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.

July 2025

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ASA update on tackling ads for weight-loss prescription-only medicines

The Advertising Standards Authority has published an update on its work to tackle ads for weight-loss prescription-only medicines (POMs).

The ASA has been monitoring and investigating potentially problem ads for weight-loss POMs since December 2024, when it issued a warning to businesses and individuals advertising these medicines and instructed them to remove their online ads. See this MarketingLaw article.

The regulator has now upheld complaints against nine advertisers, whose ads were identified for investigation using the ASA's Active Ad monitoring system, which uses AI to search for online ads that might be in breach of the CAP Code.

The rulings make it clear that ads for all injectable forms of weight-loss medications are POMs and cannot be advertised, even when the medicines are not named, but are referred to indirectly using claims, images and other references, such as "Obesity Treatment Jab" or "Weight Loss Pen". Even when the medicines are not explicitly featured, but the ad includes images of medical injection pens or vials of liquid, the ad will be in breach.

The update also reveals that the ASA's monitoring programme found that, of 10,000 ads for weight-loss treatments, 80 were found to use directly or mention a named weight-loss POM. This amounts to a compliance rate of 99% for this part of the rules, which the ASA says is encouraging . However, most of the ads did not name a weight-loss POM, but used imagery of medical injection pens or strongly implied the use of them.

This remains a high-priority area for the ASA and it has additional investigations under way, with rulings to follow (many involving affiliate advertisers).

Government publishes consultation on exemption of brand advertising from HFSS restrictions

The government has published its consultation on the "brand advertising" exemption 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). The consultation focuses on draft regulations (published alongside the consultation) necessary to bring the exemption into effect: the draft Advertising (Less Healthy Food) (Brand Advertising Exemption) Regulations 2025. Essentially, the government wants to know if the drafting is clear.

The draft regulations define "brand advertisement" as an ad that "promotes a brand, including the brand of a range of products". The definition excludes ads that depict a specific less healthy food or drink product, or that show a photo of such a product that is indistinguishable from a specific less healthy product. These ads will not be able to benefit from the exemption.

The draft regulations also contain definitions for "depict", "range of products", "specific" (product) and "photographic image" and the consultation sets out the government's intentions behind the definitions. For example, the government has defined "depict" broadly to include not only the naming of a specific less healthy product but also branding techniques such as jingles and audio cues, whether used in isolation or in combination, because the cumulative effective of multiple branding techniques could lead to a specific less healthy product being identifiable.

The draft regulations are also intended to make clear that ads by brands whose names include the name of one of their specific less healthy food or drink products do not fall within the definition of "depict". Instead, the government intends ads to be assessed objectively on their content so that all brands are treated equally.

The deadline for responses is 6 August 2025.

EU updates

EU Green Claims Directive to be scrapped (or not)

Confusion reigned last month after the European Commission announced that, in line with its simplification agenda, it intended to withdraw the legislative proposal for a Green Claims Directive, which would oblige companies to provide verified evidence for any green claims made. The decision was announced just one working day before the final round of

negotiations in the trilogue of the Commission, the Council of the EU and the European Parliament, which was cancelled following the announcement.

The Parliament's co-rapporteurs then held a press conference reacting to the Commission's announcement and saying that the issue eventually cited by the Commission as its reason for withdrawing the directive (that Parliament did not intend to exempt micro-enterprises from the rules contrary to the Commission's simplification plans) was, in fact, not an issue, as it had already been agreed to include the exemption in the directive. Following the Commission's intervention, Italy withdrew its support for the directive, meaning that the Council could not support it. The co-rapporteurs have said, however, that Parliament is ready to resume the trilogue negotiations to "find a solution", and the Commission has now said that it will proceed with the directive, as long as micro enterprises are excluded from its scope.

The confusion has resulted in questions over the legality of the Commission's actions. Whether the directive can be resurrected remains to be seen.

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Artificial Intelligence

UK updates

Getty Images v Stability AI trial

The closely watched UK High Court case took place over some three weeks, concluding in early July 2025.

Getty Images operates a large commercial image database. Stability AI is the provider of Stable Diffusion, an AI tool which generates images in response to users entering request prompts. Getty claimed that Stability trained its AI model on images scraped from internet sites, including images for which Getty owns/has licences of the copyright, allegedly leading to some generated images reproducing substantial parts of Getty's images, sometimes including Getty's trade mark. The trial considered whether Stability had infringed Getty's IP, including copyright, trade marks and database rights, with Stability AI denying liability.

In the latter stages of the case, Getty narrowed its claims, dropped its case on primary infringement of copyright and database rights, apparently because of difficulties showing that any training of the Stable Diffusion model had taken place in the UK. This left Getty with claims of secondary copyright infringement plus trade mark infringement and passing off. Judgment is expected in early October 2025, around the beginning of the court term following the summer recess. The case may have an impact on the government's views on possible changes to the law following its consultation on AI and copyright.

UK AI regulation some way off

The Guardian has reported that AI-specific regulation is likely to be at least a year away, saying that technology secretary Peter Kyle intends to introduce a "comprehensive" AI bill in the next parliamentary session. It is not yet known when the next session will begin, but some point between late this year and spring or summer of 2026 is currently thought to be most likely.

The report also quotes government sources as saying that the legislation will focus not only on AI safety but also include provisions to deal with any legislative changes that might emerge from the UK's consultation on AI and copyright.

Government to invest over £2 billion in the UK's AI ecosystem

AI and related computing tech did well in the much-heralded spending review. Some £2 billion is being allocated over the next four years, much of it aimed at implementing the 50 recommendations of January's AI Opportunities Action Plan.

See this Insight for more information.

The government has also published its new Industrial Strategy, part of which is the digital and technologies sector plan which details action plans for the boosting of six cutting-edge technologies, including AI. The AI aspect of the sector plan seems to consist largely of implementing the AI Opportunities Action Plan.

Civil Justice Council sets up AI working group

The Civil Justice Council, responsible for overseeing and co-ordinating the modernisation of the civil justice system, has established an AI working group. The group will consult and report on whether rules are needed to govern the use of AI by legal representatives for the preparation of court documents, including pleadings, witness statements and expert reports.

The Law Gazette reports that judges in England and Wales now have access to a large language model (LLM) AI tool, and that the AI guidance provided to them was updated recently to explain concepts such as "hallucination" and "AI agent" and includes top tips for spotting AI-generated court submissions.

FRC publishes guidance on the use of AI in audit

The Financial Reporting Council (FRC), the UK's regulator of auditors, accountants and actuaries, has published its first guidance on the use of AI in audit.

It is structured in two parts: an illustrative example of a potential use case of AI in an audit, and guidance on documenting deployment of tools that use AI. The FRC uses a broad definition of AI which encompasses any machine learning or deep learning models, including generative AI.

EU updates

Final draft of EU AI Act GPAI code of practice published

The final draft of the EU AI Act general-purpose AI code of practice has been published, not far in advance of 2 August 2025, when the relevant parts of the Act come into effect. See here for the announcement and links, plus the press release. The next step will be for it to be endorsed by the EU Commission and EU member countries, likely to be just a formality.

The draft code has three chapters: (i) transparency, (ii) copyright and (iii) safety and security (the latter applying only to providers of GPAI models with "systemic risk").

The code is voluntary, but adherence to it is likely to enable compliance and has benefits in that enforcement by the authorities would then focus on monitoring the developer's adherence to it, rather than wider compliance issues. In light of the current debate around IP rights and model training (for example the recent Getty Images case and the government's consultation on AI and copyright), it is worth noting that:

- The model documentation form in the transparency chapter has a section entitled "How data was obtained and selected" in which the developer has to include a description of "the methods used to obtain and select training, testing, and validation data" and for data obtained from third parties, "a description of how the provider obtained the rights to the data if not already disclosed".
- The copyright chapter aims to help the developer create the copyright policy which is a requirement of the AI Act – this being a policy to ensure that the developer complies with EU copyright law and which must in particular address how the developer will comply with any rights reservations (that is, opt-outs) made by copyright holders under the EU Digital Single Market Directive.

Commission seeks experts for AI scientific panel

The European Commission is looking for independent experts to support the implementation and enforcement of the AI Act. Selected members will form a scientific panel focused on general-purpose AI models and systems, and will advise the AI Office and national authorities on systemic risks, model classification, evaluation methodologies and cross-border market surveillance. It will also inform the AI Office of emerging risks. Applications are open until **14 September 2025**.

Irish DPC fines government department for unlawful use of facial matching technology

The Irish Data Protection Commission (DPC) has announced a final decision following its inquiry examining the processing of biometric facial templates and the use of facial matching technology by Ireland's Department of Social Protection (DSP).

These processes are a part of "SAFE 2 registration", mandatory for anyone wishing to apply for a Public Services Card, which is required to access various services, including welfare payments. The DPC says that the rollout of this registration has resulted in the ongoing large-scale collection, storage and processing by the DSP of highly sensitive personal data, including biometric facial templates. The processing by the AI system was so extensive that it entailed creating biometric data relating to 70% of the population.

The DPC found that the DSP was in breach of the EU GDPR in failing to:

- Identify a valid lawful basis for the collection of biometric data in relation to SAFE 2 registration at the time of the inquiry, or for the ongoing retention of the biometric data collected.
- Implement suitably transparent information to data subjects about SAFE 2.
- Include certain details in the data protection impact assessment that it carried out in relation to SAFE 2 registration.

The DPC reprimanded the DSP, fined it €550,000 and required it to stop processing biometric data in connection with SAFE 2 registration within nine months unless the DSP can identify a valid lawful basis.

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Bribery, fraud and anti-money laundering

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FCA finalised guidance on the treatment of PEPs for anti-money laundering purposes

The Financial Conduct Authority (FCA) published finalised guidance for firms on how to apply a proportionate and risk-based approach to UK politically exposed persons (PEPs), their relatives and close associates for money laundering purposes.

The revisions reflect changes to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs), and is of interest to FCA-supervised firms, individuals and organisations working with supervised firms, financial services trade associations, individuals who meet the definition of a PEP and any other parties interested in the FCA's anti-money laundering supervision.

Among other things, the guidance makes changes to senior management approval for signing off business relationships with PEPs and reflects changes to the MLRs and clarifies that firms should treat domestic PEPs as lower risk unless there are other risk factors apparent that are unrelated to their PEP status.

Government response to consultation on Money Laundering Regulations

As previously reported, HM Treasury published a consultation in 2024 on improving the effectiveness of the MLRs, which requires businesses to identify and prevent money laundering and terrorist financing.

HM Treasury has now published its response, detailing amendments that will be made to the MLRs to clarify requirements and ensure customer due diligence is targeted at high-risk activity and the issues which the government intends to address through guidance. Proposed amendments to the MLRs include:

- enhanced due diligence on complex transactions;
- enhanced due diligence on high-risk third countries;
- due diligence on pooled client accounts; and
- due diligence triggers for certain non-financial firms.

The government intends to publish the draft statutory instrument in the coming months for technical feedback, before laying in Parliament later this year if parliamentary time allows.

Updated HM Treasury advisory notice on high risk third countries

HM Treasury updated its Money Laundering Advisory Notice: High Risk Third Countries, which reflects changes to the list of high-risk third countries as defined in Regulation 33(3)(a) of the MLRs, following updates made to the lists of the Financial Action Task Force (FATF) in June 2025.

The MLRs require UK regulated firms to apply enhanced customer due diligence in relation to high-risk third countries. Following review, the FATF added Bolivia and the Virgin Islands (UK). Croatia, Mali and Tanzania were removed from the list of high-risk third countries.

See the FATF update.

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Competition

Competition

UK housebuilders reach deal with CMA following investigation

A group of the largest housebuilders in the UK have agreed to a series of legally binding commitments to ensure they are acting lawfully and prevent future anti-competitive behaviour following a Competition and Markets Authority (CMA) investigation.

The housebuilders have proposed the following commitments, according to the CMA:

- Not to share competitively sensitive information with competitors, specifically including the prices for which houses have been sold.
- To support the Home Builders Federation and Homes for Scotland to produce guidance on information exchange for the housebuilding industry.
- To pay £100 million in aggregate to programmes supporting the construction of affordable housing in the UK.
- To introduce enhanced in-house compliance measures and training programmes.

The proposed commitments are now under consultation until 24 July 2025 and, if accepted, will bring to a close the investigation into suspected exchanges on commercially sensitive information in the sector.

Should the investigation be closed, the CMA will not be required to reach a conclusion on whether the housebuilders had in fact been acting anti-competitively.

