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 finally passed both Houses of Parliament, after a contentious ping pong process, and received royal assent, becoming the Data (Use and Access) Act 2025. See the Data law section for more.

June 2025

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ASA publishes research on depiction of older people in ads

As part of its goal to prioritise the protection of vulnerable people (which is one of the commitments made by the ASA in its 2024-2028 strategy) and as part of the project it launched in December 2024 to consider the depiction of older people in advertising focusing on the extent to which, and how, certain depictions of older people in ads can give rise to offence or harm, the ASA commissioned a study to understand the public's views on how older people are depicted in ads. This followed a review of complaints received by the ASA since October 2021, which revealed various common themes about ads depicting older people.

The study, which involved focus groups, in-depth interviews and an online survey of people of all ages, defined "older people" as those aged 55 and above. Findings revealed that today's older generation feels that ageing looks very different now compared to previous generations. There is a prevailing sentiment that current portrayals of older people in ads do not reflect the more positive reality of modern-day ageing.

Several themes emerged from the study on the types of depictions most likely to cause offence and harm, such as:

- Using humour at the expense of older people.
- Showing older people as impoverished, less knowledgeable and isolated or lonely.
- Portrayals that feel dismissive of older people, especially when expressed by a younger person, and show ageing as something to be fought, especially in beauty ads, which some women felt reinforced unrealistic standards.
- Portrayals suggesting that older people have no purpose in life.

Respondents said that the most positive depictions were in ads that focused on the person, not their age, and those that showed the freedoms they felt comes with age. Respondents also commented on the targeting of certain ads and the absence of older people in certain types of ads, such as ads for technology products.

The research also suggests some best practices for marketers when depicting older people in ads. Authenticity and inclusivity are the most important features to consider. Respondents also advised marketers against relying on extreme or one-dimensional depictions and placing older people in situations where they are mocked for reasons related to age or portrayed as interacting solely with their own generation.

Instead, advertisers should:

- Include "real" older people (not just celebrities or airbrushed imagery), especially in beauty ads.
- Focus on the individual, not their age.
- Show older people together with younger generations.
- Portray a spectrum of experiences.

Regulation of AI in advertising

CAP publishes advice on disclosing AI in advertising

The advice note from the Committee of Advertising Practice (CAP) notes that, while neither legislation nor the advertising codes contain AI-specific rules, the existing rules will apply however the content is generated, whether by human or machine.

Further, one of the principles in the twelve guiding principles on using generative AI in advertising, published by industry bodies ISBA and the IPA in 2023, is that advertisers should be transparent in their use of AI, especially where it plays a significant role and may not be immediately apparent to consumers. CAP also notes that the EU AI Act incorporates transparency requirements and that its impact and that of other international AI legislation will be felt in the UK as well, especially for brands advertising globally.

In CAP's view, to avoid creating misleading ads, advertisers using AI should ask themselves two questions when deciding whether to disclose:

1. Is the consumer likely to be misled if the use of AI is not disclosed?

2. If there is a danger of misleading consumers, does disclosure clarify the ad's message or contradict it?

Advertisers should also remember that disclosure alone is unlikely to diminish any harm caused by a fundamentally deceptive message. Attempting to "disclaim" such a message by revealing the use of AI would "almost certainly" breach rules on misleading claims in ads. However, clearly stating that deepfake content is used solely for comedic purposes or that an influencer is AI-generated might help to avoid creating a misleading impression.

While there are no current plans to require ads that use AI to be labelled as such, CAP says that it is ready to change its approach if necessary. Overall, it advises advertisers to exercise caution around the use of deepfakes and any other potentially misleading use of AI.

Tips for using AI in marketing

CAP has also published a guidance note on some of the key things to think about when using AI in marketing to ensure that the use of AI does not result in a breach of the existing rules in the advertising codes.

ASA's chief executive highlights areas of focus

The ASA has published an article by its chief executive, Guy Parker, reflecting on how AI is transforming advertising regulation. Among other things, Mr Parker notes that the regulator is concerned about the advertising of certain AI products and services that pose broader ethical considerations. Issues such as ads for AI tech that offer mental health support (substituting human therapists), essay writing tools that pass work off as original and chat boxes that act as a partner or friend, have a potential to be misleading, irresponsible or harmful, and are on the ASA's radar.

Updates on HFSS advertising restrictions

Regulations made to delay advertising restrictions

Last month, the government announced its intention to introduce secondary legislation that will explicitly exempt "brand advertising" from the advertising restrictions on less healthy food and drink (HFSS) (high in fat, salt or sugar) on TV and online (see this Regulatory Outlook).

To allow time for consultation on the draft secondary legislation, the government also announced that the formal date for the restrictions to come into force will be delayed – from 1 October 2025 to 5 January 2026. The government has now made the Communications Act 2003 (Restrictions on the Advertising of Less Healthy Food) (Effective Date) (Amendment) Regulations 2025 to put this into law. The regulations come into force on 1 July 2025.

Update on ASA guidance

Following the government's announcement that "brand advertising" will be exempt from the restrictions (see above), the ASA asked CAP to place on hold its ongoing consultation on implementation rules and guidance on the restrictions (that is, its "further consultation" launched in February 2025, seeking to address certain issues identified following its evaluation of responses to the 2023 consultation, in particular the "identifiability test" – see this Regulatory Outlook). This is because, whatever the proposals from the government on amending the law, they will have a "material impact" on the rules and guidance, which may require further consultation and development.

Despite advertisers and media owners agreeing with the government voluntarily not to run ads that do not comply with the restrictions from the original "in force" date (1 October 2025), the ASA has said that up until 5 January 2026 it will not process or investigate complaints on whether ads breach the restrictions, as it is "unable to enforce rules until the law is in place". In the meantime, it will continue to work with the government and Ofcom and will provide a further update to stakeholders "in the coming weeks".

EU updates

European Commission publishes call for evidence on transparency and targeting of political advertising

Advertising and marketing

The Commission's call for evidence is to inform the guidance the Commission is required to publish under the transparency and targeting of political advertising Regulation (2024/900/EU), which will come into effect on 10 October 2025.

The new regulation aims to enhance the transparency of both online and offline political advertising to ensure the integrity of elections and tackle disinformation and foreign interference. See this Insight for more information.

The guidance accompanying the new rules will be non-binding and aimed at both sponsors and providers of political advertising services, including SMEs, as well as the regulators who will have oversight of the new rules.

The call for evidence is to identify which aspects of the regulation need further guidance from the Commission and to gather expertise on best practice. The Commission already understands that the guidance needs to:

- Clarify and provide examples of what will be considered to be political advertising.
- Explain how the new rules will interact with the Regulation on a single market for digital services (2022/2065/EU).
- Help different service providers understand their respective obligations, for example, where publishers' responsibilities overlap (as in the case of online programmatic advertising).
- Assist service providers to put in place compliance procedures and mechanisms, for example, in relation to notification procedures for non-compliant ads.

The call for evidence closes on 25 June 2025.

Nick Johnson, Partner
T: +44 20 7105 7080
nick.johnson@osborneclarke.com

Chloe Deng, Partner
T: +44 20 7105 7188
chloe.deng@osborneclarke.com

Anna Williams, Partner
T: +44 20 7105 7174
anna.williams@osborneclarke.com

Artificial Intelligence

Artificial Intelligence

UK updates

ICO launches AI and biometrics strategy

The Information Commissioner's Office (ICO) has launched its AI and biometrics strategy. The focus is on AI uses which it sees as higher risk:

- Foundation model development.
- Face recognition systems – use by the police.
- Automated decision-making (ADM) – especially in the recruitment context and in public services.
- Impact of emerging areas of AI – such as agentic AI and use of personal data to infer emotions or behaviour.

Key cross-cutting issues are:

- Transparency and explainability: being transparent with individuals about how an AI system is using their personal data.
- Fairness, bias and discrimination: ensuring that AI use of personal data is fair.
- Exercise of rights and access to redress.
- Putting in place governance and technical measures to protect individuals from harm caused by AI uses of their data.

Businesses now can look out for:

- A consultation on draft updated guidance on ADM and profiling to reflect the changes set out in the Data (Use and Access) Bill (by autumn 2025).
- Publication of a statutory Code of Practice on AI and ADM.
- Guidance on police use of automated face recognition.
- A report on some agentic AI issues (in particular, on accountability and redress).
- A consultation on agentic AI issues.

Data (Use and Access) Bill passed

Following the conclusion of the contentious ping pong process, the Data (Use and Access) Bill finally passed both Houses of Parliament and received royal assent, officially becoming the Data (Use and Access) Act 2025 on 19 June.

After all the wrangling, the bill now includes very few provisions about AI and copyright. The government has nine months to produce an economic impact assessment and report on some of the copyright policy options regarding AI training which were set out in the government's AI/copyright consultation, including proposals on technical measures, transparency, licensing, enforcement and AI developed outside the UK.

See more in the Data law section.

High Court warns lawyers about misuse of AI

Two cases highlight the duties of England and Wales qualified lawyers when using AI. The High Court addressed the cases in a recent judgment. In both, lawyers had cited cases to the court that were fictional, hallucinated by AI systems that the lawyers had used to draft documents. The judge reviewing the cases particularly emphasised the supervisory and managerial responsibilities of more senior lawyers:

> "This duty [to check the accuracy of AI-based research] rests on lawyers who use artificial intelligence to conduct research themselves or rely on the work of others who have done so. This is no different from the responsibility of a lawyer who relies on the work of a trainee solicitor or a pupil barrister for example, or on information obtained from an internet search.
>
> We would go further however. There are serious implications for the administration of justice and public confidence in the justice system if artificial intelligence is misused."

The judgment is an extraordinary read throughout but never more so than in this sentence: "It is striking that one of the fake authorities that was cited to Dias J was a decision that was attributed to Dias J." The judge concluded: "A copy of this judgment will be sent to the Bar Council and the Law Society, and to the Council of the Inns of Court. We invite them to consider as a matter of urgency what further steps they should now take in the light of this judgment."

Artificial Intelligence

Self-driving vehicle pilot accelerated to 2026

The transport secretary, Heidi Alexander, has announced that the government will fast-track plans to set up pilot services of self-driving vehicles, bringing them forward to begin in spring 2026, as part of a wider Transport AI Action Plan. The small-scale pilot will enable customers in England to use an app to book "taxi-and bus-like" services without a safety driver for the first time. A wider rollout is possible when the full Automated Vehicles Act 2024 (which enables the implementation of a new legal framework for the use of automated vehicles) becomes law from the second half of 2027.

In the meantime, the government is seeking views on what safety standards should be sought for self-driving vehicles in the UK as required by the Act. The call for evidence closes on **1 September 2025**.

Regulation of AI in advertising

See Advertising and marketing section

Ofcom's strategic approach to AI

See Digital regulation section

EU updates

EU AI Act: Commission launches public consultation on high-risk AI systems

The Commission has launched a consultation on the classification of high risk AI systems under the EU AI Act.

The consultation document does not provide much in the way of insight into the Commission's views, instead asking a series of questions aimed at giving the Commission a sense of the public's understanding of the meaning of various provisions of the AI Act, and of what sorts of relevant systems are in use in practice. Occasionally, the questions are quite useful to those undertaking analysis of the Act. For example, when asking what the respondent believes counts as a safety component of a system, or as something which will endanger health and safety if it were to malfunction, the question gives examples of functionality which might be relevant.

The questions cover the following aspects of high-risk AI systems:

1. **Classification** – Article 6(1)/Annex I – concept of a safety component and of each product category listed in Annex 1.
2. **Classification** – Article 6(2)/Annex III. Questions related to:
   - AI systems in each use case under the eight areas referred to in the annex.
   - The filter mechanism of Article 6(3) AI Act allowing exemption of certain AI systems from being classified as high-risk under certain conditions.
   - Distinction between high-risk AI system and prohibited AI (Article 5).
   - Interplay of the classification with other EU legislation.
3. **Classification** – general:
   - Intended purpose, including interplay with general-purpose AI systems.
   - Overlaps within the classification system under Annex I and III.
4. **Obligations**:
   - Obligations of providers and of deployers.
   - Obligations of others in the value chain (Article 25).
   - Concept of substantial modification.
5. **Amendment** of the list of high-risk use cases in Annex III and of prohibited AI practices.

