which it has met its objectives, views on the regulation's relevance, considering scientific, economic, social and other developments. The consultation closes on 28 July 2025. Commission adoption of the evaluation results is planned for the Q2 of 2026.

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Regulated procurement

Regulated procurement

Government's Science and Technology Framework: public procurement aspects

The UK government's Science and Technology Framework outlines a strategy to drive national growth through science and technology. Among the ten critical levers identified, public procurement is listed as "a powerful tool" for catalysing investment in emerging technologies. The framework outlies how the government will use the Procurement Act 2023 to drive economic growth and social value, as well as open procurement opportunities for smaller businesses and social enterprises.

Innovating within the public sector is also identified as a critical lever in the framework. The framework aims to embed a pro-innovation culture within government institutions by identifying opportunities early, adopting the latest technologies, and collaborating with industry partners. This focus is set to significantly increase opportunities for businesses that can supply innovative solutions to the public sector.

Guidance on the Procurement Act

The Cabinet Office is regularly updating its guidance covering all aspects of the Procurement Act, all of which can be found here. If you have any questions or wish to discuss specific points as you begin bidding under the new regime, please feel free to contact us.

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Sanctions and Export Control

Sanctions and Export Control

UK announces new wide-ranging sanctions on Russia

The Foreign, Commonwealth & Development Office announced further sanctions on Russia following a wave of Russian drone attacks against Ukraine.

The sanctions package targets entities supporting Russia's military operations, energy exports and supply chain of weapons systems, and 46 financial institutions believed to be funding the Russian war effort.

The Office of Financial Sanctions Implementation (OFSI) has issued two general licences in relation to the new designations:

- General Licence INT/2025/6279615: which allows for persons to make insurance premiums payments to the Deposit Insurance Agency of Russia. This general licence takes effect from 20 May 2025 and is of indefinite duration.
- General Licence INT/2025/6275812: which permits wind down transactions down involving St Petersburg Currency Exchange and Non-bank Credit Organization Joint-Stock Company Petersburg Settlement Center. This general licence takes effect from 20 May 2025 and expires on 19 June 2025.

OFSI fines shipping company for breach of Russia sanctions

OFSI fined Svarog Shipping & Trading Company Limited, a UK-registered company, £5,000 for an information offence – the first of its kind to be issued by OFSI.

Svarog failed to respond within the required timeframe to a statutory Request for Information (RFI) made by OFSI, and failed to provide a reasonable excuse. In those circumstances, OFSI has the power to impose a penalty in respect of the information offence. Having been informed of OFSI’s intention to impose a monetary penalty and invited to make representations, Svarog made no representations and did not seek a review of OFSI’s decision.

The case was assessed to be "serious". Aggravating factors included Svarog's failure to address the RFI until after the deadline had passed, and the fact that it operated in a sector (maritime oil shipment) with elevated exposure to sanctions, which ought to have made the company more vigilant to OFSI's request.

This case highlights the importance of firms and individuals responding in a timely manner to OFSI RFIs. OFSI has published a "lessons learned" blog post which provides a helpful overview of RFIs, a brief summary of the Svarog case, and the key compliance lessons that industry can take away.

Export Control (Amendment) Regulations 2025 come into force

The government introduced the Export Control (Amendment) Regulations 2025 to parliament on 29 April 2025, amending the Export Control Order 2008 (2008 Order) and Council Regulation (EC) No 428/2009.

The regulations, which came into force on 20 May 2025, amend:

- the fines which may be imposed for certain offences set out in Part 6 of the 2008 Order;
- Schedule 2 (military goods, software and technology) to the 2008 Order;
- Schedule 3 (dual-use goods, software and technology) to the 2008 Order; and
- Annex I (dual-use goods, software and technology) to the assimilated Dual-Use Regulation.

Specifically, the maximum level of fine that may be imposed under the 2008 Order for certain offences has increased from £1,000 to £2,500, new items have been added to the military goods and dual-use control lists alongside amended definitions and associated technical notes.

See the notice to exporters for further information.

Sanctions and Export Control

New approval form for exporting controlled goods

The Export Control Joint Unit (ECJU) of the Department for Business and Trade has launched a new MOD security approval form 680 (F680) on the service "apply to export controlled goods" (previously known as LITE).

Exporters will be contacted by the ECJU when they are eligible to apply for F680s. The ECJU intends for all F680 applications to be transitioned to the new service from the current system, SPIRE, in the coming weeks. Further updates can be found on the notice to exporters page.