Interchange fees found to be anticompetitive

The Competition Appeal Tribunal (CAT) has found that Mastercard and Visa's "Default Interchange Fee Rule", which impose a specific charge on all transactions with a Mastercard or Visa card, are inherently anticompetitive.

The CAT stated that the interchange fees acted as a minimum level for the merchant service charge, preventing free competition between acquirers seeking contracts with merchants.

As part of the broader interchange proceedings, further trials are either under way or scheduled to examine costs being unlawfully passed from merchants to consumers, and a potential exemption for the fees under EU competition rules.

This development could constitute significant victory for UK merchants seeking compensation, mirroring the $30 billion settlement already secured by US merchants with Visa and Mastercard. Mastercard has also reached a smaller settlement in the UK which has already been approved by the CAT.

Class-action appellants lose third-party funding agreement appeal

Several companies defending class-action proceedings in the UK have lost their bid in the Court of Appeal to declare "third-party litigation funding agreements" (LFAs) unenforceable.

The Court of Appeal's ruling differentiates between the new LFAs, which calculate returns for litigation funders based on the funding provided (subject to a maximum cap), and damages-based agreements (DBAs) where parties receive returns based on the damages awarded, usually through a percentage mechanism. This differentiation is crucial as class actions often rely on third-party funding to proceed.

As a result, several high-profile cases against the appellant parties that are underpinned by these types of agreement can proceed. The ruling underscores the importance of third-party funding in supporting collective competition law proceedings and may influence future litigation strategies.

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Consumer law

Consumer law

UK updates

CMA consults on price transparency guidance under DMCCA

The Competition and Markets Authority (CMA) has launched a consultation on the price transparency provisions of the Digital Markets, Competition and Consumers Act 2024 (DMCCA).

On 6 April 2025, the "unfair commercial practices" (UCP) regime of the DMCCA came into effect and the CMA published its final guidance on it. The guidance covers, among other things, the prohibition on omitting material information from an invitation to purchase, which includes omitting the total price and using "drip pricing" techniques. However, at the time, the CMA also said that it would be consulting further on guidance on the specific subject of drip pricing. See March and April editions of the Regulatory Outlook for more details on the CMA's approach.

The CMA's new draft guidance on price transparency sets out:

- **The meaning of an "invitation to purchase"** – this is essentially where a trader gives information to consumers about a product and its price, whether or not it includes an opportunity for the consumer to actually purchase the product. It can therefore include advertisements and promotions.

- **What pricing information needs to be included in an invitation to purchase** – traders must ensure that the prices in an invitation to purchase do not mislead consumers (examples of what would and would not be considered realistic, meaningful and attainable pricing are provided). "Drip pricing" is specifically addressed and a new concept of "partitioned pricing" (that is, the practice of providing the component parts of a price without giving the overall total) is introduced. Examples of prohibited practices are also provided.

- **Total price requirements** – the core principles that traders should follow when calculating and presenting the total price of their products in an invitation to purchase are explained, including when charges would be considered mandatory (and should therefore be included in the headline price), versus optional charges (including delivery charges). The circumstances in which a total price might not reasonably be calculated in advance due to the nature of the product, and what traders must do in that case, are also set out.

- **Specific types of charges** – case studies with illustrative examples are provided, explaining in more detail how pricing information for different types of charges (for example, delivery charges and booking fees) should be presented to ensure compliance. The use of "floating baskets" is also covered.

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

CMA provides update on its dynamic pricing project and tips for businesses

The CMA has published an update on its dynamic pricing project, launched after last year's issues with Ticketmaster's sale of Oasis reunion concert tickets. See this Regulatory Outlook for background and below for an update on the CMA's investigation into Ticketmaster.

The CMA does not recommend a further change to consumer protection law. Instead, it believes that sector-specific interventions are likely to be the most effective and proportionate way to address potential issues. The update includes a reminder about the CMA's new powers under the DMCCA allowing it to determine when consumer law has been breached and directly impose fines.

The CMA has identified key types of information that could be material for consumers (noting that the exact information a consumer will need will depend on the circumstances and the pricing model being used):

- A statement that prices can change and are not fixed.

- An explanation of factors that cause price changes, such as prices increasing as the booking date approaches, to help consumers understand when they might secure the best deal.

- The range of prices (for example, minimum and maximum amounts), so that consumers can assess if waiting might make a purchase too expensive or if they should buy immediately.

Not all this information will be necessary in every instance of dynamic pricing, and this list is not exhaustive.

To support businesses, the CMA has also published tips for businesses using dynamic pricing, outlining how information should be presented throughout the consumer journey. The CMA's work on drip-pricing and the DMCCA remains ongoing (see above).

CMA says it is preparing to litigate with Ticketmaster

On 24 June 2025, the CMA appeared before the Business and Trade Parliamentary Committee as part of the committee's work on prices, competition and consumer protection. It subsequently provided a written submission to the committee on its work, which included a short update on the Ticketmaster case.

Its investigation into Ticketmaster opened in September 2024 following the sale of Oasis concert tickets (see this Insight). From its investigations, the CMA identified the following concerns:

- Seated tickets labelled as "platinum" were sold at two and a half times the price of standard tickets, but did not explain that they offered no additional benefits and were often in the same stadium area, potentially misleading consumers into thinking that "platinum" seats were superior.

- Consumers were not informed about two categories of standing tickets at different prices, with the cheaper tickets sold first and more expensive ones released later, resulting in unexpected higher costs for many fans who had been forced to wait in a lengthy queue.

The CMA did not find evidence that Ticketmaster used an algorithmic pricing model to adjust ticket prices in real time. Due to the sale date, the CMA is using its powers under Part 8 of the Enterprise Act 2002, as the new enforcement regime under the DMCCA is not applicable.

In March 2025, the CMA consulted with Ticketmaster to seek a voluntary resolution and provided draft undertakings that it would accept to address the concerns. Ticketmaster responded on 16 June 2025, but there was fundamental disagreement over whether Ticketmaster's practices infringed consumer law. Ticketmaster declined to provide the undertakings sought or to suggest alternative undertakings.

The CMA has now informed Ticketmaster that it has fulfilled its obligation to consult and is preparing to litigate if necessary. The CMA said that it will continue to engage with Ticketmaster to secure a voluntary resolution if Ticketmaster shows a clear and timely commitment to engage.

Online prize draws and competitions market study assesses the need for government intervention

To better understand the market for prize draws and competitions (PDCs), the Department for Culture, Media and Sport commissioned London Economics to conduct research. The research also looked at whether government intervention is needed and, if so, what form it should take.

The study identified several areas for potential intervention:

- **Reducing the risk of gambling harm from PDCs** – PDCs are not regulated by the Gambling Act 2005, so operators are not currently legally required to implement protection measures.

- **Consumer harm** – the consumer survey and stakeholder consultations identified a need for more fairness and transparency in PDCs. Many operators provide little information on how winners are chosen, and some change prizes retrospectively due to poor ticket sales. The evidence suggested that 8% of PDC players believed that operators did not accurately describe the prizes and conditions of their competitions.

- **The impact of PDCs on charity donations from lotteries**. Survey data showed that PDC operators donate around 10% of sales to charity, which is less than lotteries. If PDCs divert spending from lotteries, charitable donations could decrease. However, the study did not measure the extent of any such diversion.

Suggested interventions include:

- Bringing PDCs under the Gambling Commission's oversight, with specific rules and restrictions.

- Enforcing existing consumer protection rules more assertively, including "sector compliance" work by consumer protection bodies such as the Advertising Standards Agency (ASA) by monitoring and addressing advertising compliance concerns. The ASA has already made several rulings against PDC operators.

- A voluntary code of conduct for operators of PDCs setting out industry standards for measures used to protect players from harm.

EU updates

Parliament and Council agree on rules to modernise out-of-court dispute resolution for digital markets

The European Parliament and Council of the EU have reached a deal on new rules modernising alternative dispute resolution (ADR) processes for the digital economy. The proposal was adopted by the Commission in 2023 (see this Regulatory Outlook).

The new rules:

- Clarify that the ADR framework will apply to consumer disputes from the advertising and information provision stage through to conclusion of the contract and beyond (for example, use of digital content by the consumer).

- Allow for third country traders to participate.

- Continue to allow traders to decide whether to participate in ADR, unless a specific EU law or national legislation obliges trader participation in out-of-court dispute resolution, but introduce a duty on traders to tell consumers within 20 working days (30 working days in complex cases) whether they intend to engage if a consumer requests ADR.

- Allow ADR providers to group together similar cases against the same trader if consumers consent.

- Oblige ADR providers to maintain websites setting out easily accessible information on their processes and allowing complaints to be submitted and tracked online.

The Parliament and the Council have concluded an "early second reading agreement". The Council is expected to adopt this agreement formally, after which Parliament will vote to endorse it in plenary, at second reading.

European Commission consults on Digital Fairness Act

The much-anticipated consultation and call for evidence by the European Commission on a potential Digital Fairness Act (DFA) to improve consumer protection in the digital sphere is finally here (see this Regulatory Outlook).

Although there is no legislative proposal yet for the DFA, the idea for which was born out of the Commission's "fitness check" of consumer law (see our Insight), we know that the DFA will focus on closing gaps in consumer protection laws to ensure protection against (among other things) dark patterns, addictive design, drip pricing, subscription contracts and personalisation. The consultation and call for evidence seek feedback from businesses, organisations, consumers and other stakeholders on all these points.

The Commission has also said that simplification of existing consumer protection laws is on the agenda as well (European Commissioner McGrath hosted an Implementation Dialogue on this very subject on 16 July 2025, views and ideas from which will, it was said, feed into the DFA).

The consultation and call for evidence are open until 9 October 2025. The Commission expects to adopt the legislative proposal in the third quarter of 2026.

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Cyber-security

Cyber-security

UK government investment to boost cyber security sector

The government published its much-anticipated Industrial Strategy, which sets out its ten-year approach to regulation and plans for increasing business investment in eight "growth-driving" sectors and the "frontier industries" that sit within them.

In the Digital and Technologies Sector Plan, cyber security has been identified as one of the six frontier industries that will drive UK economic growth. The action plan includes substantial new funding to support the commercialisation of cyber research and investment in the National Cyber Innovation Centre, which aims to foster collaboration between business, government and academia in tackling emerging cyber threats.

Similarly, the Cyber Growth Action Plan, which is expected to be published in summer 2025, will cover the supply and demand of cyber goods and services to identify new trends and opportunities for growth. Businesses should be aware of these developments as they signal a significant push towards enhancing cyber security capabilities, innovation and resilience. See the government press release.

British Standards Institution guidance to help businesses manage cyber threats

The British Standards Institution (BSI) has published Cybersecurity — Information and communication technology readiness for business continuity (BS ISO/IEC 27031:2025), an updated standard, which aims to offer companies a systematic approach to prevent, predict and manage IT disruptions during and after cyber attacks and other incidents.

The revised standard, which is being updated for the first time since 2011, takes into account the increased use of cloud IT services, and the growing threat to commercial companies that are being targeted by cyber criminals through social engineering attacks, and includes updated methodologies for: risk management, incident response and continuity strategy implementation.

See the press release for more information.

Thematic findings from the 2024 Cyber Stress Test in the financial sector

The Bank of England and the Prudential Regulation Authority (PRA) published a letter to PRA-regulated firms and financial market infrastructure firms (FMIs) outlining the findings of the Bank of England's 2024 Cyber Stress Test (CST24).

The CST24 was a voluntary test which asked providers and users of wholesale services to model the impact of suspected, confirmed and longer cyber attack scenarios affecting the data integrity of transaction settlements, and attend workshops to discuss their response.

The findings, which will be relevant to all firms and FMIs, should be used to improve firm and sector response and recovery capabilities and be considered alongside findings from operational resilience testing and implementation of operational resilience policies.

All firms are expected to consider the implications of these findings for their own businesses, in particular to reflect on whether planning and preparation for potential incidents can be improved.

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Data law

UK updates

Data (Use and Access) Act 2025: official resources

The Data (Use and Access) Act 2025 became law on 19 June 2025. We have published an Insight covering some of the changes the new law brings to the UK data landscape.

The Department for Science, Innovation and Technology has published a collection of resources on the new Act:

- Data (Use and Access) Act 2025: factsheets (covering the UK GDPR, the Data Protection Act 2018, the Information Commissioner's Office (ICO), and the Privacy and Electronic Communications Regulations (PECR)).
- Data (Use and Access) Act 2025: data protection and privacy changes.
- Data (Use and Access) Bill: factsheets (covering the topics of growing the economy, improving public services, and making lives easier).