The consultation is open until **18 July 2025**. The responses will feed into the guidelines on high-risk AI that have to be issued by 2 February 2026.

Commission seeks views on the use of data for AI development

See Data law section

Artificial Intelligence

John Buyers, Partner
T: +44 20 7105 7105
john.buyers@osborneclarke.com

Thomas Stables, Senior Associate
T: +44 20 7105 7928
thomas.stables@osborneclarke.com

Katherine Douse, Associate Director
T: +44 117 917 4428
katherine.douse@osborneclarke.com

Tamara Quinn, Knowledge Lawyer Director
T: +44 20 7105 7066
tamara.quinn@osborneclarke.com

James Edmonds, Senior Associate
T: +44 20 7105 7607
james.edmonds@osborneclarke.com

Emily Tombs, Senior Associate (New Zealand Qualified)
T: +44 20 7105 7909
emily.tombs@osborneclarke.com

Bribery, fraud and anti-money laundering

Bribery, fraud and anti-money laundering

Government commits to crackdown on economic crime

The Serious Fraud Office (SFO) has received additional funding of more than £8 million over the next three years, as announced in the government's Spending Review. The settlement forms part of the government's Plan for Change, and is in addition to the £9.3 million announced in the Autumn Budget (see more in our previous update), bringing the SFO budget to £98 million per year by 2028/2029.

The extra funding will be used by the SFO to enhance its proactive intelligence capabilities to identify and progress investigations into complex economic crime. Nicholas Ephgrave QPM, director of the Serious Fraud Office, said: "This settlement will allow us to invest in our intelligence capability, expand our investigative reach and strengthen our ability to recover criminal assets, including crypto assets, wherever they may be."

European Commission updates list of high-risk countries under MLD4

The European Commission adopted delegated regulation (EU) 2016/1675, amending the list of high-risk third countries with strategic anti-money laundering (AML) and counter-terrorist financing (CFT) deficiencies under directive (EU) 2015/849, also known as the Fourth Money Laundering Directive (MLD4).

The delegated regulation makes the following amendments:

- removing Barbados, Gibraltar, Jamaica, Panama, the Philippines, Senegal, Uganda and the United Arab Emirates; and
- adding Algeria, Angola, Côte d'Ivoire, Kenya, Laos, Lebanon, Monaco, Namibia, Nepal and Venezuela.

The entities covered by the AML/CFT framework are required to apply enhanced vigilance (such as enhanced customer due diligence and ongoing monitoring) in transactions involving those countries.

Under Article 9(2) of MLD4, the Commission is obligated to regularly review and update the list of high-risk third-country jurisdictions (see our previous update for more information). The delegated will now be scrutinised by the European Parliament and the Council of the EU. It will enter into force on the twentieth day following its publication in the Official Journal of the EU.

Jeremy Summers, Partner
T: +44 20 7105 7394
jeremy.summers@osborneclarke.com

Chris Wrigley, Partner
T: +44 117 917 4322
chris.wrigley@osborneclarke.com

Capucine de Hennin, Associate
T: +44 20 7105 7864
capucine.dehennin@osborneclarke.com

Competition

Competition

UK government announces review of National Security and Investment Act regime

The government has, as part of its Industrial Strategy, announced a 12-week consultation review of the mandatory National Security and Investment Act (NSIA) regime in an attempt to make the UK's investment rules more "predictable and proportionate".

The review could see substantial changes to the 17 current sensitive sectors covered by the NSIA regime as the government attempts to prioritise growth without diluting protections to UK intellectual property. As a first step, a number of exemptions will be announced to the current regime allowing companies to engage in M&A activity without further government scrutiny.

In the year March 2023 to 2024 the government received 847 NSIA notifications. It called in 37 of these notifications for review and issued five final orders from ministers that imposed conditions on acquisitions to mitigate national security concerns.

FCA to disclose investigations into unregulated firms

The Financial Conduct Authority has announced new policies to increase transparency by disclosing investigations into unregulated firms and suspected unauthorised activities. This is part of three key revisions to the information it provides the public on its investigatory work.

Given 60% of FCA investigations are into unregulated firms, this policy shift will lead to significantly more information being published about its investigatory work as the regulator aims to become more transparent in its operations.

The full enforcement guide can be found here.

EU papers suggest policy changes ahead of the next EU Summit in late June

In the lead up to the EU Summit at the end of June, several policy papers and declarations have been published outlining the areas of policy focus for the EU.

Defence

In response to "an acute and growing threat", EU companies will receive antitrust guidance aimed at promoting cooperation on defence projects. A paper published May 2025 outlines how the current regulatory environment, adopted in peacetime, is not adapted for military readiness and therefore some competition rules may need to be relaxed to promote innovation and collaboration in the defence sector.

Simplification

In a declaration of intent published prior to the next EU summit on June 26 & 27, the EU Council has reiterated its desire to boost European competitiveness. The note highlights the key role of an ambitious and horizontal simplification and better regulation agenda for Europe’s competitiveness, and urges the legislators to swiftly agree new simplification packages and avoid over-regulation.

Competitiveness

EU heads of state and governments will address the issue of competitiveness at the European Council meeting on 26 and 27 June. According to the outline for the final statement, leaders will call for "further strengthening EU competitiveness, including through innovation, and deepening the Single Market". This topic will be revisited at the next summit in October.

The draft guidelines can be found here.

CMA launches new market study into civil engineering sector

The CMA has launched a market study into the design, planning and delivery of railway and public road infrastructure by the civil engineering sector in the UK.

The review will focus on persistent issues around costs and delivery of infrastructure projects, examining opportunities to improve how the public sector and industry work together, and where market operations can be improved to enhance market productivity. It is the first market study to be announced since the "strategic steer" was published and the expectation

is that the study will result in specific recommendations to the government on how to improve a sector that added £23bn to the UK economy in 2023.

Simon Neill, Partner
T: +44 20 7105 7028
simon.neill@osborneclarke.com

Katherine Kirrage, Partner
T: +44 20 7105 7514
katherine.kirrage@osborneclarke.com

Marc Shrimpling, Partner
T: +44 117 917 3490
marc.shrimpling@osborneclarke.com

Consumer law

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Amendments to Price Marking Order

On 14 May 2025, the Price Marking (Amendment) Order 2025 was made.

The 2025 Order amends the Price Marking (Amendment) Order 2024, which in turn amended the Price Marking Order 2004 (PMO). The PMO sets out the pricing information that a trader, whether online or offline, must include on price labels for the goods it is selling. The 2024 Order aimed to make it easier for consumers to identify and compare selling and unit prices and to make compliance with the PMO simpler for businesses. See this Regulatory Outlook for a detailed list of amendments.

The 2025 Order has now been made to make minor amendments in response to business, consumer group and enforcer feedback. It results in changes to:

- The date when amendments under the 2024 Order come into force from 1 October 2025 to **6 April 2026**.
- Article 5 of the PMO to add a reference to regulations 5, 6 and 7 of the Weights and Measures (Packaged Goods) Regulations 2006 and article 9 of the EU Consumer Food Information Regulation to extend the obligation to indicate unit price to additional products required to be marked with an indication of quantity or made up in a prescribed quantity. This includes food and non-food packaged goods, such as cereal, pasta and dried fruit, detergents, cleaning products and cosmetics.
- Article 9 of the PMO to specify that a trader may only use general reductions notices when it is not reasonably practicable to alter existing labels to show the reduced selling or unit price for each item. The details of the discount must be easy to see, understand and read.
- The exemption from having to display a unit price for products sold as an assortment in Schedule 2(3) of the PMO to clarify that offers encompassing items sold at different weights or volumes, and at different prices when sold separately, are also not subject to unit pricing requirements.

The changes under the 2025 Order come into force on **30 September 2025**.

Online marketplaces may be subject to additional obligations relating to electrical and electronic equipment

The draft Waste Electrical and Electronic Equipment (Amendment, etc.) Regulations 2025 propose shifting the financial responsibility for dealing with electrical and electronic equipment (EEE) waste (WEEE) from overseas sellers, who supply to UK households via online marketplaces, to those online marketplace operators.

Currently, under the 2013 WEEE regulations, businesses that place EEE on the market in the UK are considered "producers", meaning they are subject to financial obligations in the regulations, irrespective of whether they are based in the UK. They must join a Producer Compliance Scheme (PCS) or appoint an authorised representative in the UK to do so. The government is concerned that such non-UK suppliers avoid these obligations by not registering with a PCS or appointing a representative.

The new WEEE regulations would make online marketplace operators the "producers" responsible for EEE placed on the UK market by non-UK suppliers via their platforms. These operators will need to register with a PCS, submit data on the EEE volumes placed on the market by non-UK suppliers on their platforms across all EEE categories, and assume responsibility for the financial obligations in the new regulations. The aim is to ensure a fairer distribution of costs for the "collection, treatment, recovery and environmentally sound disposal of WEEE".

Additionally, the new WEEE regulations propose a new EEE category for devices used to consume tobacco, nicotine, vape fluid and similar substances, including e-cigarettes, vape and heated tobacco products. See also the Products section.

Tom Harding, Partner
T: +44 117 917 3060
tom.harding@osborneclarke.com

John Davidson-Kelly, Partner
T: +44 20 7105 7024
john.davidson-kelly@osborneclarke.com

Consumer law

Ben Dunham, Partner
T: +44 20 7105 7554
ben.dunham@osborneclarke.com

Nick Johnson, Partner
T: +44 20 7105 7080
nick.johnson@osborneclarke.com

Cyber-security

Cyber-security

ICO fines 23andMe £2.3m for failing to protect users' genetic data

The Information Commissioner's Office (ICO) has fined genetic testing company 23andMe £2.31 million for failing to implement appropriate security measures to protect the personal information of UK users, following a cyber attack in 2023. The fine follows on from the ICO's notice of intent to fine in March that had envisaged a higher fine of £4.59 million.

The company's platform was hit by a credential stuffing attack in 2023, resulting in unauthorised access to personal information belonging to 155,592 UK residents, including names, birth years, race, ethnicity, family trees and health reports.

The ICO found that, at the time of the breach, the company had failed to implement adequate security systems to protect this information, in breach of UK data protection law. This included failures to implement:

- appropriate authentication and verification measures;
- appropriate controls over access to raw genetic data; and
- effective systems in place to monitor, detect, or respond to cyber threats targeting its customers' sensitive information.

Aggravating factors in the calculation of the fine included (for further reading on the ICO's fining guidance see our Insight):

- the deficiencies in the content of the breach reports sent by the company regarding the 2023 data breach;
- the extent of the company's failure to implement appropriate technical and organisational measures;
- 23andMe's "multiple failures" and delay in reviewing and improving its security measures despite growing evidence of a significant risk to customers' personal data;
- the sensitive nature of the personal data affected;
- the distress caused to the affected UK customers (the fine quoted statements from affected customers demonstrating the data breach had caused "significant distress" to some customers); and
- the potential for further "psychological, reputational and financial harm to have been caused by the highly sensitive personal data within 23andMe accounts entering the public domain" and potentially being exploited by hackers.

The penalty follows a joint investigation with the Office of the Privacy Commissioner of Canada announced in June 2024.

See also the Data section.

New cyber-growth action plan

The Department for Science, Innovation and Technology (DSIT) has published its Cyber Growth Action Plan 2025, which will review the strengths of the country's cyber sector and provide a set of recommendations to government.

The plan will report this summer with a series of insights for the secretary of state that is expected to feed into the forthcoming National Cyber Strategy. The plan, which is split into four workstreams, aims to analyse the UK's cyber products and services, explore new technologies, identify areas to collaborate and share cyber best practices to increase cyber resilience in sectors critical to UK security, industry and economic growth, and identify opportunities presented by the Cyber Security and Resilience Bill.

See also the government press release.

NCSC publishes cyber security culture principles

The National Cyber Security Centre (NCSC) has launched a set of cyber-security culture principles, which are designed to support an organisation's leaders and cyber-security specialists in creating the right culture for a resilient and secure organisation.

Developed following extensive research by the NCSC and industry and government partners, the six principles are accompanied by descriptions of scenarios designed to show the consequences of poor security stemming from work culture, and descriptions of best practice to help individuals determine how best to apply each principle within their organisations.

See the NCSC press release.