OFSI general licences

OFSI has extended the following general licences:

- General Licence INT/2022/1834876: which permits interim managers and trustees of a charity to act as a receiver and manager with respect to certain property and affairs of the charity. The general licence was set to expire on 30 May 2025 but has been extended to 30 May 2028.
- General Licence INT/2023/3263556: which authorises payments concerning insolvency proceedings of GTLK companies and its subsidiaries. The general licence was set to expire on 31 July 2025 but has been extended to 31 July 2030.
- General Licence INT/2022/1678476: which authorises winding down, basic needs and insolvency related payments to be made in relation to Amsterdam Trade Bank N.V (ATB). The licence has also been amended to allow bankruptcy trustees and any other insolvency practitioner to make, receive, or process any payments, exercise all rights, or take any other actions in connection with insolvency proceedings in relation with ATB, and/or the fulfilment of their statutory functions. The general licence expired on 12 May 2025 but has been extended to 12 May 2030.

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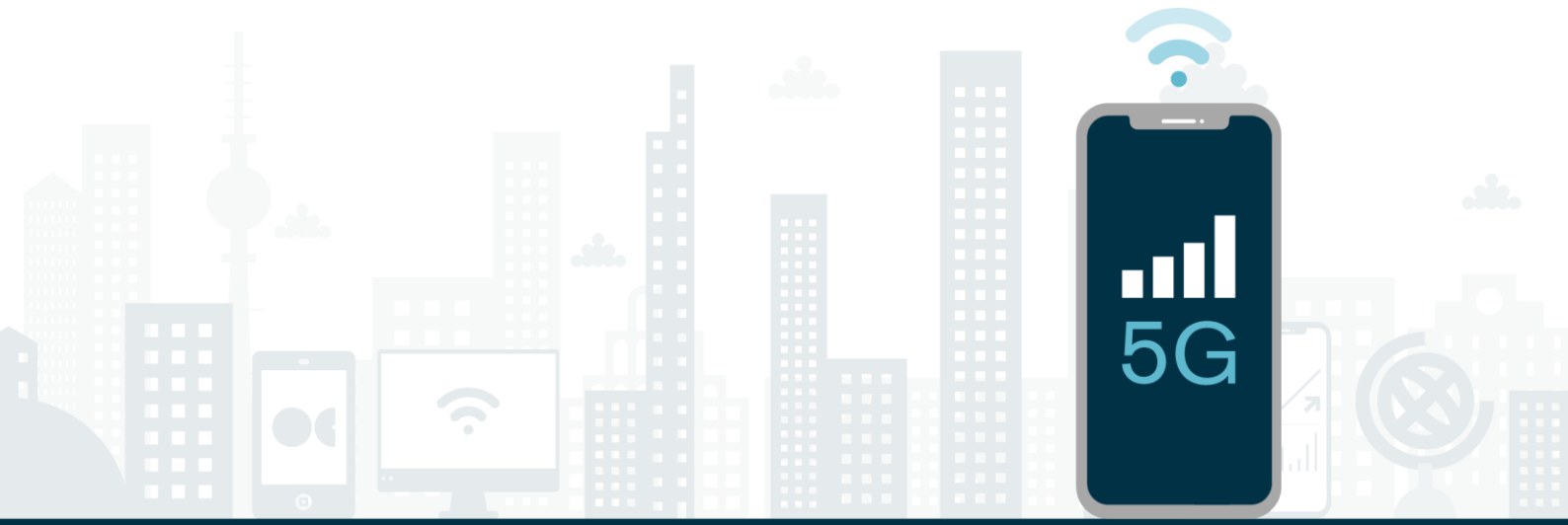

Telecoms

Telecoms

Statement published confirming amendments to the Wireless Telegraphy Regulations

On 16 May 2025, Ofcom published a statement confirming the amendments to be made to the Wireless Telegraphy (Spectrum Trading) Regulations 2012 and the Wireless Telegraphy (Register) Regulations 2012. These changes are being implemented through the Wireless Telegraphy (Spectrum Trading and Register) (Amendment) Regulations 2025.

The key changes introduced by these regulations are:

- Enabling the full transfer of rights and obligations (outright and concurrent) under "Shared Access" licences (covering the 2.3 GHz, 26 GHz, and 40 GHz bands) and enabling Ofcom to include relevant information on these licences and transfers in its Wireless Telegraphy Act Register (WTR) and Transfer Notification Register (TNR).
- Authorising the transfer of rights and obligations for Point-to-Point Fixed Links licences in the 7900-8400 MHz band and permitting Ofcom to include related information in its WTR and TNR.
- Removing the 64-66 GHz band for Self-Coordinated Links from the Trading and Register Regulations, as licences for equipment operating in this band are no longer available.

The regulations shall enter into force on 2 June 2025.

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