See also the ICO's own materials covering changes that the new Act makes on data protection, PECR, and the ICO, including useful detailed summaries. The ICO also sets out plans for publishing new and updated guidance flowing from the Act, including a timetable which indicates that there will be public consultations on some of the proposed updated guidance. Areas for public consultation include:

- Automated decision making.
- Organisations' complaints handling processes.
- The new "recognised legitimate interests" lawful basis.
- Exceptions for research, archiving and statistics.

ICO seeks views on its approach to regulating online advertising

The ICO has published a call for views on its approach to enforcement of the regulation 6 consent requirements of the PECR.

It is exploring whether there are scenarios where storage and access of information for certain advertising purposes can pose a low risk to users' privacy, potentially eliminating the need for consent. As the law currently stands, publishers deploying online advertising technologies must obtain consent, because their activities involve storing or accessing information on people's computers, mobiles and other devices. Storage and access technologies for online advertising purposes do not qualify for any of the exceptions to regulation 6 requirements.

Although the ICO acknowledges that some online advertising will always necessitate consent, it is also considering whether a risk-based approach to enforcing PECR could enable publishers to deliver online ads to users without consent, provided that the privacy risk is low.

The call for views closes on **29 August 2025**.

In early 2026, the ICO intends to publish a statement identifying advertising activities that are unlikely to trigger enforcement action under PECR, considering safeguards it would expect to reduce risks to users. This is in line with its 2025 online tracking strategy – see this MarketingLaw article for more.

ICO seeks views on its updated guidance on cookies and other storage and access technologies

The ICO has also launched an updated consultation on its draft storage and access technologies guidance (previously known as the "detailed cookies guidance"). As a reminder, the ICO originally consulted on this draft guidance in a consultation that closed in March 2025.

It has now added a new chapter which updates the guidance following the introduction of the Data (Use and Access) Act 2025 and the exemptions it contains from requiring consent for cookies relating to low-risk functions, such as, for

example, statistical analysis and website improvement. This follow-up consultation closes on **26 September 2025**, after which the revised guidance will be finalised.

ICO publishes call for views on international transfers guidance

The ICO has published a call for views to gather input on its current guidance on international transfers. The regulator wants to understand what sort of changes to the guidance might make it quicker and easier for businesses to transfer personal data safely. This follows on from a commitment made by the ICO in its response to the government's request for proposals to foster sustainable economic growth.

EU updates

EDPB and EDPS publish joint opinion on proposed simplification measures for SMEs and SMCs

A joint statement was issued by the European Data Protection Board (EDPB) and the European Data Protection Supervisor (EDPS) in response to the EU Commission's proposal to amend data protection laws, including the EU GDPR, to simplify regulatory requirements for small and medium-sized enterprises (SMEs) and small mid-cap enterprises (SMCs). See this Regulatory Outlook for more.

The EDPB and EDPS support the general objective to simplify, provided it does not result in diminishing the right to protection of personal data. They note that the proposal does not include an assessment of the consequences on fundamental rights (which they say should have been carried out) and make recommendations including clarifying in the recitals that:

- A record of processing will only be mandatory for processing "likely to result in a high risk" to privacy.
- Processing under Article 9(2)(b) GDPR (exemption to processing special category personal data in order to comply with employment, social security and social protection laws) will not require a processing record to be maintained, unless it is likely to result in a high risk to privacy.
- The term "organisation" does not include public authorities and bodies.

The EDPB and EDPS also recommend that there should be reference in the amended Article 30(5) GDPR to the newly introduced definitions of SMEs and SMCs. They ask why the threshold of organisations with fewer than 750 people employed is appropriate for the GDPR, and why the threshold of 500 employees, which came out of an informal consultation by the Commission with the EDPB and the EDPS, has been estimated as too low.

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Digital regulation

UK updates

Online safety updates

Ofcom sets out how it intends to set fees and penalties under the OSA

Ofcom has published its policy statement on implementation of the online safety fees and penalties regime under the Online Safety Act 2023 (OSA) following consultation (see this Regulatory Outlook for background). Under the OSA, Ofcom's costs for its regulatory work are to be covered by providers of regulated services under the regime, which must be implemented by Ofcom and the secretary of state for the Department for Science, Innovation and Technology. The fees and penalties regime will also set the maximum level of penalties that Ofcom can impose for breach.

Ofcom has decided on:

- **Qualifying worldwide revenue (QWR)**. QWR will be used to assess the threshold at or above which providers will be required to pay fees, and the maximum penalty caps that Ofcom can apply where it finds a provider in breach (Ofcom can impose a penalty of up to 10% of its QWR or £18 million, whichever is greater). The draft Online Safety Act 2023 (Qualifying Worldwide Revenue) Regulations 2025, which were laid before Parliament on 26 June 2025, cover how a provider's QWR is determined. Ofcom's policy statement sets out the reasoning behind Ofcom's decision to define it as the "total amount of revenue the provider receives that is referable to relevant parts of a regulated service".

- **QWR for penalty caps in case of joint and several liability**. The OSA gives Ofcom the power to use a different definition of QWR for a "group of entities" in order to calculate the maximum penalty in situations where a provider and one or more undertakings within its group are jointly and severally liable for a breach. For this purpose, Ofcom has decided to define QWR as the "total of all worldwide revenues received by the provider and its group undertakings in the most recent complete accounting period, whether or not that revenue is referable to a regulated service".

- **QWR threshold advice**. Under the OSA, Ofcom must advise the secretary of state on setting the QWR threshold, at or above which figure providers of regulated services will be required to pay fees). Ofcom has advised setting it at £250 million, but considers a range of £200 million to £500 million appropriate. The secretary of state will decide the final threshold.

- **Exemptions**. Providers with UK-referable revenue under £10 million in a qualifying period will be exempt from notifying Ofcom of their QWR or paying fees (subject to approval by the secretary of state).

- **Statement of Charging Principles (SCP)**. Before Ofcom can start charging fees, it must put in place a SCP, setting out the principles it will apply to setting fees. Ofcom's policy statement sets out its decision on the approach it will take. Ofcom intends to consult separately on the SCP later this year.

- **Notification process**. Providers of regulated services are required to notify Ofcom if they are liable to pay fees. The Online Safety Act 2023 (Fees Notifications) Regulations 2025, which come into force on 14 September 2025, detail the information that providers must give Ofcom and how it should be provided. In Q3 2025, Ofcom expects to publish a consultation on additional notification guidance, which will set out further information on the notification process and the required documentation.

In its policy statement, Ofcom also sets out the timeline for implementation of the fees and penalties regime. It does not expect to issue invoices for the 2026/27 charging year until Q3 of 2026, following a four-month notification window and verification by Ofcom of providers' QWR.

Major pornography providers agree to age checks from 25 July

By 25 July 2025, all services in scope of the OSA that allow pornography on their sites or that are dedicated adult sites must implement "highly effective age assurance" to ensure that children are not able to encounter pornographic content. Ahead of this deadline, major porn providers operating in the UK have confirmed to Ofcom that they will introduce effective checks in compliance with the OSA. Sites and apps that publish their own pornography are already required to protect children from it.

Digital regulation

Ofcom's consultation on codes of practice for online safety

While many in-scope services are still putting into effect the first versions of Ofcom's codes of practice on illegal content and on child protection under the Online Safety Act 2023 (OSA), with the next deadline for implementation being 25 July 2025 for compliance with the OSA's child protection duties, Ofcom has, as telegraphed, published a new consultation proposing additional safety measures for the codes to make services safer by design.

The new consultation seeks views from stakeholders on more targeted safety measures that focus on: tackling harms at source through the use of proactive automated technologies in relation to a wider range of content; stopping illegal content going viral through the use of crisis response protocols; and strengthening protections for children through increased use of highly effective age assurance (HEAA).

Some key recommended measures from the consultation include:

- Human moderation for livestreaming content on a 24-hour basis and HEAA to restrict the ability of other users to interact with livestreams from children (for example, by posting comments or reactions and making "gifts" to the streamer).
- Extending proactive content moderation requirements for some services by stipulating the use of automated tools that will accurately, effectively, and without bias, detect certain illegal content and content harmful to children, where this is technically feasible. This goes beyond the original codes, which require the detection of image-based child sexual abuse material (CSAM), hash matching technology and CSAM URL detection only.
- Requiring the use of hash matching technology to detect terrorism content and intimate image abuse content that has been shared without consent (including explicit deepfakes) to reduce reliance on reporting from users. Ofcom notes the difficulties some users (particularly child users) face when navigating reporting mechanisms, highlighting the need for automatic detection and take-down procedures.
- Internal crisis response procedures for services at risk of terrorism, hate or harassment/abuse content or foreign interference. This includes measures both during a crisis and a requirement to conduct a post-crisis analysis.
- Requiring some services to exclude illegal content (including terrorism, hate and suicide content) from recommender systems until it has passed human moderation to reduce the virality of illegal content.

Stakeholders must submit responses by 20 October 2025. The updated codes are expected to be implemented in summer 2026.

Ofcom publishes update on online safety implementation plans

Ofcom has published an update on its online safety implementation plans, setting out "key milestones" for the remainder of this year and the beginning of 2026. These include:

- Final guidance on a safer life online for women and girls by the end of 2025.
- Publication later this month of a report on access by independent researchers to data from regulated online services to enable research on online safety matters to be conducted.
- Publication of the register of categorised services once legal challenges to the thresholds for categorisation (as set by the government in the Online Safety Act 2023 (Category 1, Category 2A and Category 2B Threshold Conditions) Regulations 2025) are complete.
- The launch of the super-complaints regime in early 2026.
- Publication of the following statutory reports: Report on Highly Effective Age Assurance by July 2026; report on content harmful to children by October 2026; and report on app stores by January 2027.

Media Act updates

Ofcom consults on local news and information on analogue commercial radio under Media Act 2024

The Media Act 2024 has changed Ofcom's functions and responsibilities in relation to regulating local analogue commercial radio. Part 5 of the Act ensures the delivery of local news and information by establishing new mandates for the consistent transmission of local news and information on these stations. Ofcom's consultation sets out how it proposes to implement this new framework, including the specific conditions that Ofcom proposes to include in licences.

The consultation also contains proposed draft guidance on how licensees might meet the requirements of the new licence conditions.

The consultation closes on 22 September 2025.

EU updates

European Accessibility Act enters into application

On 28 June 2025, the European Accessibility Act (EAA) entered into application in the EU across all member states. It is focused on digital technology, but also covers physical products used in digital spaces, such as laptops, streaming sticks and payment devices. The aim of the EAA is to make "everyday" digital products and services accessible to people with disabilities or impairments on an equal basis with others. The scope of the EEA is broad, so many businesses are likely to be affected and should ensure compliance. See our Digital regulation timeline for more.

Commission seeks feedback on protecting media service providers on online platforms

The European Commission is seeking feedback on guidelines it will issue under Article 18 of the European Media Freedom Act, which became law in May 2024 and comes into general effect on 8 August 2025.

Article 18 of the Act is designed to provide safeguards for media service providers in relation to the moderation of their content by providers of very large online platforms (VLOPs) (as defined in the Digital Services Act (DSA)), when such moderation is based on the VLOP's relevant terms and conditions. In essence, it gives media providers protection from having their content removed unwarrantedly.

Article 18 will require VLOPs to notify media providers when they plan to remove their content and to explain the reasons for removal. VLOPs must also give media providers 24 hours to respond to the notification, although this timeframe can be shortened in a crisis situation.

The guidelines aim to help media providers navigate the requirements of Article 18 and assist VLOPs in implementing the Article 18 safeguards.

The consultation closes on 23 July 2025.

European Commission publishes delegated Act on data access for researchers under DSA

The new delegated act under the DSA clarifies how VLOPs and very large search engines (VLOSEs) should share internal data that is not publicly available with qualified researchers. The delegated Act sets out the legal and technical requirements for such access so that researchers can assess systemic risks and mitigation measures in the EU. It also establishes a new online DSA data access portal.

Researchers must first be vetted by a Digital Services Coordinator (DSC) before they can access the data. This involves making a data access application to the relevant DSC, with access only being granted if the researcher meets certain requirements. The researcher must also disclose the funding for the project and commit to publishing the results of its research. Only data necessary to perform research on systemic risks in the EU can be requested.