Cyber-security

Charlie Wedin, Partner
T: +44 117 917 4290
charlie.wedin@osborneclarke.com

Ashley Hurst, Partner
T: +44 20 7105 7302
ashley.hurst@osborneclarke.com

Philip Tansley, Partner
T: +44 20 7105 7041
philip.tansley@osborneclarke.com

Nina Lazic, Partner
T: +44 20 7105 7400
nina.lazic@osborneclarke.com

Data law

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UK updates

Data (Use and Access) Act 2025 receives royal assent

The Data (Use and Access) Bill has finally passed both Houses of Parliament, after the contentious ping pong process, and received royal assent, becoming the Data (Use and Access) Act 2025.

The Act ushers in the first ever changes to the UK GDPR, and, importantly, a slew of other data-related measures, aiming to boost use and sharing of both personal and non-personal data across the economy. The government hopes this will simplify and modernise the UK's data regime, improve trust in using data and support its growth and innovation agenda. But, on the whole, it is evolution not revolution.

Some of the more interesting provisions are on data generally, such as: common standards for health records, digital identity verification and smart data schemes. On the data privacy front, look out for many changes, including those on automated decision-making, cookies and tracking, and subject access requests. The fines for breaches of the Privacy and Electronic Communications Regulations are to be increased from £500,000 to the GDPR levels – up to £17.5 million or 4% of global turnover.

(See this Insight for more on the original provisions.)

There have been many changes agreed to the original draft bill, including on:

- **Children's data:** is now to be treated to a higher standard of protection for the purposes of the GDPR provisions on data protection by design.
- **Deepfakes**: it will be a criminal offence to create or request the creation of a purported intimate image of an adult.
- **Charities marketing**: charities will be able to take advantage of the soft opt-in exception when sending direct marketing emails.
- **Copyright and AI**: the government has nine months to produce an economic impact assessment and report on some of the copyright policy options regarding AI training which were set out in the government's AI/copyright consultation, including proposals on technical measures, transparency, licensing, enforcement and AI developed outside the UK. It also has to produce an interim progress report within six months.

The provisions of the Act will be brought into effect in stages. Many (including most of the GDPR changes) will do so on a future date to be decided by the government or are being implemented over time via secondary legislation.

A few took effect as soon as the Act became law. Interestingly, the change making it clear that a subject access request applicant is only entitled to the data and other information based on a "reasonable and proportionate search" ostensibly came into effect on day one, but is back-dated to be treated as having come into force on 1 January 2024.

A few more provisions will take effect two months from the date the Act became law, including those giving the Information Commissioner the power to require production of documents.

Many provisions will affect most businesses, for example those exempting some uses of cookie data from having to be consented, and provisions relaxing some of the rules around legitimate interests processing, and automated decision-making.

Others will have more of an impact on particular sectors. One notable change that has not received much attention affects social media companies and other online services providers within scope of the Online Safety Act 2023: those changes pave the way for secondary legislation requiring providers of regulated services to provide information for use by third party researchers into online safety measures. However, before enacting secondary legislation, Ofcom, the ICO and representatives of both providers and persons carrying out relevant search will need to be consulted.

The ICO has published an overview of the data protection provisions of the Act, which includes a useful summary of the changes, and has announced plans for new and updated guidance on various issues.

ICO releases draft updated guidance on encryption

Under Article 32(1) of the UK GDPR, data controllers and processors are required to implement appropriate technical and organisational measures to ensure a level of security appropriate to the risks of processing personal data to protect against unauthorised or unlawful processing. Encryption is among the suggested measures that can be used to achieve this.

The ICO's updated guidance on encryption is longer and more detailed than the previous version, published in 2022. It includes a new section on "Encryption and data protection", which explains (among other things) how to decide whether encryption is appropriate and how it may also be relevant to complying with data protection by design obligations in Article 25. It also contains more detail on the relationship between encryption and data storage and between encryption and data transfer, as well as a new section on how to implement encryption. The updated guidance also provides more examples and encryption scenarios to demonstrate practical uses of the technology.

The updated guidance does not cover end-to-end encryption, privacy-enhancing technologies (or PETs) or the potential impact of quantum computing, for which separate, dedicated guidance is available on the ICO website. It will be finalised once the ICO has considered the results of its consultation.

ICO consults on draft guidance for manufacturers and developers of smart products

The ICO has published new draft guidance for manufacturers and developers of Internet of Things (IoT) devices. It explains how data protection law and the Privacy and Electronic Communications Regulations 2003 apply to personal data processing in consumer IoT products and includes the ICO's recommendations for good practice.

Also called "smart" products, IoT devices cover a range of sectors from home entertainment (such as smart speakers and connected TVs) and wellbeing (including fitness trackers and smart watches) to security and safety (for example, security cameras and baby monitors), medical devices (such as blood pressure monitors) and peripherals (smart keyboards, mice, headphones).

The draft guidance provides useful detail on IoT-specific issues as ways of validly obtaining informed consent, and how to compliantly provide privacy information, both of which can be a challenge on a device with small (or no) screens, and with multiple users. Other areas covered include:

- Distinguishing processing for personal/domestic purposes from that covered by the GDPR.
- Use of IoT data for online advertising.
- Data about child users.
- Tools to allow individuals to exercise their rights over their data.
- Accuracy of data collected by sensors.
- Ensuring data security.

These products often collect significant amounts of personal information from users, including special category data. The ICO makes the point that many consumer IoT devices are used in the home, where people have a particularly high expectation of privacy, and that most processing by IoT devices is likely to result in a high risk and so will require a data protection impact assessment. There is also plenty on children's data, and the higher standards that will apply in many cases where children are likely to use an IoT device.

The guidance is relevant to a broad range of organisations including: manufacturers of IoT devices, developers of operating systems, mobile and web apps and software, AI service providers, providers of biometric technologies, sensors and telemetry, as well as cloud, cybersecurity and IT providers.

The ICO is consulting on the draft guidance until **7 September 2025**.

ICO fines genetic testing company 23andMe for failing to protect users' data

The £2.31 million fine was imposed on 23andMe, Inc., the well-known US-based consumer genetics testing company (which has filed for Chapter 11 bankruptcy relief). It follows a joint investigation with Canada's Office of the Privacy Commissioner into a personal data breach first reported to both regulators in October 2023. 23andMe experienced a credential stuffing cyberattack, where hackers exploited recycled login credentials from other websites that had been stolen from previous unrelated data breaches, which resulted in the unauthorised access to the platform's customer accounts.

The ICO found that, at the time of the data breach, the company had failed to implement appropriate technical and organisational measures to "ensure the ongoing confidentiality, integrity, availability and resilience of its processing systems and services" and an appropriate process to regularly test, assess and evaluate the effectiveness of such measures, in breach of Articles 5(1)(f) and 32(1)(b) and (d) of the UK GDPR.

Factors affecting the severity of the fine included:

- The number of individuals affected (about 495,000 customers were UK residents).

- That it involved "highly sensitive personal data", including special category data, such as genetic and health-related data.
- The seriousness of the potential consequences for the affected individuals.
- The fact that the breach went on for at least five months.
- Delays in detecting, dealing with and reporting the breach.
- Dissuading the company from committing further breaches.
- Deterring other genetic testing companies from committing similar breaches.

ICO launches AI and biometrics strategy

See AI section.

EU updates

Commission seeks views on the use of data for AI development

The Commission has launched a consultation and call for evidence on the use of data in AI. The feedback should inform the upcoming Data Union Strategy, one of the key initiatives for the scaling up of AI development, as referenced in the EU AI continent action plan. The Data Union Strategy will aim to "improve and facilitate secure private and public data sharing … and accelerate the development of new systems or applications."

The consultation is open until **18 July 2025**.

EDPB adopts guidelines on data transfers to third country authorities

The European Data Protection Board has adopted the final version of its guidelines on Article 48 of the GDPR about data transfers to third country authorities. The guidelines clarify the rationale and objective of Article 48 and provide practical recommendations for controllers and processors in the EU who may receive requests from third country authorities to disclose or transfer personal data.

Council and Parliament provisionally agree on cross-border GDPR enforcement

The Council of the EU and the European Parliament have reached a provisional deal on the EU Regulation on cross-border GDPR enforcement. The proposed regulation aims to streamline administrative procedures such as those relating to, for instance, the rights of complainants or the admissibility of cases, as well as encouraging faster resolution of complaints.

In order to proceed, the provisional agreement now has to be confirmed by both institutions.

See our Digital Regulation timeline for more information on the proposed regulation.

Mark Taylor, Partner
T: +44 20 7105 7640
mark.taylor@osborneclarke.com

Tamara Quinn, Knowledge Lawyer Director
T: +44 20 7105 7066
tamara.quinn@osborneclarke.com

Georgina Graham, Partner
T: +44 117 917 3556
georgina.graham@osborneclarke.com

Jonathan McDonald, Partner
T: +44 20 7105 7580
jonathan.mcdonald@osborneclarke.com

Daisy Jones, Associate Director
T: +44 20 7105 7092
daisy.jones@osborneclarke.com

Gemma Nash, Associate Director
T: +44 117 917 3962
gemma.nash@osborneclarke.com

Digital regulation

Digital regulation

UK updates

Online safety updates

Ofcom opens new investigations

Ofcom has launched a number of new investigations into online discussion and file-sharing services under the Online Safety Act 2023 (OSA). The regulator is scrutinising whether the services have failed to:

- Implement appropriate safety measures to protect UK users from illegal content and activity.
- Complete and keep a record of a suitable and sufficient illegal harms risk assessment.
- Respond to Ofcom's statutory information request.

Ofcom has also been proactive in looking into the compliance of services that publish or display pornographic content with implementing "highly effective age assurance" to protect children from pornography.

All in-scope user-to-user and search services that identified risks relating to illegal content in their compulsory illegal content risk assessments had to have measures in place to protect users from such risks from 17 March 2025.

In addition, services likely to be accessed by children must, by 24 July 2025, complete and record a children's risk assessment to assess the risk of children encountering content harmful to them on their service and the impact on them (this is in addition to completing an illegal content risk assessment). Those service providers will need to have implemented the measures set out in the protection of children codes of practice (or be using equivalent measures) to protect children and mitigate the risks identified in their children's risk assessment from 25 July 2025. See this Regulatory Outlook for more information. With Ofcom already being proactive in enforcing the illegal content duties, showing not only the importance of complying with the OSA's requirements, but also of cooperating with the regulator and responding to information requests, services should be ready for Ofcom to adopt a similar rigorous approach in relation to the child protection requirements, not just in relation to pornographic content, but other content harmful to children as well.

Government responds to consultation on super-complaints

The government has published a response to its consultation on "super-complaints" under the OSA. The super-complaints regime aims to ensure that eligible entitles can raise complaints with Ofcom about "systemic issues" to make the regulator aware of existing or emerging online harms (see this Regulatory Outlook for background).

Following the consultation, the government has made some changes to the regime to broaden it and help speed up the process, including:

- Expanding the eligibility criteria to include newer organisations that are experts in online safety matters, not just "experienced" organisations.
- Removing the statutory pre-notification period, which required complainants to inform Ofcom of their complaint 30 days before submission.
- Removing the requirement for entities to have consulted with a range of bodies, industry experts or academics.

The government has also laid a statutory instrument in Parliament to define the eligibility criteria for entities to submit super-complaints and the procedural steps to establish the duties of complainants and Ofcom when a super-complaint is submitted.

Once approved by Parliament, the super-complaints regime will come into force on 31 December 2025. Ofcom will also be consulting on draft guidance for the new regime.

Media Act updates

Ofcom updates on report to secretary of state on the operation of the UK market for ODPS and non-UK ODPS

Digital regulation

In September 2024, the secretary of state for culture, media and sport wrote to Ofcom, asking it to prepare a report on the operation of the UK market for on-demand programme services (ODPS), following the provisions in the Media Act 2024 on the video-on-demand Tier 1 services framework coming into force (but not into effect). See more in this Regulatory Outlook and this Insight.

On 30 May 2025, Ofcom delivered the report to the secretary of state.

The secretary of state is obliged under the Media Act to take this report into account before making regulations on the Tier 1 service regime and designating services as having Tier 1 status. Ofcom is not making this report publicly available due to restrictions in the Communications Act 2003 on sharing the information provided to Ofcom by ODPS providers.