The new delegated act complements DSA rules obliging VLOPs and VLOSEs to grant access to researchers to publicly available data on their platforms.

It will now be scrutinised by the European Parliament and Council of the EU and will enter into force on publication in the Official Journal.

Implementing regulation outlining rules and templates for transparency reporting under DSA comes into effect

Under the DSA, intermediary services, VLOPs, and VLOSEs are required to publish transparency reports on their content moderation practices. Intermediary services must report annually, whereas VLOPs and VLOSEs must report twice a year. These obligations have been in effect since 17 February 2024.

The implementing regulation, which the Commission adopted in November 2024 and which came into effect on 1 July 2025, harmonises the format for transparency reporting, as well as the reporting periods, to ensure that providers give clear and comparable information on their content moderation practices.

The harmonised templates are available in multiple languages and come with instructions on how to complete them.

As for the reporting periods, intermediary services must report each year by the end of February. VLOPs and VLOSEs must report by the end of February for the period 1 January to 30 June, and by the end of August for the period 1 July to 31 December, each year.

European Commission publishes final guidelines and age-verification app blueprint to protect minors online under DSA

Publication of the guidelines under Article 28 of the Digital Services Act (DSA) follows public consultation, as well as research and consultation with industry and with children and young people (see this Regulatory Outlook).

Key recommendations include:

- Privacy by default – minors' accounts should be private by default.
- Recommender systems – these should be modified to lower the risk of children encountering harmful content, including by prioritising explicit signals from children (for example requests not to see certain content) over behavioural signals.
- Cyberbullying – children should be able to block and mute any user and only be added to groups with their explicit consent.
- Addictive design – functionality that promotes excessive use by children, such as "streaks", "read receipts", autoplay and push notifications, as well as design features aimed at increased engagement, should be disabled by default.
- Commercial practices – children's lack of commercial literacy should not be exploited such that they are exposed to manipulative commercial practices that can lead to addictive behaviours.

The guidelines also recommend the use of age verification technologies to restrict access to adult content, pointing to EU digital identity wallets (when they become available) and to the Commission's blueprint for age verification apps, which set a standard for age verification apps.

Although the guidelines are not binding, the Commission will use them to assess compliance with Article 28(1) of the DSA.

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Employment and immigration

Employment and immigration

Employment

Employment Rights Bill: Government publishes roadmap to implementation

On 1 July, the government published its roadmap for implementing the Employment Rights Bill to provide "clarity for workers and businesses on how and when Government will engage and consult on those details", together with anticipated commencement dates for different parts of the bill.

The roadmap stresses that "employers, workers, trade unions and other stakeholders should, and will, get a proper amount of time to prepare for the Make Work Pay reforms while ensuring we deliver tangible, and much needed benefits to working people at pace".

Headline proposed implementation dates are that April 2026 will see reforms to statutory sick pay, simplification of the trade union recognition process and day one paternity and unpaid parental leave rights coming into force.

Under current proposals, these will be followed, in October 2026, by changes to the fire and rehire rules, strengthening of trade unions' right of access, and changes to employment tribunal time limits. The changes to unfair dismissal, requirements around gender pay gap action plans and reforms to tackle exploitative zero-hours contracts, and oblige hirers to offer agency workers guaranteed hours, will not now happen until 2027.

Indicative 'consultations' timetable

As anticipated, the roadmap confirms that, for many measures, the government will consult on the detail of policy and implementation. Following consultation, it will develop final policy positions to deliver on its measures. The roadmap notes that, in some instances, this will be regulations, and in others, guidance or codes of practice by the government or others such as Acas.

Some measures may require more than one round of consultation, particularly if there is a need to update or develop a code of practice. The consultations will be sequenced to enable meaningful consultation to take place.

For a list of measures on which the government intends to consult, see our Insight.

Indicative 'commencement dates' timetable

The roadmap states that commencement timings will be informed by the insights from consultation and engagement with the government seeking "to further understand impacts related to commencement" and ensuring that "employers, workers, trade unions and other stakeholder are given time to prepare for change".

The government plans to use common commencement dates for the majority of regulations laid using the powers provided for in the bill – these will be 6 April and 1 October.

For a list of which key policy areas and points at which it is the government's "initial view" they will take effect, see our Insight.

What does this mean for employers?

The government's roadmap highlights the work that is needed to implement such wide-ranging and significant employment law reforms. It has restated its wish to work with all stakeholders and to ensure that "there is a proper business readiness so that businesses and organisations fully understand the details of our reforms and can prepare long before they come into force". It has also committed "to ensuring the enforcement landscape has the necessary capacity and capability to uphold the new requirements" which will "include support for Acas, the employment tribunal system and the new Fair Work Agency".

The government has also committed to producing guidance (by it or via other organisations, including Acas) to clarify new requirements and help users to support compliance and which may also be accompanied by further consultation.

We are currently updating our dedicated microsite to reflect the government's roadmap. If you do have any questions on the government's employment law reforms and the implications for your organisation, please speak to your usual Osborne

Clarke contact. Our workforce solutions team look at what the roadmap means for suppliers and users of contingent workforces in light of the significant reforms proposed in this area.

Umbrella tax legislation – draft legislation due to be published on 21 July 2025

The government is expected to publish draft legislation relating to how the tax liabilities of umbrella companies and employers-of-record can pass up the supply chain to staffing companies, and in some cases end hirers.

The new tax regime is expected to come into force in April 2026 and is expected to force a complete redesign of labour design arrangements in some sub-sectors where aggressive tax avoidance schemes have been common. This includes health, care, logistics and construction. How hirers in those industries engage staff will have to be rethought and this may in many cases lead to substantial additional labour costs. We expect a lot of analysis and restructuring to take place in the last quarter of 2025 to prepare for this.

New corporate offence: failure to prevent fraud

The new failure to prevent fraud offence in the Economic Crime and Corporate Transparency Act 2023 will come into effect on 1 September 2025. The offence holds companies accountable for fraudulent activities carried out by associated persons for their benefit and understanding the implications and preparing for compliance is crucial.

To defend a claim under the Act, a commercial organisation must demonstrate that it had reasonable procedures in place to prevent fraud. The starting point for this will be for a business to conduct an objective and proportionate risk assessment to identify any fraud risks that it may face and take appropriate steps accordingly.

The risk assessment should then be repeated at regular intervals, including where developments in the business may alter the overall risk profile of the organisation. You can read more in our latest Insight. Employers should ensure that relevant documentation (including employment contracts and applicable policies and procedures) are updated and that up to date, appropriate and effective training is provided, particularly for employees in high-risk positions.

If you would like to understand more about the new legal obligations and how we can support you with compliance, please contact Jeremy Summers, partner in our commercial disputes team, or your usual Osborne Clarke contact who will be happy to assist.

Immigration

Reforming the immigration system: immigration white paper May 2025

We previously covered the immigration white paper in the May 2025 edition. To assist with tracking developments, we have created an online hub: the UK Immigration white paper tracker, as discussed in our recent Insight.

The four main areas currently in consideration are:

- reform focusing on language proficiency, high-talent routes, and skills integration;
- opportunities for skilled workers and changes to the Regulated Qualifications Framework;
- amendments to student and graduate visas; and
- timelines for the reforms.

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Environment

Environment

Planning and Infrastructure Bill progresses through House of Lords

The Planning and Infrastructure Bill (PIB) is continuing its legislative journey to royal assent, having reached the committee stage in the House of Lords on 17 July 2025.

From an environmental angle, the PIB looks to establish a Nature Restoration Fund (NRF) which will be managed by a body such as Natural England. This body will carry out large scale conservation projects, with developers contributing financially to the NRF to discharge their environmental mitigation responsibilities. Environmental groups have raised concerns about the NRF and have called on the government to reconsider this proposal, fearing that it could result in a reduction in legal protection for nature, with developers buying their way out of environmental mitigation requirements.

The Lords have been alive to the environmental concerns regarding the NRF and during the committee stage, amendments to environmental obligations were tabled. The amendments proposed include:

- A mandatory requirement that any environmental delivery plan (EDP) includes back-up measures for mitigation of adverse impacts.
- A mandatory requirement on Natural England to monitor the effectiveness of EDPs.
- Tightening consultation requirements when amending an EDP.
- Network conservation measures can only be included in an EDP if Natural England considers that they will be more effective in contributing to the improvement of the conservation status of the affected feature than onsite measures.

A full list of the amendments can be found here. Whether these go far enough to address concerns raised by environmental groups remains to be seen.

New water regulations

Changes have arrived in the water and sewerage industry in England. The Water (Special Measures) Act 2025 (Commencement No 1) Regulations 2025 brought new regulation into force on 23 June 2025, aimed at enhancing environmental protection and sustainability.

Water and sewerage companies in England must now produce annual plans to reduce pollution incidents. These plans will outline specific measures to tackle pollution linked to their systems. Previously, these plans were voluntary but they will now be a legal requirement.

Drainage and wastewater management plans will need to include strategies for using nature-based solutions. This change is designed to promote more sustainable and eco-friendly practices within the industry.

NAO report on UK Emissions Trading Scheme

On 30 June 2025, the National Audit Office (NAO) released a report on the UK Emissions Trading Scheme (UK ETS), a key element of the UK's net zero strategy which requires certain businesses to monitor, report, and offset their carbon emissions annually.

The report noted that:

- the government has successfully transitioned from the EU Emissions Trading System to the UK ETS, ensuring continued carbon pricing for carbon-intensive industries;
- carbon emissions dropped by 11 million tonnes between 2021 and 2023 in industry, aviation, and power generation; and
- the current low carbon price may not sufficiently encourage investments in low-carbon technologies.

The government plans to expand the UK ETS to the maritime sector in 2026 and waste sectors in 2028, and to introduce a UK Carbon Border Adjustment Mechanism to combat carbon leakage. A commitment has also been made to link the UK ETS with the EU ETS, which is expected to steady carbon prices and accelerate emissions reductions in both jurisdictions.

Consultation on UK Sustainability Reporting Standards

On 25 June 2025, the Department for Business and Trade launched a consultation on the UK Sustainability Reporting Standards (UK SRS 1 and UK SRS 2), which are based on the International Sustainability Standards Board (ISSB) standards issued in June 2023.

There are some key points arising out of the consultation:

- Single Materiality - unlike the breadth of the EU's Corporate Sustainability Reporting Directive, the UK SRS will be limited to being based on IFRS S1 and IFRS S2. This means that only disclosures on how sustainability factors impact a company's profitability will be required.
- Carbon credits - the consultation considers whether the purchase and use of carbon credits should be included in the disclosure requirements.
- Climate-first approach – the UK taskforce is proposing a "climate-first" approach for companies to report on: (1) climate disclosures but not Scope 3 emissions in year 1; (2) all climate disclosures in year 2; and (3) all climate and wider sustainability disclosures in year 3.

The consultation period will close on 17 September 2025. If supported, the final UK SRS 1 and UK SRS 2 are expected to be published in autumn 2025.

Separate to the consultation, the IFRS Foundation published new guidance on 23 June 2025 to support disclosures by organisations on their transition to a low carbon economy.

Welsh ban on wet wipes

On 18 June 2025, the Environmental Protection (Single-use Plastic Products) (Wet Wipes) (Wales) Regulations 2025 (SI 2025/716) were made, coming into force on 18 December 2026. These measures will ban the supply (including free supply) of wet wipes in Wales. This regulation is part of a wider policy to help reduce single use plastics and their impact on the environment when discarded. This ban does not apply to wet wipes related to medical care or treatment.

New standards for sustainable drainage systems

On 19 June 2025, the Department for Environment, Food and Rural Affairs (Defra) published non-statutory standards for the design, maintenance and operation of surface water drainage systems in England. These standards aim to improve the management of surface water runoff, primarily consisting of rainwater, by utilising sustainable drainage systems (SuDs).

The new standards encompass the following;

- a new set of overarching principles which outline the objectives and approach for applying the standards. They introduce a "SuDs approach" and require relevant planning applications to demonstrate compliance with the standards in site design;
- a hierarchical standard which provides criteria for prioritising the choice of final runoff destinations, ensuring the most effective and sustainable options are considered first; and
- minimum design and maintenance requirements for surface water drainage systems.

Climate Change Committee's 2025 report to Parliament

On 25 June 2025, the Climate Change Committee (CCC) published its statutory report to Parliament, assessing the UK's progress in reducing greenhouse gas (GHG) emissions and meeting carbon budgets as mandated by the Climate Change Act 2008.

The report notes that the UK has cut its GHG emissions by over 50% since 1990 and highlights improvements in government policies over the years.

The CCC's key recommendations to the government include:

- reducing electricity costs to boost consumer confidence in the net zero transition and expand the low-carbon electricity system;
- increasing heat pump installations in existing buildings, ensuring new homes are not connected to the gas grid and decarbonising public sector buildings;
- accelerating the electrification of industrial heat, developing aviation policies for net zero by 2050 and finalising business models for engineered GHG removals; and
- implementing policies for increased tree planting and peatland restoration.

DESNZ consultation on climate-related transition plans

On 25 June 2025, the Department for Energy Security and Net Zero (DESNZ) launched a consultation on climate-related transition plan requirements.

The consultation seeks input on several key areas:

- Views are invited on the elements of creating, disclosing and implementing transition plans aligned with the 1.5°C goal of the Paris Agreement (a legally binding international treaty on climate change to limit global warming to 1.5°C).
- Feedback is sought on the advantages of transition plans and the experiences of those who prepare and use them.
- The consultation explores potential regulatory approaches, including requiring entities to explain non-disclosure, develop and disclose plans or implement transition plans.
- Consideration is given to extending requirements beyond financial institutions and FTSE 100 companies, though small to medium-sized enterprises would be excluded.
- The consultation reviews ongoing initiatives for disclosing transition plans, including the use of the Transition Plan Taskforce (TPT) framework and draft UK Sustainability Reporting Standards (UK SRS).
- Input is requested on incorporating climate resilience and nature into transition planning, using guidance from the Taskforce on Nature-Related Financial Disclosures (TNFD).

The consultation closes on 17 September 2025.

Welsh government's 30by30 framework for biodiversity conservation

On 18 June 2025, the Welsh government unveiled its 30by30 framework, outlining its strategy to protect 30% of Welsh land, freshwater and sea for both people and nature by 2030.

The 30by30 framework aims to meet Target 3 of the Convention on Biological Diversity (CBD) Kunming-Montreal Global Biodiversity Framework, which is a global commitment to conserve 30% of Earth's land and ocean areas by 2030.

The framework details how designated protected areas, such as Sites of Special Scientific Interest (SSSIs), will help achieve the 2030 target. It also highlights the importance of national parks, national landscapes, and other effective area-based conservation measures.

Additionally, the framework explains how protected areas will be integrated to form resilient ecological networks across Wales. The framework also outlines the Welsh government's approach to monitoring progress towards the 30by30 target.

Government proposes to halt UK green taxonomy

On 15 July 2025, the government published its response to the consultation on the UK green taxonomy. The response concludes that work on a UK green taxonomy "is not the most effective tool to deliver the green transition and should not be part of our sustainable finance framework." The government has said that it will refocus its efforts to deliver an effective sustainable finance framework through UK Sustainability Reporting Standards and other sector plans and roadmaps.

Deposit Return Scheme for Wales update

A written ministerial statement from the Welsh government published on 10 July 2025 has confirmed that the introduction of the drinks container Deposit Return Scheme (DRS) in Wales will be accelerated to match the introduction of other DRS in the rest of the UK, which are currently anticipated to be in place from 1 October 2027. The update also confirms that glass will remain within the remit of the Welsh DRS in contrast to other schemes and that the Welsh scheme will be introduced in phases.

Digital waste tracking update

On 10 July 2025, the government clarified the timelines for the introduction of the mandatory digital waste tracking service:

- **From autumn 2025** - The IT service will be available to a select group of users, with the number of users gradually increasing (private beta phase).
- **From spring 2026** - The IT service will be publicly accessible to all permitted and licensed receiving site operators (public beta phase).
- **By April 2026** - All nations will have enacted secondary legislation mandating the use of the service by receiving site operators starting from October 2026.
- **From October 2026** - The service will be mandatory for receiving site operators.
- **From April 2027** - There is a planned expansion of the service to other operators, with details to be confirmed.

In terms of next steps, the government will announce working groups for commercial industry operators and local authorities to help design the service. Sign up to the newsletter here for further updates.

Environment

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Environmental, social and governance

Environmental, social and governance

UK

Governmental consultation on climate-related transition plans

On 25 June, the UK government published a consultation on introducing climate-related transition plan requirements.

The consultation seeks views on how the government should take forward its manifesto commitment to mandate "UK-regulated financial institutions (including banks, asset managers, pension funds and insurers) and FTSE 100 companies to develop and implement credible transition plans that align with the 1.5°C goal of the Paris Agreement". It acknowledges the wider context, including potentially mandating climate-related transition plans via the proposed UK Sustainability Reporting Standards (UK SRS) and use of the Transition Plan Taskforce disclosure framework.

The consultation closes on 17 September 2025.

Consultation on UK Sustainability Reporting Standards

On 25 June, the government published a consultation seeking views on UK SRS S1 and UK S2 which are based on the International Sustainability Standards Board (ISSB) standards. Subject to a positive endorsement decision by the government, the Financial Conduct Authority (FCA) will use these standards to introduce requirements for UK-listed companies to report sustainability-related information.

The government also has plans to implement disclosure requirements against UK SRS for companies that are not regulated by the FCA. The consultation closes on 17 September 2025. If endorsed, the government aims to publish the final UK SRS S1 and UK SRS S2 in autumn 2025.

EU

EUDR and country categorisation

The European Deforestation Regulation is due to come into effect in just five months for medium and large operators and traders and there is still considerable debate as to whether to delay the measures to reformulate how it categorises risk and to allow smallholders to adequately prepare. Currently, under the new law, countries are to be divided into three categories: high, standard and low risk, with the amount of due diligence paperwork required to import products increasing dramatically through the risk tiers. See this Regulatory Outlook for more.

Concerns, however, have been raised with both ends of the risk spectrum. The announcement of country designations on 22 May 2025 only designated four countries (Belarus, Myanmar, North Korea and Russia) as "high risk", despite concerns regarding deforestation in countries (such as Brazil, Indonesia and Malaysia) that have only been designated "standard risk".

There have also been calls from some MEPs to add a fourth category – "negligible" or "no risk" – for countries that have robust legal frameworks, low land-use change dynamics, and sustainable land management practices. This latter motion has been taken up and adopted by the European Parliament's Committee on Environment, Public Health and Food Safety (ENVI) following a parliamentary resolution adopted by MEPs – while this does not guarantee the amendments will be adopted into the EUDR, it does represent a step towards a potential policy change.

European Commission consults on extension of EU CBAM to downstream products

The European Commission has launched a consultation on extending the EU Carbon Border Adjustment Mechanism (EU CBAM) to downstream products and implementing additional anti-circumvention measures.

The initiative aims to address carbon leakage risks where EU producers might relocate production abroad or EU buyers switch to imports from countries with weaker climate policies. Additional anti-circumvention measures would target practices aiming to avoid the CBAM financial obligation, without due cause or economic justification. The proposed regulation would supplement the existing EU CBAM Regulation (EU) 2023/956, with final adoption planned for the fourth quarter of 2025. The consultation period runs from 1 July to 26 August 2025.

Click here to provide feedback on this consultation.

Environmental, social and governance

Commission confirms Green Claims Directive not withdrawn

The European Commission has contorted itself through a series of U-turns relating to the Green Claims Directive (GCD) over the last month. Introduced in March 2023, its aim was to combat greenwashing across the EU. EU data suggested that more than 50% of green claims currently made by companies are vague or misleading, and 40% are completely unsubstantiated.

The directive progressed through the EU legislative framework with final trilogue negotiations scheduled for 23 June 2025. However, days before the final negotiations were due, the largest party in the European Parliament, the European People's Party, issued a formal request for the Commission to reconsider and withdraw it because the compliance burden it would create would be too high, especially for microenterprises (employing fewer than 10 persons and generating under €2 million in revenue).

The Commission responded by stating at a press conference on 20 June 2025 that the "Commission intends to withdraw the Green Claims proposal" – leading to the immediate cancellation of the final trilogue, and general confusion among lawmakers.

However, via a subsequent statement, a Commission spokesperson confirmed that it had not been formally withdrawn, but clarified that the Commission would withdraw the proposal if microenterprises remained within its scope. Sandro Gozi, the EU Parliament's lead negotiator on the GCD emphasised that Parliament had already agreed to exempt microenterprises in the previous trilogue round but Politico reported that a Commission official had told it that "at no point has there been a backtrack…".

In response to the lack of clarity, the Polish Council presidency has paused further discussions of the GCD, however Italy has withdrawn its support and consequently the directive no longer has the qualified majority needed for the Council to move forward. This leaves its future uncertain, even if the Commission eventually clarifies its position.

Stop the clock for Sustainable Batteries Regulation: European Parliament and the Council adopt amending regulation at first reading

On 10 July 2025, the European Parliament plenary session formally adopted its first reading position on a proposal for a regulation amending the Sustainable Batteries Regulation (2023/1542) regarding obligations of economic operators concerning battery due diligence policies.

The Council also adopted the proposal on 18 July.

This regulation amends the Sustainable Batteries Regulation 2023 by postponing the date of application of the due diligence obligations by two years, from 18 August 2025 to 18 August 2027 to give affected companies more time to prepare. The Commission is also required to publish due diligence guidelines one year before the obligations come into effect.

The regulation will now be published in the EU's Official Journal and enter into force the day after this publication.

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

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Fintech, digital assets, payments and consumer credit

Fintech, digital assets, payments and consumer credit

Fintech

FATF report on implementation of AML/CFT measures to CASPs

On 26 June 2025, the Financial Action Task Force (FATF) published a report on best practices for the Travel Rule supervision of Virtual Asset Service Providers, in relation to the transparency of information around cross-border payments, alongside an update on the implementation of its standards on cryptoassets and cryptoasset service providers (CASPs).

Overall, jurisdictions (including those with materially-important CASP activity) have made progress in the past year on developing or implementing anti-money laundering and counter-terrorist financing regulations, as well as taking supervisory and enforcement actions. Challenges remain, however, when assessing risks associated with cryptoassets and CASPs and implementing appropriate mitigating measures.

Payments

Regulators revise memorandum of understanding on regulation of UK payment systems

On 24 June 2025, the Financial Conduct Authority (FCA) published a revised version of the memorandum of understanding between it, the Bank of England, the Payment Systems Regulator and the Prudential Regulation Authority, on their roles in the regulation of UK payments, together with a press release and a useful diagram showing overlaps in workstreams.

The memorandum of understanding, an important step in delivering the National Payments Vision, is now structured around five principles relating to:

- Clarifying respective roles and responsibilities to improve market participants' understanding of the regulatory landscape.
- Taking a holistic approach where an authority identifies a matter of common regulatory interest with potential material impact on the advancement of another authority.
- Ensuring effective co-ordination and co-operation.
- Sharing relevant information and advice to support co-ordination and co-operation.
- Reviewing the memorandum of understanding and their co-ordination efforts on an annual basis.

FCA review on risk management and wind-down planning at e-money and payment firms

On 26 June 2025, the FCA published the findings of its multi-firm review of risk management and wind-down planning at e-money and payments firms. The review focused on enterprise and liquidity risk management and wind-down planning.

The FCA concludes that none of the firms it reviewed fully met its expectations on risk management frameworks, particularly in not following the guidance on assessing adequate financial resources. The FCA identified three main areas of improvement for firms' risk management frameworks:

- **Enterprise-wide risk management frameworks remain inadequate**.

  Staff in operational roles received limited oversight and challenge. Risk appetites were not clear and were not always based on the firm's activities. Financial resources levels were determined using judgement instead of quantitative methods, such as stress testing.

- **Liquidity risk management was immature**.

  There were weaknesses in identifying and assessing the impact of stress events. Firms were relying on cash balances to mitigate liquidity risk without appropriate analysis, such as stress testing, to assess whether they have sufficient resources.

- **Group risk was not adequately considered**.

  Risks arising from the relationships and interlinkages between entities were not adequately considered. This affected financial and non-financial resources available to the firms.

Almost all wind-down plans (WDPs) reviewed were disconnected from the firm's risk management framework and needed more work to be credible and operable. Firms should embed wind-down planning into their risk management framework. WDPs reviewed lacked sufficient detail, testing and validation.

Firms are expected to review their arrangements against the findings and make any necessary improvements. The FCA will continue to engage with the sector to ensure effective risk management and WDPs are in place.