Ofcom consults on listed events regime

Ofcom has published a consultation on changes made to the listed events regime under the Media Act and on a draft revised code on listed events.

The updated regime will no longer restrict listed events to traditional broadcast channels, but will include any services that can be used to show live coverage of such events to UK audiences, including global media platforms and streaming services.

The consultation relates to:

1. Ofcom's duty under the Act to make regulations defining "live coverage", "adequate live coverage" and "adequate alternative coverage", which will affect when the regime applies and the conditions that service providers must satisfy to be authorised to show live coverage of listed events.

2. The draft revised code on listed events, which will reflect the changes made by the Act. The code will explain the approach Ofcom will take where regulator consent is needed to show live coverage of listed events.

The deadline for responses is **8 August 2025**.

Other updates

Ofcom's strategic approach to AI

Ofcom has outlined how it is supporting the industries it regulates in using AI, and how it is using the technology itself. Ofcom provides examples of how online platforms, broadcasters and telecoms companies are leveraging AI, from automated content moderation to improve online safety to improving accessibility to media content through automated dubbing and audio descriptions, and using AI to keep telecoms networks secure. It also considers the ways in which AI could be useful to spectrum allocation and postal companies in the future.

Ofcom also sets out a range of initiatives it is working on to support AI innovation across all the sectors it regulates and how it is trialling the use of AI to enhance its own productivity. Ofcom also outlines its planned AI work for 2025-2026, which includes horizon-scanning to identify emerging and longer-term AI developments affecting its sectors, working with big online platforms to understand how they are deploying AI tools, exploring whether additional measures are needed to address AI-based harms online, and issuing guidance to broadcasters on using AI.

Online marketplaces may be subject to additional obligations relating to electrical and electronic equipment

See Consumer section

John Davidson-Kelly, Partner
T: +44 20 7105 7024
john.davidson-kelly@osborneclarke.com

Chloe Deng, Partner
T: +44 20 7105 7188
chloe.deng@osborneclarke.com

Digital regulation

Ben Dunham, Partner
T: +44 20 7105 7554
ben.dunham@osborneclarke.com

Nick Johnson, Partner
T: +44 20 7105 7080
nick.johnson@osborneclarke.com

Tom Harding, Partner
T: +44 117 917 3060
tom.harding@osborneclarke.com

Employment, contingent workforce and immigration

Employment, contingent workforce and immigration

Concerns continue as to how UK umbrella tax legislation will work

New "umbrella" legislation is likely to be published in July and come into force in April 2026. It has been reported in June 2025 that HMRC wants it to involve no fault joint and several PAYE and NICs liability for any organisation that directly engages workers from an Employer-of-Record (EoR) or umbrella company – there will be no statutory defence relating to things like only using accredited umbrella companies or EoRs or which have passed compliance-audits.

Where the organisation engages umbrella workers via staffing company intermediaries then the joint and several liability will probably not pass up to the end client under this legislation , although HMRC are generally stepping up enquiries about misuse of "dodgy" umbrella arrangements and can use regimes like the Criminal Finances Act 2017 and the Managed Service Company tax regime (Chapter 9 of Part 2 of ITEPA) and the new IR35 regime (Chapter 10 of that Part of ITEPA) against end clients in certain umbrella-related situations.

Organisations are expected to review their use of umbrella companies and EoRs and step up the spot checks they do to include more rigorous checks that correct tax and NICs have been accounted for to HMRC. That process will not work as a "defence" to an assessment under the new legislation but should practically reduce the risk of liabilities. That process will, however, work as a "reasonable steps" defence under the criminal CFA regime (under which the courts can otherwise impose unlimited fines). Read more.

Julian Hemming, Partner
T: +44 117 917 3582
julian.hemming@osborneclarke.com

Kevin Barrow, Partner
T: +44 20 7105 7030
kevin.barrow@osborneclarke.com

Gavin Jones, Head of Immigration
T: +44 20 7105 7626
gavin.jones@osborneclarke.com

Catherine Shepherd, Knowledge Lawyer Director
T: +44 117 917 3644
catherine.shepherd@osborneclarke.com

Helga Butler, Immigration Manager
T: +44 117 917 3786
helga.butler@osborneclarke.com

Kath Sadler-Smith, Knowledge Lawyer Director
T: +44 118 925 2078
kath.sadler-smith@osborneclarke.com

Environment

Environment

Upcoming Environment Bill for Wales

On 2 June 2025, the Environment (Principles, Governance and Biodiversity Targets) (Wales) Bill was introduced to the Senedd and is currently undergoing its first stage in the parliamentary process.

The bill will establish:

- environmental principles in Welsh law (integration, precaution, prevention, rectification at source and polluter pays), with an overarching objective to ensure a high level of environmental protection, improve environmental quality and contribute to sustainable development;
- environmental governance in Wales: the bill will establish an independent environmental governance body to oversee the implementation of, and compliance with, environmental law by Welsh public bodies; and
- statutory biodiversity targets and duties in Wales: the bill will introduce a duty on the ministers to publish a Wales Nature Recovery Strategy and Action Plan, but will no longer require local authorities to publish Local Nature Recovery Action Plans due to potential duplication.

Planning and Infrastructure bill heads to House of Lords

On 11 March 2025, the Planning and Infrastructure Bill received its first reading in the House of Commons. The bill has now passed its third reading and is currently with the House of Lords where it will receive a first full debate on 25 June 2025.

From an environmental angle, the bill looks to establish a Nature Restoration Fund which will be managed by a body such as Natural England. This body will carry out extensive conservation projects, with developers contributing financially to the fund to discharge their environmental mitigation responsibilities.

However, the environmental measures in the bill have come under scrutiny from environmental organisations and most recently, on 11 June 2025, conservation campaign group Wild Justice announced it is seeking the permission of the High Court to apply for judicial review concerning the environmental aspects of it.

Government consults on implementing biodiversity net gain for nationally significant infrastructure projects

On 28 May 2025, the government published a consultation on implementing biodiversity net gain (BNG) for nationally significant infrastructure projects (NSIPs). The government proposes introducing BNG for NSIPs from May 2026 (delayed from November 2025).

The consultation sets out more detail on how BNG will apply to NSIPs. The government proposes that BNG will apply to all NSIPs (those applications for development consent orders submitted under section 37 and determined under section 104 or 105 of the Planning Act 2008).

The main proposal is that the government will set out a biodiversity gain objective for each NSIP type through separate biodiversity gain statements. The statements will have effect as if they were part of the national policy statement (NPS) for that type of NSIP and will be incorporated into the relevant NPS at the next review.

The consultation proposes a model text for a core biodiversity gain statement that can be applied to each type of NSIP for consistency and to reduce complexity.

National Framework for Water Resources 2025 published

On 17 June 2025, the Environment Agency published its 2025 National Framework for Water Resources.

The latest edition of the framework sets out the steps needed to secure a resilient and sustainable water supply across the UK's various industry sectors. It outlines five key priorities:

- The Environment Agency will maintain a strategic overview of water resources across all sectors of use and continue to evaluate the magnitude of the national challenge.

- Regional water resources groups will create multi-sector water resources plans and promote the implementation of collaborative solutions.
- Regulators will assist in assessing proposed solutions and facilitate the identification of new options.
- The Environment Agency will enhance and expand its engagement with other water-using sectors to understand their needs and issues, promoting early interaction with the water sector and regional groups.
- The Environment Agency will support the improvement of local water resources planning tiers, such as Water Abstractor Groups and Catchment Partnerships, to better enable delivery.

Defra outlines future plans in letter to Environmental Audit Committee

In a letter to the chair of the Environmental Audit Committee on 2 June 2025, Defra laid out its future environmental plans. Among the matters listed, Defra stated that it would:

- **Maintain environmental improvement targets** – Defra will publish a revised Environmental Improvement Plan (EIP) this year which will take effect immediately upon being laid before Parliament.
- **Monitor environmental protection measures** – Defra will conduct regular reviews every five years to evaluate the effectiveness of its environmental protection measures. A review led by the economist, Dan Corry, has identified 29 recommendations to reform Defra's regulatory landscape for economic growth and nature recovery.
- **Air quality targets** – Defra is working on measures to reduce emissions from domestic burning and industrial permitting. A consultation will explore new measures to cut emissions of key pollutants and reform streamline outdated guidance, including bringing Battery Energy Storage Systems into environmental permitting

Government issues call for evidence on expanding role of private sector in nature recovery

The government has announced a call for evidence that seeks insights on how best to support and incentivise business sectors to invest in nature recovery. Businesses, investors, nature service providers (such as farmers and land managers), environmental organisations and the public have been asked for their input on how the government can collaborate with the private sector to:

- Utilise effective policy measures to enhance business investment in protecting and improving the natural environment.
- Secure the economic advantages of a healthy natural environment and foster business innovation in environmental protection.
- Identify and manage any risks for businesses, communities or consumers that may arise from increased business investment in the natural environment.

The consultation is split into two sections. The first part focuses on cross-cutting principles and opportunities that could govern policy development. The second seeks private sector views on environmental outcomes such as clean and plentiful water, nature-based carbon reductions, access to nature, flood management, sustainable land use and food production, and global nature.

Draft waste regulations amended to place obligations on online marketplaces

Please see Products.

Matthew Germain, Partner
T: +44 117 917 3662
matthew.germain@osborneclarke.com

Arthur Hopkinson, Senior Associate
T: +44 117 917 3860
arthur.hopkinson@osborneclarke.com

Environment

Julian Wolfgramm-King, Senior Associate (Australian Qualified)
T: +44 20 7105 7335
julian.wolfgramm-king@osborneclarke.com

Caroline Bush, Associate Director
T: +44 117 917 4412
caroline.bush@osborneclarke.com

Lauren Gardner, Associate
T: +44 117 917 3215
lauren.gardner@osborneclarke.com

Environmental, social and governance

Environmental, social and governance

Council agrees position on simplifying CSRD and CSDDD

As previously reported, under Omnibus Package I the European Commission introduced a proposal to amend the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). It aims to reduce reporting burden and simplify corporate reporting for companies.

The Council of the EU has now agreed its negotiating mandate on the proposal which is as follows:

CSRD:

Scope reduction: Under the Commission's proposal, 80% of companies will be removed from the scope of CSRD, concentrating reporting obligations on the largest companies. This will be done through increasing the employee threshold to 1,000 employees and removing listed SMEs from the scope. Furthermore, the Council propose to introduce a net turnover threshold exceeding €450 million to further reduce the reporting burden on businesses. It has also included a review clause regarding a possible extension of the scope to ensure adequate availability of corporate sustainability information.

CSDDD:

Scope reduction: the Council's position raises the thresholds to 5,000 employees and €1.5 billion in net turnover.

Identification and assessment of actual and potential adverse impacts:

- The Commission's proposal limits due diligence requirements to a company's own operations, subsidiaries, and direct business partners (tier 1). The Council's mandate shifts the focus to a risk-based approach, targeting areas with the most likely adverse impacts. Companies should no longer required to perform comprehensive mapping but should conduct a general scoping exercise. The Council maintains the limitation to tier 1 to reduce burdens, with companies using reasonably available information.

- The Council's mandate extends identification and assessment obligations if there is objective and verifiable information suggesting adverse impacts beyond direct business partners. Additionally, it includes a review clause for potentially extending these obligations beyond tier 1.

Civil liability adjustments: The EU harmonised liability regime was removed in the Commission's proposal and the Council's position maintains this.

Transition plans: under the Commission's proposal, it simplified the provision on requiring implantation of transition plans to just outline **implementing actions** (planned and taken). In its mandate, the Council has limited the obligation for companies to adopt a transition plan for climate change mitigation and has given supervisory authorities the power to advise companies on designing and implementing these plans. Additionally the Council has postponed the requirement to adopt transition plans by two years.

Extended compliance preparation: The Council's mandates also postpones the application of the CSDDD by one year to 26 July 2028, with guidelines adoption advanced to July 2026, as set out in the Commission's proposal.

The European Parliament still needs to reach its negotiating position and once it has done so, the two bodies can start negotiations to reach an agreement on the final text.

Simplification to EU CBAM

On 18 June, the European Parliament and Council reached a provisional agreement on 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.

Formal adoption of the proposal is expected by the end of September 2025.