Council of EU agrees negotiating mandate on proposed PSD3 and PSR

On 18 June 2025, the Council of the EU announced that member states' representatives agreed the Council's negotiating mandate on the legislative proposals relating to the Payment Services Directive 3 (PSD3) and the Payment Services Regulation (PSR). See this Insight for background.

The Council highlights proposed changes, including:

- Bringing electronic communications service providers, such as internet carriers and messaging platforms, within the scope of fraud prevention.
- Requiring ATM transactions to show all fees due and exchange rates before a transaction takes place and introducing further provisions intended to enhance transparency on payment card scheme fees and rules.
- Introducing safeguards concerning innovative ways of making payments.

The agreement on the negotiating mandate allows the Presidency of the Council to start negotiations with the European Parliament with a view to reaching political agreement on the legislation.

The Council published the texts of each of the mandates for negotiations with the European Parliament on 13 June 2025: proposed text for PSD3 and proposed text for PSR.

The European Commission adopted legislative proposals for PSD3 and PSR in June 2023. The European Parliament adopted its position at first reading on the proposals in April 2024.

Consumer Finance

HM Treasury update on future regulation of BNPL products

On 16 June 2025, HM Treasury published a policy paper providing an update on the regulation of buy-now, pay-later (BNPL) credit products. This follows on from the approach to domestic premises suppliers (DPS) outlined in HM Treasury's recent response to its consultation on regulating BNPL. See this Insight for more information.

Under the proposals, DPS would be required to seek credit broking permissions to offer BNPL products as a payment option. However, in light of the concerns raised in response to the consultation and industry engagement, the government concluded that the DPS offering BNPL as a payment option presented a low risk to consumers and, therefore, considered the approach set out in the original draft BNPL legislation disproportionate. The government now intends to lay an amending negative statutory instrument to remove the requirement for DPS to have credit broking permissions to offer BNPL products. This legislation is expected to be in place to coincide with the regulation of BNPL.

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Food law

Food law

Government set to repeal HFSS restrictions

Earlier this month, the government published its NHS 10-Year Health Plan, setting out proposals to introduce significant changes in food law, most notably outlining its intention to repeal the legislation for volume price promotions and aisle placement of products high in fat, sugar or salt (HFSS). These measures were introduced by the previous government. The placement restrictions have been in force since 2022, and the volume price promotions are due to come into force in October 2025.

However, with the government's plans to introduce "smarter regulation" focused on outcomes, it states that it "expect[s] to be able to repeal legislation restricting volume price promotions and aisle placement". No further information has been provided by it, but considering the implementation of the volume price restrictions is only three months away, we anticipate further details to be published soon.

NHS 10-Year Health plan – other food law aspects

In addition to its announcement on repealing the HFSS restrictions for volume price promotions and aisle placement, the plan also sets out a number of other changes affecting food law:

- Mandatory nutritional info and health warnings on alcoholic drinks: the government plans to bring alcohol labelling in line with existing health and nutritional labelling requirements for tobacco, food and alcohol-free drinks.
- Mandatory health food sales reporting: this will apply to "all large companies in the food sector".
- Set new targets to increase the healthiness of sales: these targets will be enforced using the data collected from mandatory reporting. Targets will be mandatory but "companies will have the freedom to work out how to achieve the target, whether through reformulation, by changing their layout, introducing new healthy products or through changes to customer incentive and loyalty schemes."
- Update the nutrient profile model: the report notes that the current model categorising foods as more or less healthy is "plainly out of date".

Businesses in this sector should closely monitor the forthcoming details that the government will publish regarding these changes.

Government publishes food strategy for England

On 15 July, the government published its food strategy, which it calls the "Good food cycle". It aims to "create a healthier, more affordable, sustainable, resilient food system." The strategy sets out ten priority outcomes which will help to deliver these aims. While only for England, the strategy states that it considers the UK food system as a whole and will help devolved nations with their own polices.

Annex B of the strategy outlines the existing or ongoing policy areas which will contribute to delivering each of the priority outcomes:

- Outcome 1: An improved food environment that supports healthier and more environmentally sustainable food sales. Policy areas include the 9pm watershed for less healthy food or drink advertising on TV and restrictions, on promotions of less healthy foods and food labelling (back of pack nutrition, front of pack voluntary traffic light, calorie content, allergy).
- Outcome 2: Access for all to safe, affordable, healthy, convenient and appealing food options. Policy areas include mandatory health sales reporting and targets to increase the healthiness of sales.
- Outcome 3: Conditions for the food sector to thrive and grow sustainably, including investment in innovation, and productivity, and fairer, more transparent supply chains. Policy areas include Precision Breeding Regulations, the FSA/ FSS Cell Cultivated Products Sandbox and the Circular Economy Strategy.
- Outcome 4: Food sector attracts talent and develops skilled workforce in every region. Policy areas include the Employment Rights Bill.
- Outcome 5: Food supply is environmentally sustainable, with high animal welfare standards, and waste is reduced. Policy areas include the Circular Economy Strategy and the Animal Welfare Strategy.
- Outcome 6: Trade supports environmentally sustainable growth, upholds British standards and expands export opportunities. Policy areas include Carbon Border Adjustment Mechanism.
- Outcome 7: Resilient domestic production for a secure supply of healthy food. Policy areas include UK Food Security Report and Precision Breeding Act.
- Outcome 8: Greater preparedness for supply chain shocks, disruption and impacts of chronic risks. Policy areas include Tariffs and Trade Deals (including UK-EU SPS Agreement) and Environmental Improvement Plan.

- Outcome 9: Celebrated and valued UK, regional and local food cultures. Policy areas include UK Geographical Indications Scheme delivery
- Outcome 10: People are more connected to their local food systems and have the confidence knowledge and skills to cook and eat healthily. Policy areas include Plan for Neighbourhoods and national curriculum.

With a food strategy now established and key policy areas identified to support its implementation, it will be interesting to observe how the government advances these initiatives. Additionally, it remains to be seen if further regulatory reforms will be introduced to assist in achieving the strategy's objectives.

FSA updates guidance encouraging CBD businesses to reformulate products

Following new evidence published by the Food Standard Agency's (FSA) independent scientific advisory committees, the FSA is encouraging cannabidiol (CBD) businesses with applications on the public list to reformulate their food products to improve consumer safety.

On 1 July 2025, the FSA published changes to the provisional acceptable daily intake (ADI) for an adult following the new evidence, the new levels being 10mg of CBD and 0.07mg of tetrahydrocannabinol (THC) per day. The FSA maintains that allowing businesses to "reformulate their products at this stage will make the authorisation process more efficient, while consumers will benefit from safer CBD products on the market."

It is advising businesses to review product labelling to display the recommended CBD ADI limit and include key safety information, such as age restrictions (notably for under 18s to not consume CBD) and warnings for those who are pregnant, breast feeding or taking medications.

Businesses with applications should review the updated guidance and make changes where necessary.

'Not for EU' label not to be introduced in GB

On 30 June 2025, the House of Lords debated the Marking of Retail Goods Regulations 2025, which would provide ministers with the power to introduce "Not for EU" labelling to agrifood products across Great Britain, as considered by consultation (as we reported in our February 2024 edition).

Fewer than 30 members took part in the debate meaning that further debate will be required before the regulations move any closer to being implemented. Therefore, this change will not be implemented in the near future.

The Food (Promotion and Presentation) (Wales) Regulations 2025: implementation guidance

The Welsh government has published guidance on how the Food (Promotion and Presentation) (Wales) Regulations 2025 restricts “less healthy” products.

In general, the regulations restrict the promotion of HFSS foods products by:

- volume price;
- key in-store locations when retail stores are over 185.8 square metres; and
- free refills on certain drinks.

These restrictions apply to medium and large businesses (with 50 employees or more) which are a "qualifying business" as described in the regulations. Businesses affected include: supermarkets, online food retailers (including those who sell any pre-packed food), and clothing stores that may sell pre-packed food.

The regulations come into force on 26 March 2026. Businesses operating in Wales should review the guidance to determine whether they fall within scope of the regulations and to understand the impact of these changes on them.

Commission proposes to ban on 'meaty' names for plant-based foods

The European Commission has proposed that certain "meaty" names for products should be reserved for products exclusively derived from those meats at all stages of marketing. This will mean that plant-based alternatives will not be able to use such terms

The proposal would ban 29 meat-related terms, several of which refer specifically to particular animal products (such as "beef" and "pork") but others that are more broadly associated with butchery (such as "chop" and "bacon"), from being used in relation to products that are not derived from animals.

The full list of terms is as follows: beef, veal, pork, poultry, chicken, turkey, duck, goose, lamb, mutton, ovine, goat, drumstick, tenderloin, sirloin, flank, loin, ribs, shoulder, shank, chop, wing, breast, thigh, brisket, ribeye, T-bone, rump, and bacon.

This is currently just a proposal and will need to be discussed and voted upon by the European Parliament and Council before it can be enacted.

UK-wide Deposit Return Scheme to go ahead

Please see Products.

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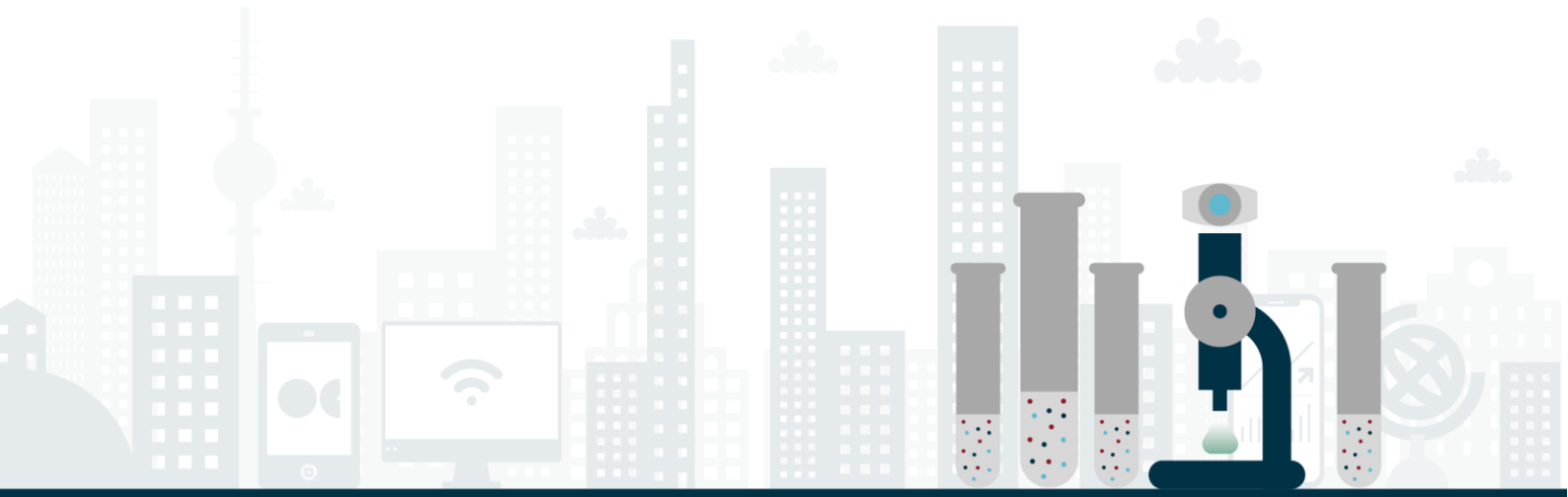

Health and Safety

Health and Safety

Reforms to Building Safety Regulator to accelerate housebuilding

As announced in its press release on 30 June 2025, the government is bringing in a new set of reforms to the Building Safety Regulator (BSR), including a new fast track process, to "enhance the review of newbuild applications, unblock delays and boost sector confidence".

As part of the steps towards the creation of a new body to take on the functions of the BSR from the Health and Safety Executive (HSE), the fast track process will bring building inspector and engineer capacity directly into the BSR. The government has also promised to provide the BSR with over 100 additional new members of staff, in an attempt to enhance operations, reduce delays and support progress towards building safe homes.

MHCLG publishes guidance on Residential PEEPs for disabled and vulnerable residents

With the publishing of the Fire Safety (Residential Evacuation Plans) (England) Regulations 2025, the Ministry of Housing, Communities and Local Government (MHCLG) has published a guidance package to assist building owners and managers. The package includes: a Residential Personal Emergency Evacuation Plans (PEEPs) factsheet, an impact assessment and a toolkit for responsible persons.

The regulations introduce new duties for building owners and managers of high-rise and higher risk residential buildings to address fire safety concerns for their most vulnerable tenants. Under these regulations, residents with disabilities or impairments will be entitled to:

- a person-centred fire risk assessment that considers their individual risks and ability to evacuate in the event of a fire;
- reasonable and proportionate measures to mitigate those risks;
- a written statement detailing the actions they should take during a fire; and
- the sharing of relevant information with their local fire and rescue service to ensure that responders are aware of where the most vulnerable residents are located and can assist with evacuation or rescue if needed.

The regulations are due to come into force on 6 April 2026.

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Modern slavery

Modern slavery

Nothing further to report this month

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Products

Products

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

Products Update – General and Digital Products – July 2025

UK

Product Regulation and Metrology Bill 2024-25 receives Royal Assent

Having had its amendments considered and approved by the Lords on 10 July 2025, the Product Regulation and Metrology Bill received Royal Assent on 21 July and subsequently became the Product Regulation and Metrology Act 2025.

The Act is intended to modernise the UK's management of product and metrology regulations, by allowing ministers to introduce secondary legislation. In practice it is expected to facilitate closer alignment with European Union approaches. The full text of the Act is available here, but broadly its key measures, as covered in our September 2024 edition, include:

- **Responsibilities within supply chain** – the regulations may impose obligations on: manufacturers; those who market a product (such as distributors and retailers) in, or import a product to, the UK; and a person who controls access to, or contents of, an online marketplace; or an intermediary. It adds that this is **not an exhaustive list** and requirements may be placed on others carrying out activities in relation to a product.

- **Cost recovery** – the regulations may include mechanisms for recovering costs incurred by the authorities detailing who is liable and the charge conditions.

- **Enforcement** – the bill provides for both criminal and civil sanctions to be included in the regulations and also allows for authorities to accept undertakings to secure compliance with the regulations.

- **Excluded products** – the draft bill does not apply to: food, feed stuff, plants, fruit and fungi, plant protection products, animal by-products, products of animal origin, aircrafts, military equipment, medicines and medical devices.

The Act also includes provisions in regards to the creation of metrology regulations which gives powers for regulations to be made about:

- the units of measurement that must be used to express quantities (whether of goods or other things);

- how units of measurement are to be calculated, determined, or must and may be referred to; and

- the quantities in which goods may or must be marketed.

The Act contains provisions which will require the secretary of state to obtain consent of devolved governments where regulations contain provisions within their devolved competencies – these requirements are stronger than the previous "consultation-only" provisions that were part of the draft bill that was introduced in the Lords.

Now the Act has royal assent, it is expected that the secretary of state will launch a number of consultations to reform regulations in autumn 2025, including in relation to online marketplaces. Companies are encouraged to engage with these consultations when published, and to be prepared for secondary legislation affecting their products.

EU

IMCO reaches provisional agreement on Toy Safety Regulation

On 26 June 2025, the European Parliament's Committee on Internal Market and Consumer Protection (IMCO) approved the provisional agreement on toy safety, following interinstitutional negotiations that concluded with the final trilogue on 10 April 2025. The provisional agreement aims to decrease the number of unsafe toys sold in the EU single market and better protect children from toy-related risks.

The full text of the final compromise version of the provisional agreement is available here. The agreement strengthens the role of economic operators in improving toy safety and clarifies requirements for safety warnings and the digital product passport (DPP). It expands the list of prohibited substances in toys to include chemicals that pose particular risks to children,

such as endocrine disruptors, substances harmful to the respiratory system, and chemicals that are toxic for the skin and other organs. The provisional agreement also bans the intended use of per- and polyfluorinated alkyl substances (PFASs), the most dangerous types of bisphenols, and bans allergenic fragrances in toys for children under 36 months and in toys designed to be placed in the mouth.

The Council is expected to formally adopt the regulation at first reading, following which the European Parliament will adopt the same text (expected in November). Once this has happened, the final text can be published in the Official Journal of the European Union and enter into force.

European Parliament calls for stronger controls on non-EU e-commerce goods

The European Parliament's Committee on Internal Market and Consumer Protection has adopted a report proposing measures to address the rise in substandard goods entering the EU via e-commerce. The report recommends enhanced customs oversight, digital screening technologies, stricter enforcement of EU rules and increased platform accountability.

The report also examined the Commission's proposed €2 handling fee for e-commerce parcels, requesting confirmation of its compatibility with World Trade Organization rules and insisting the fee should not be passed on to consumers. Additionally, MEPs backed the immediate removal of the €150 customs duty exemption for low-value goods.

To address non-compliance by non-EU sellers, the committee urged strict enforcement of existing rules under the EU Digital Services Act, Regulation (EU) 2023/988 (the General Product Safety Regulation), the EU Digital Markets Act, and Regulation (EU) 2019/1020 (the Market Surveillance Regulation). It also called for legal and financial liability to be extended to the designated "responsible person" representing non-EU traders.

The report further recommended that member states restrict high-risk non-EU vendors from involvement in critical infrastructure and security procurement, and advocated for public awareness campaigns on online shopping risks.

The proposal will proceed to a plenary vote, expected to be this month.

Draft EU legislation: exemptions to prohibiting the destruction of unsold apparel and footwear

Regulation (EU) 2024/1781 of 13 June 2024 establishing a framework for the setting of ecodesign requirements for sustainable products (ESPR) entered into force on 19 July 2024.

It prohibits the destruction of unsold apparel, clothing accessories and footwear because of the potential environmental impact. To ensure that the prohibition is proportionate, the European Commission has published a draft Act proposing exemptions – situations in which destruction would not be prohibited.

Currently, proposed exemptions are for:

- health, hygiene and safety reasons;
- damage caused to products as a result of their handling, or detected after products have been returned, which cannot be repaired in a cost-effective manner;
- unfitness of products for the purpose for which they are intended, taking into account, where applicable, EU and national law and technical standards;
- non-acceptance of products offered for donation;
- unsuitability of products for preparing for reuse or for remanufacturing;
- unsaleability of products due to infringement of intellectual property rights, including counterfeit products; and
- destruction being the option with the least negative environmental impacts.

European Commission adopts Chemicals Industry Action Plan and sixth simplification omnibus

On 8 July 2025, the European Commission published a package of measures aimed at strengthening the competitiveness of the European chemicals sector, including a European Chemicals Industry Action Plan, a sixth simplification omnibus to streamline key EU chemicals legislation, and a proposal for a regulation to modernise the governance of the European Chemicals Agency (which includes proposals to amend the Classification, Labelling and Packaging (CLP) Regulation (1272/2008), the Cosmetic Products Regulation (223/2009) and the Fertilising Products Regulation ((EU) 2019/1009)).

The European Chemicals Industry Action Plan sets out concrete measures to help secure the global competitiveness of the European chemicals industry, and to maintain and upgrade a strong European production base, including:

- Establishing a Critical Chemical Alliance between member states and stakeholders to address the risks of capacity closures, expand chemical import monitoring, and align investment priorities.
- Implementing the Affordable Energy Action Plan to reduce high energy and feedstock costs, and to encourage the use of clean carbon sources.
- Highlighting fiscal incentives and tax measures that are available to increase demand for clean chemicals.
- Taking action to minimise PFAS emissions, while allowing their continued use in critical applications.

Read more details on the plan.

European Commission consults on revision of new legislative framework

Following the 2022 evaluation of the New Legislative Framework, which identified areas for greater digitalisation and other improvements, the European Commission has released a call for evidence for an initiative to revise the legal framework for products in the EU, including by updating the rules on notified conformity assessment bodies.

The aim of the initiative is to tackle the shortcomings that were highlighted in the 2022 evaluation, including:

- lack of timely information on product compliance (regulatory gap/information failure);
- untapped potential of circularity (regulatory gap/market failure); and
- lack of consumer awareness about the meaning of the CE marking and misleading marking (information failure/behavioural issue).

European Commission consults on extension of EU CBAM to downstream products

See ESG

Products Update – Product Sustainability – July 2025

UK

PackUK publishes policies for Extended Producer Responsibility for packaging

On 27 June 2025, PackUK released several key publications relating to the UK's Extended Producer Responsibility for packaging (pEPR) scheme, including:

- the 2025 base fees for the pEPR scheme to provide certainty to producers;
- the first Fee Modulation Policy Statement on driving sustainable packaging choices;
- a Regulatory Position Statement (Regulatory Decision in Wales) addressing producers' concerns around the recyclability assessment obligations; and
- the PackUK interim strategy

Base fees

Nearly all of the most recent fees are lower than the illustrative base fees published in December, with glass down by 20%. PackUK claims that the reductions result from "high levels of industry compliance with reporting obligations and extensive work across the regulators and PackUK to assure and validate the data provided."

Fee modulation

The Fee Modulation Policy Statement sets out a three-year framework that adjusts fees for producers depending on the recyclability of their packaging. Recyclability will be assessed through the Recyclability Assessment Methodology (RAM) ratings, with highly recyclable packaging resulting in steadily decreasing fees and poorly recyclable packaging incurring increasingly higher fees. There are also special provisions for medical packaging with limited recyclability due to regulatory requirements.

Position statement

This aims to ease the transition to modulated fees by allowing producers to extrapolate their recyclability assessments for the first half of 2025 from second-half data.

Interim strategy

PackUK's long-term strategy will be launched later in 2025 and aims to include:

- more detail on long-term structures and arrangements, including the imminent appointments of chief executive and chief strategy officers;
- developments to UK-wide policy objectives over the coming months; and
- the planned appointment of a Producer Responsibility Organisation by March 2026.

Enforcement

As we reported in our May 2025 Regulatory Outlook, the first deadline for producers to assess their RAM ratings is 1 October 2025, however the Environment Agency has confirmed that, for the first year only, PackUK will treat a liable producer's 2025 H2 recyclability assessment report as sufficient evidence of the producer's packaging sustainability by material category for the whole of 2025.

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

As reported last month, the Waste Electrical and Electronic Equipment (Amendment, etc) Regulations 2025, were laid in Parliament introducing amendments to the Waste Electrical and Electronic Equipment Regulations 2013.

The regulations have now been made and will come into force on 12 August.

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. The 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."

UK-wide Deposit Return Scheme to go ahead

On 10 July 2025, Huw Irranca-Davies, deputy first minister and cabinet secretary for climate change and rural affairs, confirmed that the Welsh government is prepared to accelerate the implementation timetable for the Deposit Return Service in Wales to align with the rest of the UK, providing interoperability between common materials.

This marks an about-face for the Welsh government, which had previously withdrawn from the UK-wide implementation over concerns that its desire to include glass in its DRS scheme would require an exclusion from the United Kingdom Internal Market Act.

With Wales now on board, a UK-wide DRS scheme is set to be introduced by October 2027. More information about the scheme can be found on the UK Deposit Management Organisation Ltd's (UK DMO) website. UK DMO is the official operator for the DRS and is ultimately responsible for designing and delivering the scheme's infrastructure.

Regulations banning wet wipes containing plastic

Following the joint consultation on a proposal to ban wet wipes containing plastic across the UK, the Department of Agriculture, Environment and Rural Affairs is seeking views on the draft Environmental Protection (Wet Wipes Containing

Plastic) Regulations (Northern Ireland) 2025 which aim to restrict the supply and sale of wet wipes that include plastic (except for exempt purposes) in Northern Ireland.

The regulations are due to come into force in Northern Ireland 18 months after they are made and will follow the Environmental Protection (Single-use plastic products) (Wet Wipes) (Wales) Regulations 2025 that ban the supply or the offer to supply (including for free) of wet wipes containing plastic to consumers in Wales. The Welsh ban will go into effect on 18 December 2026 and has an exemption for wipes which are "designed or manufactured for use in connection with medical care or treatment."

On 17 July, the UK government also published draft regulations that intend to ban wet wipes containing plastic in England. The draft regulations has exemptions for pharmacies (provided the wipes are kept out of sight and not advertised to customers), medical purposes, and for suppliers to businesses and local authorities.

EU

European Commission moves to accelerate transition to circular economy

On 2 July 2025, the European Commission launched several initiatives to accelerate the EU's transition to a circular economy and prepare the ground for the EU Circular Economy Act, new legislation expected in 2026 that aims to "enhance competitiveness and economic growth by promoting the reuse, recycling and remanufacturing of materials."

The Commission will implement a Digital Waste Shipment System to enable companies to move from paper to digital procedures for shipping waste across the EU single market. It is envisaged that digital will fully replace paper from 21 May 2026. There is also a public consultation on the harmonisation of certain waste types.