EU Ombudsman investigating Commission's preparation of Omnibus I package

Environmental, social and governance

The EU ombudsman is conducting an inquiry into the European Commission following receipt of a complaint brought by eight civil society organisations. The complaint concerns the Commission's preparation of the Omnibus I package, which amends the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). The organisations argue that the Commission did not comply with the "Better Regulation Guidelines".

The Ombudsman notes that this is the third complaint it has received recently regarding the Commission's adherence to these guidelines. Consequently, it has decided to open an inquiry into the matter.

For an overview of the changes to key sustainability law under the EU Omnibus I, watch our latest Eating Compliance for Breakfast webinar.

European Commission to withdraw the Green Claims Directive

It has been reported that the European Commission has this month told the press that it intends to withdraw the Green Claims Directive. The proposed rules would obligate companies to provide verified evidence to green claims they made. However, in line with the trend of simplifying rules for businesses and its simplification agenda, the directive is set to be axed.

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

Chris Wrigley, Partner
T: +44 117 917 4322
chris.wrigley@osborneclarke.com

Matthew Germain, Partner
T: +44 117 917 3662
matthew.germain@osborneclarke.com

Katie Vickery, Partner
T: +44 20 7105 7250
katie.vickery@osborneclarke.com

Fintech, digital assets, payments and consumer credit

Fintech, digital assets, payments and consumer credit

Fintech

Cryptoassets updates

FCA consults on proposed Handbook changes

On 6 June 2025, the Financial Conduct Authority (FCA) published a consultation paper, covering minor miscellaneous proposed amendments to the Handbook, including to Chapter 4: lift the ban on the retail sale, marketing and distribution of cryptoasset exchange traded notes (cETNs) where admitted to a UK recognised investment exchange (UK RIE), and categorise these cETNs as Restricted Mass Market Investments.

The FCA welcomes comments by **7 July 2025**.

FCA consults on stablecoin issuance and cryptoasset custody rules and prudential regime for cryptoasset firms

On 28 May 2025, the FCA published a consultation paper on stablecoin issuance and cryptoasset custody. The proposed requirements for issuers cover the offer and redemption of qualifying stablecoins, the holding and management of qualifying stablecoin-backing assets and key information issuers will need to disclose about their qualifying stablecoins – designed to ensure issuers have the right resources, processes and controls in place to promote the stability, transparency and reliability of qualifying stablecoins.

The FCA also published a consultation paper on a proposed prudential regime for cryptoasset firms. The FCA's long-term vision is to establish an integrated prudential sourcebook bringing together core prudential requirements (COREPRU), supplemented by sector-specific sourcebooks. Initially, COREPRU will apply only to firms carrying on regulated cryptoasset activities – while the FCA proposes that the sector-specific requirements for firms carrying on regulated cryptoasset activities will be included in a sourcebook known as the Prudential Sourcebook for Cryptoasset businesses (CRYPTOPRU).

Comments to both consultations are invited until **31 July 2025**. The FCA will then set out final rules and guidance (expected in 2026) before implementing the new regimes.

Responses to HM Treasury relating to draft cryptoassets regulated activities

On 27 May 2025, the Financial Markets Law Committee (FMLC) published a letter to HM Treasury, highlighting areas of legal uncertainty relating to new cryptoasset regulated activities as set out in the draft Financial Services and Markets Act 2000 (Regulated Activities and Miscellaneous Provisions) (Cryptoassets) Order 2025, published in April 2025.

The FMLC's concerns include:

- **Overlaps between "qualifying stablecoin" and "electronic money" definitions**: the FMLC says that the scope of the definitions means it is not possible to conclude whether several existing stablecoins would be deemed to be qualifying stablecoins or electronic money.
- **Expansion of new safeguarding activity**: there is concern that the expanded scope of the new safeguarding activity may be disruptive to current market practices.
- **Potential application of new safeguarding activity to traditional securities**: the new safeguarding activity applies to relevant specified investment cryptoassets, which is defined very broadly. As such, it is possible that the registration or safeguarding of any securities custodied in the UK (including securities recorded in CREST) could be in scope.
- **Territorial scope of new regime**: although it understands that the policy intention is that overseas cryptoasset firms serving only UK institutional customers will not require authorisation, the FMLC considers it unclear whether such an outcome has been achieved via the amendments to section 418 of FSMA.

On 28 May 2025, the International Regulatory Strategy Group (IRSG) published its response to HM Treasury regarding the 2025 Order, having identified areas where it considers clarity and alignment with the existing regulatory regime could be improved – including numerous definitions and territorial scope.

Without amendment, the IRSG believes that the current approach may create unnecessary complexity and overlap, potentially leading to confusion and uncertainty. It also recommends an extended consultation period to capture the "significant refinements" needed to meet HM Treasury's policy outcomes.

Other updates

Fintech, digital assets, payments and consumer credit

FCA leads international campaign against finfluencers using illegal financial promotions

On 6 June 2025, the FCA announced that it has led an international campaign against finfluencers that use illegal financial promotions. The regulatory action occurred due to concerns that some finfluencers (that is, social media personalities who use their platforms to promote financial products and share insights and advice with followers) sell products or services illegally and without authorisation through online videos and posts, where they use the pretence of a lavish lifestyle, often falsely, to promote success.

In the UK, the FCA has:

- Made three arrests with the support of the City of London Police and authorised criminal proceedings against three individuals.
- Invited four finfluencers for interview.
- Sent seven cease and desist letters.
- Issued 50 warning alerts.

The FCA also took action in October 2024 against certain finfluencers.

FCA launches Supercharged Sandbox

On 9 June 2025, the FCA announced that it has launched a "Supercharged Sandbox" to help firms experiment safely with AI and speed up innovation.

Firms can apply to use Supercharged Sandbox now through the FCA's website, with applications open until 11 August 2025 and a go-live date to follow in October.

Payments

PSR consolidated policy statement on APP scam reimbursement requirement

On 22 May 2025, the Payment Systems Regulator (PSR) published a consolidated policy statement on its authorised push payment (APP) fraud reimbursement requirement scheme. The document consolidates the PSR's previous publications relating to the scheme and aims to serve as a single point of reference for those wishing to understand its reimbursement requirement and how it may affect them.

Chapter five of the policy statement includes a summary of the most significant and frequently asked questions the PSR received relating to the scheme. The policy statement was issued as general guidance. While it is intended to help readers interpret the PSR's policy, the definitive requirements for the scheme are set out in the legal instruments on the PSR's website. Pay.UK, as the payment systems operator (PSO) for the Faster Payment System (FPS), maintains the FPS reimbursement requirements on its website.

The PSR also published its requirements for the reimbursement of APP fraud committed over the CHAPS payment system. Those requirements are substantially the same as for FPS, and, except as otherwise indicated, the policy statement applies to payments made over FPS and CHAPS.

The Bank of England, as the PSO for CHAPS, maintains the CHAPS reimbursement requirements, which are on its website. If any of the contents of the policy statement vary with the legal instruments or the FPS or CHAPS reimbursement rules, the latter prevail.

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

On 13 June 2025, the Payment Services and Payment Accounts (Contract Termination) (Amendment) Regulations 2025 were published. The regulations, which will come into effect on 28 April 2026:

- Enhance consumer protections when payment service providers (PSPs) terminate contracts with payment service users.
- Amend regulation 51 of the PSRs 2017 and introduce new regulations 51A to 51D.
- Extend the minimum notice period for contract terminations from two months to 90 days.
- Require PSPs to provide sufficiently detailed and specific explanations for contract termination so payment service users understand why their contract is being terminated.
- Inform payment service users of any right they may have to complain to the FOS.

Fintech, digital assets, payments and consumer credit

Consumer Finance

HM Treasury response to consultation on regulating BNPL products and draft final legislation

On 19 May 2025, HM Treasury published its response to the consultation on "buy now, pay later" (BNPL) reform, together with final legislation. On the same day, it also published its consultation on reforming the consumer credit regime. There are parallels between the two sets of proposals.

See our Insight for more information.

FCA statement on key considerations for implementing motor finance consumer redress scheme

On 5 June 2025, the FCA published a statement setting out its key considerations if it were to implement a redress scheme as part of its review into motor finance commission arrangements.

The FCA has previously said that if, following the outcome of the Supreme Court judgment on the Court of Appeal decision in *Johnson v FirstRand Bank Ltd*, it concludes that motor finance customers have lost out from firms' failings, the FCA is likely to consult on an industry-wide consumer redress scheme. The Supreme Court aims to deliver its judgment in July 2025, and the FCA plans to confirm, within six weeks of the judgment, whether it is proposing to introduce such a scheme. If the FCA decides to propose a redress scheme, it will publish a consultation setting out how it would work, together with draft rules. Following the consultation, the FCA would confirm whether it goes ahead with the scheme, and if so, what the final rules are.

Some key considerations set out by the FCA are:

Principles. The FCA outlined the principles it will use when designing a redress scheme, such as comprehensiveness, fairness, certainty, simplicity and cost effectiveness, timeliness, transparency and market integrity.

Scope of a redress scheme. The FCA would need to consider whether the scheme would be opt-in, that is customers would have to confirm to their firm by a certain date that they wish to be included, or opt-out, where customers would be automatically included unless they opt out.

Calculating redress. The FCA says that it may take a different approach to calculating redress in any intervention it makes. It highlights that any redress scheme must be fair to consumers who have lost out, and ensure the integrity of the motor finance market, so it works well for future consumers.

Nikki Worden, Partner
T: +44 20 7105 7290
nikki.worden@osborneclarke.com

Paul Anning, Partner
T: +44 20 7105 7446
paul.anning@osborneclarke.com

Paul Harris, Partner
T: +44 20 7105 7441
paul.harris@osborneclarke.com

Kate Shattock, Senior Knowledge Lawyer
T: +44 20 7105 7421
kate.shattock@osborneclarke.com

Food law

Food law

Phase 3 labelling requirements under the Northern Ireland Retail Movement Scheme to come into effect

From 1 July 2025, phase 3 of the labelling requirements under the Northern Ireland Retail Movement Scheme (NIRMS), as introduced by the Windsor Framework, come into effect.

Certain goods moving via the NIRMS from GB to the EU require a 'Not for EU' label. This has been introduced in 3 phases from October 2023 and the final phase comes into effect on 1 July 2025.

From this date, individual 'Not for EU' product-level labelling will be required for a broader range of food products than previously required. Currently under phase 1 and 2, all meat products and dairy products must be individually labelled. From 1 July, the following categories will also need to have a 'Not for EU' label on each individual item if moving via NIRMS:

- All pre-packed and sealed fruit and vegetables
- All fresh, frozen and processed fish
- Eggs
- Honey
- Food supplements produced from animal products, with no added plant products
- All chilled or frozen composite products and some chilled plant products that require certification or controls at a border control post
- All shelf-stable composite products, unless they are listed in the 'exemptions' section of the government guidance
- High-risk food of non-animal origin (HRFNAO), where it is controlled under Regulation 2019/1793
- Cut flowers where they are listed in Part A of Annex XI and Annex XII to the Phytosanitary Conditions Regulation (EU) 2019/2072

HFSS regulations to delay advertising restrictions made

The Communications Act 2003 (Restrictions on the Advertising of Less Healthy Food) (Effective Date) (Amendment) Regulations 2025 were made on 3 June. These amending regulations delay the implementation of the restrictions on advertising of less healthy food and drink products from 1 October 2025 to 5 January 2026. These come into force on 1 July 2025.

The government guidance has also been updated to reflect the delay.

Please also see the Advertising and marketing section for updates made to the ASA guidance.

Sentencing Council confirms amendments to the sentencing guidelines for very large organisations

The Sentencing Council has announced amendments to the sentencing guidelines for health and safety, food safety, food hygiene, and corporate manslaughter offences, specifically targeting Very Large Organisations (VLOs).

These changes aim to provide clearer direction for courts when sentencing organisations with turnovers significantly exceeding £50 million. The amendments suggest that courts should consider fines outside the range for large companies, ensuring that penalties are proportionate to the organisation's financial circumstances and the seriousness of the offence.

While the wording changes may imply higher fines for VLOs, in practice, the impact is likely to be minimal as judges already consider VLOs separately from large organisations. Read our Insight for more.

FSA June Board meeting

On 18 June, the Foods Standards Agency held its board meeting. The FSA put to the board a number of initiatives including reintroducing the national level regulation proposal and further reforms to the market authorisation process for regulated food and feed products.

Further reforms to the market authorisation process

In April, new regulations came into force which made changes to the regulated food and feed products framework, notably by removing two changes removes the requirement for 10-yearly renewals of authorisations for feed additives, genetically modified organisms and smoke flavourings and removing the requirement for secondary legislation to bring the initial authorisations into effect (see more here).

The FSA is now looking to introduce further reforms to streamline the process, which are:

1. **Reviewing the decision-making process: Empowering** FSA/FSS to make authorisation decisions, with the option for ministers retaining a "call-in" power for significant cases.

2. **Clarifying roles and responsibilities:** Defining administrative roles in legislation to expedite the process.

3. **Using other regulators' risk assessments:** Allowing FSA to use risk assessments from other countries to speed up application processing.

4. **Using European Union Reference Laboratory (EURL) reports:** Clarifying the use of EURL reports to avoid duplication and reduce costs.

5. **Streamlining authorisation processes:** Consolidating regulations for a "simpler, more transparent" process.

The FSA note that with the UK and EU agreeing a Sanitary and Phytosanitary (SPS) agreement, this may affect these reforms, potentially requiring dynamic alignment with EU law. It states that the outcome of these negotiations will influence the future scope and timing of the proposed changes.

National Level Regulation

As previously reported, the FSA has been looking into introducing national level regulation whereby large national food businesses would be regulated at a national level, rather than on a premises-by-premises basis. This was revisited at the June meeting and the Board was asked to agree to the FSA to take next steps to introduce the regime.

If the Board agrees to these reforms, a public consultation will be launched, either by early July 2025 if using Retained EU Law Act 2023 powers, or in autumn 2025 depending on SPS negotiations.

Government response to consultation on fairer food labelling

Last year, the previous government ran a consultation seeking views on proposals for clearer food labelling through improved method of production and country of origin labelling. The new government has now published a summary of responses received and its response. The main themes coming from the responses are as follows:

- **Country of origin labelling**

  There is majority support for mandatory labelling of meat in minimally processed products, highlighting the importance for informed consumer decisions and animal welfare. Opponents argue that such changes would add complexity and costs, suggesting current regulations are sufficient. Suggestions for improvement include better enforcement and a standardised UK-wide approach.

- **Method of production labelling**

  There is strong support for mandatory labelling reform citing benefits for animal welfare, consumer transparency, and adherence to UK regulations. Industry opponents believe current labelling is sufficient and express cost concerns, though some support standardised terminology for voluntary use. There is broad support for reforms to apply to both domestic and imported products and on a UK-wide basis.

The government has noted the support from the majority to introduce country of origin labelling and it will consider this as they look to priorities on food labelling and information. With regard to the method of production labelling, it again notes the support and will consider the views going forward. It highlights that it "is committed to introducing the most ambitious programme for animal welfare in a generation" and that work is being undertaken on the food strategy "that will set the food system up for success". Given the strong public support for clearer food information on welfare standards, the government will consider method of production labelling reform as part of its broader animal welfare and food strategy.

Industrial Strategy focuses on engineering biology

The government published its Industrial Strategy highlighting digital and technologies as key focus areas, which includes six "frontier" technologies, one being engineering biology. The strategy aims to benefit from reformed regulation and

standards, particularly through the new Regulatory Innovation Office (RIO), which is designed to create a more supportive regulatory environment (see our Insight).

Alongside the strategy, the Digital and Technologies Sector Plan has also been published. This provides further detail about work in the engineering biology sector, noting the reform to the regulatory framework including with a dedicated Engineering Biology Regulators Network, the FSA sandbox and the role of the RIO. It outlines that it will build "on the success of the engineering biology regulatory sandbox to accelerate regulatory reform."

At the end of the sector plan it outlines some key dates notably:

- Q3 2025: Round two of regulatory sandbox commences
- Q4 2025: Full implementation of the Genetic Technology (Precision Breeding) Regulations 2025
- Q1 2027: Food Standards Agency regulatory sandbox on cell-cultivated protein completed
- 2028: Regulatory sandbox round two project completed
- 2030: The UK is a world leader in responsible innovation, making a positive impact on global health, economic and security outcomes.

With the government's ongoing focus on advancing engineering biology, it is an exciting time for the future of food innovation and businesses looking to introduce these products to the UK market.

FSA launches new support service for businesses developing cell-cultivated products for the UK

The Food Standards Agency (FSA), in collaboration with Food Standards Scotland (FSS), has launched a new pilot business support service to assist companies developing cell-cultivated products for the market in the UK. The service will provide information and guidance to companies that are navigating the authorisation process for their products.

The service allows prospective applicants to consult with the FSA/FSS team before submitting applications, ensuring clarity on essential requirements like data collection and hazard identification. It also provides support after applications are submitted in order to help businesses address any gaps identified in their submissions. The FSA plan to expand this pilot support service to producers of precision-fermented food in the future.

EU

EU court rules making health claims for botanical food supplements is prohibited

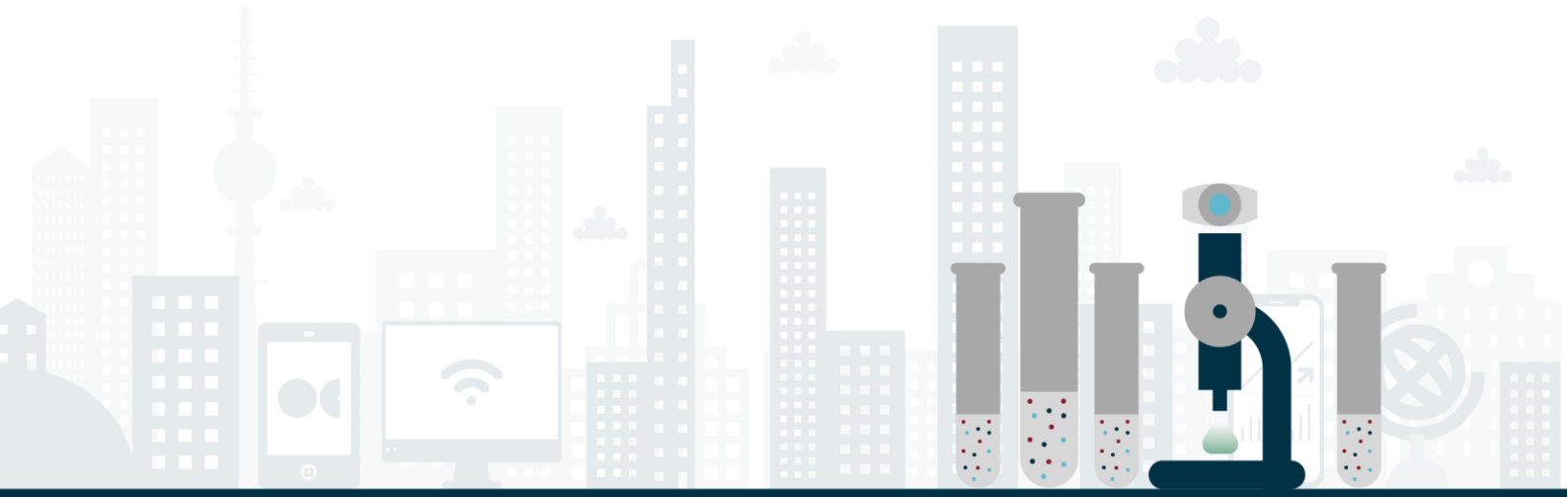
The Court of Justice of the EU has ruled that making health claims in relation to botanical substances cannot be done as these claims are still under scientific review from the Commission. In this case, a German company was marketing s a food supplement containing extracts of saffron and melon juice, claiming the extracts improved mood or reduced feelings of stress and fatigue.

The court referred to the Nutrition and Health Claims Regulation 1924/2006, noting that the use of nutrition and health claims in the advertising of foods and food supplements was prohibited, unless the claims were included in the lists of authorised claims. Since the Commission has not yet completed its assessment of health claims related to botanical substances, these claims are not included in the list of authorised health claims and cannot be used on products.

The case serves as a timely reminder to businesses to ensuring that any health claims used in marketing are listed as authorised claims in the EU or on the "on hold" list for the UK.

Katie Vickery, Partner
T: +44 207 105 7250
katie.vickery@osborneclarke.com

Veronica Webster Celda, Associate Director
T: +44 207 105 7630
veronica.webster@osborneclarke.com



Health and Safety

Health and Safety

Sentencing Council confirms amendments to the sentencing guidelines for very large organisations

The Sentencing Council has announced amendments to the sentencing guidelines for health and safety, food safety, food hygiene, and corporate manslaughter offences, specifically targeting Very Large Organisations (VLOs).

These changes aim to provide clearer direction for courts when sentencing organisations with turnovers significantly exceeding £50 million. The amendments state that courts should consider finings outside the range for large companies, ensuring that penalties are proportionate to the organisation's financial circumstances and the seriousness of the offence (rather than the previous guidance that they "may" consider doing so.

While the wording changes may imply higher fines for VLOs, in practice, the impact is likely to be minimal as judges already consider VLOs separately from large organisations. Read our Insight for more.

BSI launches consultation on UK's first workplace suicide standard

The British Standards Institution (BSI) has launched a public consultation on BS 30480, the UK's first proposed workplace standard which focuses on suicide awareness, prevention, and education.

The standard provides guidance for organisations and managers on preventing, intervening and supporting individuals affected by suicide in the workplace. It includes policies and systematic practices for those experiencing suicidal thoughts and behaviours or supporting someone affected by suicide. Informed by data, research and lived experiences, it outlines necessary processes, monitoring methods and adjustments to maintain effectiveness. It also advises on sensitive communication, especially with those bereaved by suicide, and offers support strategies.

Applicable to all organisations, regardless of size or type, it covers the public sector (for example, educational institutions, police services, NHS), the voluntary sector (such as charities, faith settings), and the business sector (for example, construction, financial services). It is of use for managers, HR teams, health and safety teams, occupational health teams and those responsible for organisational health, well-being, diversity and inclusion. It excludes statutory safeguarding responsibilities and medical guidance outside the workplace but references relevant sources.

The consultation closes on 16 July 2025.

Building Safety Act: Criteria for determining a higher-risk building remains unclear

The government has updated its guidance on the legal criteria for determining whether a new building is considered a higher-risk building (HRB), in response to the First-tier Tribunal decision that a roof garden constitutes a storey (reported here). Despite this decision, the guidance maintains that open rooftop gardens are **not** considered a storey for the purpose of determining whether a building is an HRB. However, there is an acknowledgement that this question requires clarity through amendment to the current regulations, and that there are ongoing consultations between the government, Building Safety Regulator and other relevant stakeholders in this regard. See our Insight for more.

Mary Lawrence, Partner
T: +44 117 917 3512
mary.lawrence@osborneclarke.com

Matthew Vernon, Senior Associate
T: +44 117 917 4294
matthew.vernon@osborneclarke.com

Reshma Adkin, Associate Director
T: +44 117 917 3334
reshma.adkin@osborneclarke.com

Georgia Lythgoe, Senior Associate
T: +44 117 917 3287
georgia.lythgoe@osborneclarke.com

Alice Babington, Associate
T: +44 117 917 3918
alice.babington@osborneclarke.com

Amy Lewis, Associate
T: +44 117 917 4407
amy.lewis@osborneclarke.com

Modern slavery

Modern slavery

Tackling modern slavery in NHS procurement: government response

Please see Regulated procurement.

Chris Wrigley, Partner
T: +44 117 917 4322
chris.wrigley@osborneclarke.com

Alice Babington, Associate
T: +44 117 917 3918
alice.babington@osborneclarke.com

Products

Products

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

General/digital

UK

Product Regulation and Metrology Bill passes through Commons

On 4 June, the Product Regulation and Metrology Bill (PRAM) finished its reading in the House of Commons. It will now be handed back to the House of Lords to approve the amendments. The OPSS at this week's business reference panel said that they expect royal assent to happen before summer recess (that is, in late June/early July).

Amendments agreed

- **Statutory consultation requirement:** Added to ensure stakeholders can shape product and metrology regulations.
  Affirmative procedure extension: Applies to several key areas to increase parliamentary scrutiny, including creation of criminal offences, first use of regulations covering online marketplaces, and imposition of duties on new supply chain actors.

Industrial Strategy – advanced manufacturing and digital and technologies

On the 23 June 2025, the government published its Industrial Strategy. One of the key aims of the strategy is to "reduce regulatory burdens and speed innovation" as well as "using the Regulatory Innovation Office to clear the path to market for the latest innovative challenger products". The strategy sets outs six "frontier" industries, one of these being advanced manufacturing, within which there are six frontier manufacturing industries identified: automotive; batteries; aerospace; space; advanced materials; and agri-tech. The government will look to reforming the business environment in this space. This will include scaling up innovating and exploring circular practices, like re-use and recycling, noting that more detail will be set out in its Circular Economy Strategy (due in autumn 2025).

A separate sector plan on advanced technologies has also been published. This goes into more detail of plans the government intends to take, including: developing an Automotive Technology Strategy in 2026; assessing the options for implementing battery passports; and developing the Circular Economy Strategy.

Another frontier industry set out in the plan is digital and technologies. The plan prioritises technologies with the greatest growth potential, including advanced connectivity technologies, AI, cyber security, engineering biology, quantum technologies, and semiconductors. Key interventions include increasing R&D funding to £22.6 billion by 2029/30, building the workforce through skills reforms and attracting overseas talent, creating a supportive regulatory environment via the RIO, strengthening international partnerships, investing in R&D and scale-up infrastructure, and seizing AI opportunities by expanding the Government's AI Research Resource, establishing a new Sovereign AI Unit with up to £500 million, and investing in AI for Science Opportunities.

With the government keen to drive innovation and reform regulatory frameworks in these sectors, it will be an interesting time for businesses working in these spaces and the potential changes on the horizon.

NCSC announced new AI cybersecurity technical specification

The National Cyber Security Centre (NCSC) has announced a new technical specification for baseline cybersecurity requirements for AI models and systems has been published by the European Telecommunications Standards Institute (ETSI). The NCSC has been working alongside the ETSI and the government to produce the new specification as well as an accompanying technical report that helps stakeholders *i*mplement the cyber security provisions in the specification, including examples mapped to various international frameworks.

Self-driving vehicle pilot accelerated to 2026

Please see AI.

EU

Products

Ecodesign rules for smartphones and tables come into effect

On 20 June 2025, the EU ecodesign and energy labelling regulations for smartphones, cordless phones and tablets came into effect.

The ecodesign regulation sets out the minimum requirements for these products, which includes using more durable batteries, providing spare parts within 5-10 working days, and for at least seven years after the product model is no longer sold in the EU. Devices that are put onto the EU market will also have to display information on their energy efficiency and battery endurance, as well as displaying a repairability score.

Consultation launched on the classification of high risk AI systems

The Commission has launched a consultation on the classification of high risk AI systems.

The consultation document does not provide much insight into the Commission's views. Instead, it asks a series of questions aimed at understanding the public's perception of various provisions of the Act and the types of relevant systems in practice. Occasionally, the questions are quite useful for those analysing the Act. For example, when asking what the respondent believes counts as a safety component of a system or as something that will endanger health and safety if it were to malfunction, the question provides examples of relevant functionalities.

The questions cover the following aspects of high-risk AI systems, including classification, obligations and amendments to the list of high-risk use cases in Annex III and of prohibited AI practices.

The consultation is open until 18 July. The responses will feed into the guidelines on high risk AI that have to be issued by 2 February 2026.

Sustainable products

UK

Online marketplaces to pay costs of WEEE from non-UK suppliers under new regulations

Draft regulations, the Waste Electrical and Electronic Equipment (Amendment, etc) Regulations 2025, have been laid in Parliament introducing amendments to the Waste Electrical and Electronic Equipment Regulations 2013.

The amending regulations place the WEEE financial obligations arising from electrical and electronic equipment (EEE) that is placed onto the UK market by overseas sellers via an online marketplace (OMP) onto the OMP operators. This has been done by creating a new category of producer, known as the "OMP producer." OMP producers will need to register with a Producer Compliance Scheme and submit data on the volumes of EEE being placed on the market by non-UK suppliers on their platforms across all the EEE categories. The OMP producer will then be responsible for the WEEE financial obligations under the regulations.

In addition, the regulations create a new category of EEE for devices intended to be used for the consumption of tobacco products, nicotine, or other substances. This includes e-cigarettes, vapes, and heated tobacco devices. This new category has been introduced due to the costs of managing this waste being significantly higher than the waste it is currently categorised with, "toys and other leisure equipment."

The regulations need to pass through both Houses of Parliament before coming into effect.

Defra to monitor the risk of PFAS through new concept

Defra has announced that it is addressing the risks posed by poly- and perfluoroalkyl substances (PFAS) through a new concept called PMT (Persistent, Mobile, and Toxic). PFAS are highly persistent in the environment, are difficult to remove and subsequently posing risks to human health and environmental quality. The PMT concept aims to better regulate these substances, similar to existing categories like PBT (Persistent, Bioaccumulative, and Toxic) and vPvB (very Persistent and very Bioaccumulative).

Monitoring data shows widespread contamination of PFAS in groundwater, surface water, and fish samples, highlighting the need for effective management. The PMT concept will help identify priority substances for regulatory action, focusing

initially on PFAS under UK REACH. The government is working with international partners to harmonise criteria and improve understanding of PMT substances.

In terms of next steps, the government has set out it will do the following:

- Continue to refine the PMT concept, focusing on PFAS risk management under UK REACH.
- Engage in discussions with international partners, including UN GHS, to harmonise criteria and regulatory approaches.
- Research initiatives including: develop new methods to define inherent mobility of substances; create a screening tool for prioritisation at registration; implement a monitoring programme targeting persistent and mobile substances.
- Undertake a research project to develop a refined screening assessment to prioritise substances, improve exposure and risk assessment tools, and develop predictive screening tools.

Call for views launched on draft indicative list for long-chain PCFAs

Defra is seeking views on a draft indicative list for long-chain perfluorocarboxylic acids (PFCAs), their salts, and related compounds. This list will complement existing registers for perfluorooctanoic acid (PFOA), its salts, and related compounds, as well as perfluorohexanesulfonic acid (PFHxS), its salts, and related compounds. Comments are invited until 30 June 2025.

The Stockholm Convention's POPs Review Committee recommended listing long-chain PFCAs, their salts, and related compounds in Annex A of the Convention, with specific exemptions. Substances listed in the convention are typically banned from production, placing on the market and use unless specific exemptions apply or acceptable purposes for continued use have been established.

EU

Commission consults on regulation setting out information to be disclosed on unsold consumer products

The European Commission has launched a consultation on the requirement for businesses to disclose information on unsold consumer products that they dispose of, which has been introduced by the Ecodesign for Sustainable Products Regulation. This provision is due to come in from 19 July 2030.

The draft implementing regulation specifies the delimitation of the product types concerned, the format for the disclosure of information and how such information is to be verified. The consultation closes on 10 July 2025.

Lifesciences and healthcare

New UK post-market surveillance requirements come into force

From 16 June 2025, manufacturers or UK responsible persons must notify the MHRA of serious incidents in Great Britain as required under the new UK post-market surveillance requirements. This applies to all UKCA and CE marked devices placed on the GB market after 16 June 2025.

Under the new regulations, manufacturers are required to collect and assess real-world safety and performance data of products. They must report serious incidents to the MHRA within 15 days, instead of the previous 30 days. Additionally, field safety notices, must be submitted to the MHRA for review before being shared with users. Higher risk devices will be subject to a higher level of scrutiny by UK approved bodies. See our Insight for more on the changes.

The MHRA is expected to published updated guidance and will introduce a new GB-specific Manufacturer's Incident Report (MIR) form, similar to the EU MIR v 7.2.1 but with additional national data requirements such as UK Approved Body identification, certificate numbers, full Unique Device Identifier details, estimates of devices on the market and affected users in Great Britain.

For a transition period until 16 October, the MHRA will accept the EU MIR v7.2.1 form with GB-specific data. After this date, only the GB-specific MIR form will be accepted.

Industrial Strategy – life sciences

The government's Industrial Strategy also looks to making "the UK one of the world's top three Life Sciences economies through a package of reforms and investment". Key investments include up to £600 million in the Health Data Research Service, £650 million in Genomics England, £354 million in Our Future Health, £30 million in preclinical infrastructure, and £20 million in UK BioBank. The plan aims to make the UK a prime location for life sciences businesses by improving access to finance, enhancing the skills base, and supporting manufacturers.

Driving health innovation and NHS reform is also set out as an essential part of the reform, ensuring rapid access to new technologies and promoting shifts from sickness to prevention and digital healthcare. The plan prioritises pharmaceuticals and medical technologies and outlines several headline actions: implementing the O'Shaughnessy reforms to reduce trial approval times, investing £520 million in the Life Sciences Innovative Manufacturing Fund, streamlining regulation with the MHRA, and introducing low-friction Procurement.

A separate life sciences sector plan is due to be published.

Government response on the proposed review of the 2025 scheme to control the cost of branded health service medicines

Following its consultation on proposals to update the statutory scheme to control the cost of branded health service medicines, the government has set out in its response changes that will be introduced. The government has decided to maintain broad commercial equivalence with the voluntary scheme by implementing the following changes:

- Increase the statutory scheme headline payment percentage to 23.4% for 2025 (previously proposed at 23.8%). Companies paying at the lower rate of 15.5% in the first half of 2025 will pay an uplifted rate of 31.3% (previously proposed at 32.2%) from 1 July 2025.
- Increase the statutory scheme headline payment percentage to 24.3% in 2026 and 26.0% in 2027 (previously proposed at 24.7% for 2026 and 26.4% for 2027).
- Delay implementation of two-thirds of the adjustment previously proposed for 2025 to 2026, resulting in a total baseline adjustment of £50 million in 2025, £430 million in 2026, and £380 million in 2027.
- Introduce new data assurance requirements for presentation reports.

These changes will be made via a statutory instrument which will amend the regulations and will come into force on 1 July 2025.

Katie Vickery, Partner
T: +44 20 7105 7250
katie.vickery@osborneclarke.com

Peter Rudd-Clarke, Partner
T: +44 20 7105 7315
peter.ruddclarke@osborneclarke.com

Veronica Webster Celda, Associate Director
T: +44 20 7105 7630
veronica.webster@osborneclarke.com

Thomas Stables, Senior Associate
T: +44 20 7105 7928
thomas.stables@osborneclarke.com

Jamie Roberts, Associate
T: +44 20 7105 7345
jamie.roberts@osborneclarke.com

Regulated procurement

Regulated procurement

Procurement Act 2023: Exclusion and Debarment – are you at risk?

Is your business bidding for a public contract in the UK? Confused by the new exclusion grounds and not sure whether you have anything to declare? Our new tool demystifies the exclusion grounds at the click of a button. You will be able to see exactly what conduct is (and is not) caught by the exclusion regime so that you can understand your business's position.

Skip the confusion and navigate the changes that now apply under The Procurement Act 2023 with confidence. Our new exclusions tool is a key resource for procurement and in-house legal teams. Download the tool here.

Tackling modern slavery in NHS procurement: government response

The government has published its response to the consultation on the National Health Service (Procurement, Slavery and Human Trafficking) Regulations 2024.

As a reminder, these draft regulations will introduce a legal duty for public bodies to consider modern slavery and human trafficking risks in the procurement of goods and services for the NHS in England. The regulations build upon existing government policies, such as PPN 009: tackling modern slavery in government supply chains, and require public bodies to:

- Assess the risk of modern slavery.
- Take reasonable steps during pre-procurement and procurement stages.
- Include mitigation measures in contracts to manage identified modern slavery risks.

The new regulations and guidance will only apply to new procurements and will not retrospectively apply to existing contracts.

The feedback received from the consultation highlighted the need for:

- Clearer guidance and actionable steps.
- Stronger enforcement mechanisms.
- Enhanced training and resources for procurement professionals and suppliers.
- Alignment with existing policies and international standards, as well as alignment between this guidance and forthcoming updates to section 54 of the Modern Slavery Act.

Government's next steps

1. **Amendments to regulations and guidance**: Based on the consultation feedback, the government will make necessary amendments to the draft regulations and guidance to improve clarity, practicality, and alignment with existing policies.
2. **Supplementary support tools**: Development of additional support tools and training programs for procurement professionals and suppliers to enhance their capacity to manage modern slavery risks.
3. **Engagement with stakeholders**: Continued engagement with stakeholders to refine the guidance and ensure effective implementation.
4. **Cross-government collaboration**: Sharing feedback with the Home Office, Cabinet Office, and the Independent Anti-Slavery Commissioner to support wider reform and harmonised efforts to tackle modern slavery in government supply chains.
5. **Implementation timeline**: Informing procurement professionals and suppliers about the implementation timelines to allow adequate preparation.
6. **Monitoring and review**: Conducting checks on compliance and reviewing the implementation of the regulations to ensure they effectively address modern slavery risks.

Regulated procurement

It is interesting to see the government's efforts to tackle modern slavery risks in NHS procurement in a way that supports both procurement professionals and suppliers in understanding what they need to do to manage these risks.

Industrial Strategy sets out further procurement reform

The government's Industrial Strategy, published on 23 June 2025, states that it will "use government's procurement power to strengthen domestic supply chains and support good-quality local jobs, while shaping markets for innovation in the longer term."

The strategy looks to measures introduced under the new Procurement Act and how these fit with the aims of the Industrial Strategy. A new National Procurement Policy Statement instructs public bodies to consider how they can use procurement to support economic growth and the Industrial Strategy. Additionally, there is now a legal duty on contracting authorities to consider how they can remove obstacles to small businesses bidding for public contracts.

To further enhance transparency, a new online platform has been launched to publish upcoming procurement activity and opportunities for pre-procurement engagement for suppliers interested in bidding. Strengthened requirements have also been implemented to ensure contractors are paid within 30 days throughout the public sector supply chain.

Looking ahead, the government will aim to ensure that procurement strategically supports Industrial Strategy priorities, including creating high-quality jobs and skills in local communities, and supporting sectors critical to national security. To achieve this, a public consultation will soon be launched to explore how to open up contracts to give more weight to firms that can demonstrate their ability to boost British jobs. This will include setting at least one award criterion in major procurements related to the quality of the supplier's contribution to jobs, opportunities, or skills. Furthermore, at least one social value key performance indicator (KPI) will be set in major contracts, with regular reporting on delivery to ensure that procurement activities align with the broader goals of the Industrial Strategy.

Strategic Defence Review offers hope of shake up for UK procurement to deliver ambitious security goals

The Strategic Defence Review (SDR), published on 2 June, sets out the government's ambition for how the UK will respond to critical threats and identifies changes that would speed up defence procurement.

As the SDR acknowledges, achieving those ambitions must include a genuine and swift improvement of how the Ministry of Defence (MOD) procures equipment and services. MOD's current processes and contracts too often introduce delay, drag and unnecessary cost. The review identifies changes that would speed up procurement, properly harness the strength of the defence industry and deliver better taxpayer value. Read our Insight for more.

Catherine Wolfenden, Partner
T: +44 117 917 3600
catherine.wolfenden@osborneclarke.com

Craig McCarthy, Partner
T: +44 117 917 4160
craig.mccarthy@osborneclarke.com

Laura Thornton, Associate Director
T: +44 20 7105 7845
laura.thornton@osborneclarke.com

Kate Davies, Associate Director
T: +44 117 917 3151
kate.davies@osborneclarke.com

Ashlie Whelan-Johnson, Associate Director (Barrister)
T: +44 207 105 7295
a.whelanjohnson@osborneclarke.com

Millie Smith, Senior Associate
T: +44 117 917 3868
millie.smith@osborneclarke.com

Gabrielle Li, Associate
T: +44 117 917 3233
gabrielle.li@osborneclarke.com

Sanctions and Export Control

OFSI new video guidance series

The Office of Financial Sanctions Implementation (OFSI) published a new video series "Financial Sanctions: The Basics", intended to provide detail to help individuals and companies comply with UK financial sanctions. The videos cover the following topics:

- an introduction to OFSI and its work, and how financial sanctions work;
- an overview of the range of guidance published by OFSI;
- an explanation of how OFSI and the Foreign Commonwealth and Development Office (FCDO) work together when there are new sanctions designations and what firms should do following when an individual has been designated;
- what to do in the event of a suspected financial sanctions breach and how to make effective reports to OFSI;
- who may use a general licence and how they work; and
- what a specific licence is and how to apply for one.

OFSI publishes art market participants and high value dealers threat assessment report

OFSI published its art market participants (AMPs) and high value dealers (HDVs) threat assessment report, which covers threats to financial sanctions compliance of relevance to AMPs and HDVs.

This is the third in a series of sector-specific reports published by the OFSI identifying issues with sanctions compliance and red flags which should trigger enhanced due diligence and, where relevant, reports to OFSI. It follows the expansion of mandatory financial sanctions reporting under the UK sanctions regime to include "relevant firms" such as AMPs and HVDs, which came into force on 14 May 2025.

The report is focused on providing AMPs and HVDs with guidance on examples of reporting best practice as well as red flags indicative of activities and sector-specific threats relevant to AMPs and HVDs. It is intended to assist stakeholders with prioritisation as part of a risk-based approach to compliance.

OFSI stated that it expects AMPs and HVDs to begin reporting high value goods which are also frozen assets, following the introduction of reporting obligations. The report also emphasised that AMPs and HVDs of all sizes must comply with the existing anti-money laundering in addition to the newly introduced financial sanctions reporting obligations. For further information, see OFSI's guidance and webinar.

See also our previous updates on the financial services and property and related services threat assessment reports. Our Insight explains the reporting obligations affecting firms in the property sector.

If you have any questions or concerns about the threat assessment or would like to discuss your new reporting obligations, please get in touch with your usual Osborne Clarke contacts or our experts below.

Amendments to Public Interest Disclosure Order 2014 to cover sanctions

The Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2025, which comes into force 26 June 2025, makes amends to Public Interest Disclosure (Prescribed Persons) Order 2014 to expand matters that can be disclosed to the secretary of state for Business and Trade and secretary of state for Transport to include sanctions. HM Treasury has also been added as a prescribed person to whom whistleblowing disclosures can be made in relation to financial sanctions.

See the government guidance page for more information on how the changes apply in relation to trade sanctions.

OFSI general licences

OFSI amended the following general licences:

- General Licence INT/2023/3263556: which allows payments and other permitted activities to take place in relation to insolvency proceedings associated with GTLK Europe and GTLK Capital and their subsidiaries. The general licence has been amended to add new definitions, a reporting requirement and changes to clarify various permissions. This general licence takes effect from and 1 August 2023 and expires on 31 July 2030.

Sanctions and Export Control

UK-EU Security and Defence Partnership

The UK and EU has agreed new Security and Defence Partnership, which aims to enhance cooperation and dialogue on defence, including maritime security, critical infrastructure and illicit finance. As part of the partnership, the UK and EU agreed to continue to cooperate and explore opportunities to collaborate further on sanctions policy, with a particular focus on regions including Ukraine, the wider Eastern European Neighbourhood (the Black Sea, the Western Balkans, the Arctic, the Middle East and Africa).

Greg Fullelove, Partner
T: +44 20 7105 7564
greg.fullelove@osborneclarke.com

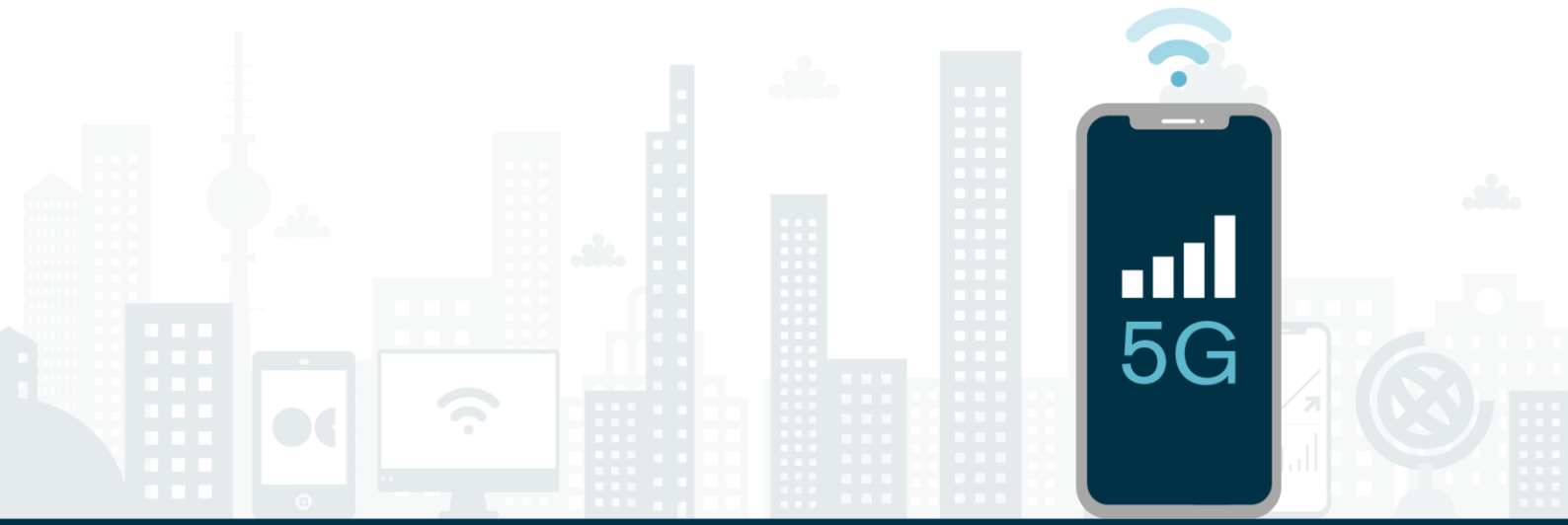
Kristian Assirati, Associate Director
T: +44 20 7105 7847
kristian.assirati@osborneclarke.com

Nick Price, Partner
T: +44 20 7105 7496
nick.price@osborneclarke.com

Chris Wrigley, Partner
T: +44 117 917 4322
chris.wrigley@osborneclarke.com

Galina Borshevskaya, Senior Associate
T: +44 20 7105 7355
galina.borshevskaya@osborneclarke.com

Carolina Toscano, Associate
T: +44 20 7105 7086
carolina.toscano@osborneclarke.com



Telecoms

Telecoms

Ofcom publishes its strategy on AI

On 6 June 2025 Ofcom released its strategic approach to AI for the period 2025-2026. The report focuses in part on the integration and regulation of AI within the telecoms sector, outlining key initiatives and areas where AI can significantly impact telecoms services and regulatory practices.

Key points:

1. **Use of AI by communications providers –**
    - AI technologies are being deployed to enhance network management, optimise performance, and improve reliability.
    - AI can be a valuable tool for keeping networks secure.
2. **Regulatory oversight:**
    - Ofcom's current approach to regulation is technology-neutral. Communications providers will essentially be able to implement AI technology as they see fit, without needing Ofcom's permission.
    - Ofcom believes that its approach to regulation will promote faster innovation and growth.
3. **Ofcom innovation initiatives:**
    - Ofcom is working with Digital Catapult to provide an interoperable Open RAN test-bed for mobile network equipment vendors to explore the use of AI in mobile networks.
    - Large data sets on UK spectrum use has been made available, enabling communications providers to develop AI models for spectrum use cases.
4. **Use of AI by Ofcom:**
    - A text summarisation tool has been created to analyse responses to Ofcom consultations, with the intention of making it easier to identify patterns and themes more easily.
    - Ofcom is using AI to improve spectrum planning with the aim of increasing the amount of data that can be transmitted over particular bandwidths.

Jon Fell, Partner
T: +44 20 7105 7436
jon.fell@osborneclarke.com

Eleanor Williams, Partner
T: +44 117 917 3630
eleanor.williams@osborneclarke.com

Hannah Drew, Legal Director
T: +44 20 7105 7184
hannah.drew@osborneclarke.com

TK Spiff, Associate
T: +44 20 7105 7615
tk.spiff@osborneclarke.com

Matt Suter, Associate Director
T: +44 207 105 7447
matt.suter@osborneclarke.com