The Commission also published an evaluation of the Waste Electrical and Electronic Equipment (WEEE) Directive. It highlights some of the current failings when it comes to collecting and recycling electronic waste, such as low collection rates of WEEE leading to missed opportunities to recover rare earth elements and only 23% of EU recycling facilities having implemented high-quality treatment standards.

Stop the clock for Sustainable Batteries Regulation: European Parliament adopts amending regulation at first reading

Please see ESG.

Products Update – Life Sciences – July 2025

Life sciences sector plan published

On 16 July 2025, the government published their Life Sciences Sector Plan, laying out the direction that they want the industry to travel and the policy steps that they want to take to assist.

The Plan outlines several important new interlinked strategies, including:

- the establishment of a £520 million Life Sciences Innovative Manufacturing Fund to help bring "globally mobile manufacturing investments to the UK".
- streamlining medical procurement by:
    - providing low-friction access to the NHS through a Rules Based Pathway for MedTech;
    - creating an NHS 'Innovator Passport' to allow MedTech products to reach patients more quickly; and
    - launching a Value Based Procurement pilot by the end of 2025.
- the establishment of Regional Health Innovation Zones for large scale development and implementation – with the aim of co-partnering with industry to leverage investment.
- expanding NICE's technology appraisal process to cover devices, diagnostics, and digital products.
- focusing on creating a reformed medical devices regulatory framework that includes an innovation friendly domestic route to achieving UKCA certification.

Reception to the Sector Plan so far has been mixed, Tony Wood, the chief scientific officer at GSK, said that he welcomed reforms to incentivise more clinical trials and create a new lab network to accelerate drug discovery and development. However, industry figures are concerned that the Sector Plan does nothing to address the currently unresolved drug-pricing talks that have failed to confirm how much revenue UK sales firms must return to the NHS.

Products

Government to align with European specifications on high risk *in vitro* diagnostic devices

In a bid to reduce regulatory burden, the government announced on 10 July 2025 that they intend to amend the Medical Devices Regulations 2002 to incorporate EU Common Specifications for high-risk in vitro diagnostic (IVD) devices and to repeal regulations on Coronavirus Test Device Approvals (CTDA).

This move will align UK standards with standards for these devices across Europe, with the dual aims of enhancing patient safety (by enhancing performance standards for IVD devices related to diseases including Hepatitis B, C, and D, and HIV) and also easing the regulatory burden on manufacturers across different markets.

Medicines and Medical Devices Act 2021 – Stakeholder survey

On 21 July 2025, the government published a call for evidence, on behalf of the Medicines and Healthcare products Agency (MHRA) and the Department of Health and Social Care (DHSC), to assess the operation and impact of the Medicines and Medical Devices Act 2021.

The aim of the review is to gather evidence as to whether the legislation is operating as intended by continuing to effectively protect public health and by avoiding imposing excessive regulatory burdens. Specifically, the review focusses on:

- Human Medicines Regulations 2012 (HMRs): setting out the regime for the manufacture, authorisation, supply, and pharmacovigilance of medicines.
- Medical Devices Regulations 2002 (MDRs): providing the regulatory framework for medical devices, including requirements for safety, performance, and conformity assessment.
- The Medicines for Human Use (Clinical Trials) Regulations 2004: governing the conduct of clinical trials of medicinal products.
- Medicines and Medical Devices (Fees) Regulations: which outline the fees payable to the MHRA in relation to regulatory services.

The set of survey questions is available here – the deadline for completion is 19 September 2025. The survey acknowledges that additional regulations have been introduced since the 2021 Act was introduced. However, the survey does not cover these legislative changes as they are not yet in force or have been in force for less than six months. These include the Medicines for Human Use (Clinical Trials) (Amendment) Regulations 2025. In December 2024, the MHRA released its revised roadmap towards the future regulatory framework for medical devices, with new pre-market regulations expected in 2026.

MHRA publishes response to routes to market and *in vitro* diagnostic devices consultation

On 22 July 2025, the MHRA published the government's response to the public consultation on future routes to market for medical devices in Great Britain, including *in vitro* diagnostic devices.

The response highlights three areas that the government is focussing on to improve: international reliance, UKCA marking, and *in vitro* diagnostic devices.

International reliance

The government aims to provide faster market access for devices that have already received approval in a comparable regulator country, such as the USA, Canada, or Australia, by relying on approvals or certificates issued in those countries. It has also announced that the MHRA will consult later in 2025 on the indefinite recognition of CE-marked medical devices, potentially ending the uncertainty over the mark's future.

UKCA marking

The government intends to go ahead with removing the requirement for devices to bear the UKCA marking after those devices have been through the conformity process provided that:

- the devices in question have Unique Device Identification numbers (UDIs); and
- those UDIs are searchable on a public-facing database.

The government also notes that, provided the above requirements are met, the UKCA marking would become optional, so no re-labelling would be required on already-marked compliant devices.

***in vitro* diagnostic devices (IVDs)**

The government is going to move forward with a more risk-based regulatory approach for IVDs, with plans to accept QMS certification based on internationally recognised standards issued by non-UKAS accredited bodies. They also intend to address concerns regarding the differing conformity assessment routes in Northern Ireland and Great Britain. Manufacturers will have 5 years to adapt to the updated regulations. For more in-depth details of the changes to IVD regulation, please see here.

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Regulated procurement

Regulated procurement

Growing British industry, jobs and skills: consultation on further reforms to public procurement

The government is consulting on further reforms to the public procurement process. The proposals for consultation fall into three categories: 1) supporting small businesses and social enterprises; 2) supporting national capability; and 3) supporting local jobs and skills.

Supporting small businesses and social enterprises

This would require large contracting authorities with spend over £100m per year to publish their own three-year target for direct spend with small and medium-sized enterprises (SMEs) and voluntary, community and social enterprises (VCSEs) and report against it annually, as well as extending spend reporting requirements.

It would require contracting authorities to exclude suppliers from bidding on major contracts (+£5m) if they cannot demonstrate prompt payment of invoices to their supply chains.

There would be clarification in primary legislation where it may be appropriate to award contracts for certain services delivered to vulnerable citizens without full competitive procedure, so that decisions can be driven by the needs of the individuals and vulnerable groups.

Supporting national capability

The government is only consulting with relevant national security stakeholders on the proposal to designate certain services, works or goods as "critical" to economic security, which would enable certain contracts to be directly awarded (as exempt on the basis of national security from the Procurement Act 2023) to "trusted suppliers".

The proposal would require contracting authorities to make a standard assessment before procuring a major contract (+£5m) in order to test whether service delivery should be in-house or outsourced.

Supporting local jobs and skills

This would require contracting authorities to set at least one award criteria in major procurements (+£5m) which relates to the quality of the supplier's contribution to jobs, opportunities or skills. Contracting authorities would need to apply a minimum weighting of 10% of the scores available, to social value award criteria.

Contracting authorities would be required to set at least one social value key performance indicator relating to jobs, opportunities or skills in major contracts (+£5m) and report on delivery performance against this KPI in the contract performance notice.

Contracting authorities would be required to use standard social value criteria and metrics selected from a streamlined list (to be co-designed with the public sector and suppliers) in their procurement of public contracts.

The proposal would allow contracting authorities to specify the area in which the social value is to be delivered by choosing between the location of a contracting authority's area of responsibility, the location where the contract will be performed, or the location where the supplier is based.

The consultation is due to run from 26 June to 5 September 2025. For more information, including how to respond to it, see the government's paper.

Debarment investigation into Grenfell suppliers paused due to criminal proceedings

The government has announced that the debarment investigations into seven organisations criticised by the Grenfell Tower Inquiry, relating to their eligibility for public contracts, have been paused to prevent any impact on criminal investigations.

The investigations were launched under the new powers available under the Procurement Act 2023, once it came into force in February 2025, but have now been paused after the Metropolitan Police and Crown Prosecution Service informed the Cabinet Office that the investigations could unintentionally prejudice the ongoing criminal investigation and any future criminal proceedings.

If any of the organisations are convicted of a criminal offence that is a mandatory exclusion ground under the Procurement Act, it would potentially leave the government in a stronger position to act once the debarment investigations resume.

Regulated procurement

Report of government-backed 'Defence & Economic Growth Taskforce' published

A new "Defence & Economic Growth Taskforce Report" has been published. It contains recommendations around procurement, contracting, IP, regulation and private capital deployment. The aim of the report's recommendations are to ensure that the UK is globally competitive and ensures innovation, jobs and prosperity across the UK by reforming procurement and contracting processes. The ultimate goal is to have government, academia, the defence industry, investors, and financial institutions pulling together as a team – "Team UK".

From a procurement perspective, there are several key policy proposals:

- Ministry of Defence (MOD) and HM Treasury to explore the inclusion of explicit measures within the procurement award process to assess and capture the value generated for the UK economy (for example, via UK talent development and retention, investment, job creation, and IP development).

- MOD to review supplier profit restrictions, with the intent to encourage greater risk sharing from private sector and incentivise private sector investment in UK productivity (for example, potential parameter tweaks, selective cap removal, or adoption of new approaches), building on the Strategic Defence Review (SDR) recommendation to amend single source contract regulations.

- SDR recommendations: By April 2026, the MOD should develop a package of support for its industrial partners that removes barriers to collaboration and drives better, more cost-effective results: reducing by at least 50% the burden of Defence Standards and Conditions; working across government to amend the Single Source Contract Regulations; reforming regulations, intellectual property handling and security clearance requirements; and providing access to intelligence, data and test and evaluation sites.

- MOD to implement SDR recommendations for new segmented approach to procurement in a way that streamlines contracting practices for SMEs and mid-markets, including new entrants, and delivers benefit to wider supply chain, including: major modular platforms (contracting within two years); pace-setting spiral and modular upgrades (contracting within a year); and rapid commercial exploitation (contracting within three months), with at least 10% of the MOD's equipment procurement budget spent on novel technologies each year.

For more details and recommendations from the report, see pages 8–11.

Procurement Act 2023 introduces new mandatory exclusion grounds from UK public bids for tax penalties

The Procurement Act came into force on 24 February 2025. As with the previous regime, suppliers risk being excluded from participating in public procurements and winning public contracts in specified circumstances. The Act retains the concepts of mandatory and discretionary exclusion grounds and embeds the "self-cleaning" process into the overall definition of whether a supplier is "excluded" or "excludable". There are, however, some significant changes – including a new mandatory exclusion ground for deliberate tax penalties.

Deliberate behaviour

While the previous public procurement legislation included exclusions in relation to tax, these are significantly expanded under the Act. In particular, it includes a new mandatory exclusion ground for certain "deliberate" tax penalties that have become payable at any time since 25 February 2022 (and, from 25 February 2027, any time in the previous five years before the public procurement takes place).

Tax-geared penalties (that is, charged as a percentage of the tax due) can be imposed in circumstances, including where taxpayers have:

- made errors in tax returns (or other documents submitted to HMRC) which leads to an underpayment of tax; or
- failed to notify liability to tax as required, such as failing to properly register for VAT.

The level of the penalty charged is in part determined by the type of taxpayer behaviour involved. For more discussion on what counts as "deliberate", as well as a review of the Act's application to third parties, time limits, non-UK equivalent penalties, potential exclusions, and more, please see our Insight.

Key takeaways

Regulated procurement

Under the new regime, the exclusion risk now extends down supply chains. Suppliers will need to ensure that there are appropriate procedures in place to provide transparency with subcontractors and other relevant third parties. Where a potential mandatory exclusion ground for tax is discovered, it is important to seek specialist advice to understand the circumstances of the alleged tax misconduct in question.

More proactively, suppliers will want to ensure that current tax issues do not unnecessarily affect a future public procurement process. Deliberate tax penalties under active appeal are ignored for the purposes of the Act – businesses that are concerned about a potential penalty's impact on a future procurement process should seek specialist tax disputes advice.

More broadly, the exclusion regime encompasses a wide range of mandatory and discretionary exclusion grounds, each with their own applicable time periods and nuances. Suppliers are actively encouraged to check whether any exclusion grounds apply, but doing so can be challenging given the complexity of the legislation. In order to support suppliers in undertaking their own risk assessments, Osborne Clarke has produced an Exclusion and Debarment Health Checker that helps suppliers understand what conduct is (and is not) caught by the exclusion grounds.

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Sanctions and Export Control

Sanctions and Export Control

OFSI consultation on financial sanctions enforcement policies and processes

OFSI has launched a consultation on proposed updates to its financial sanctions enforcement policies and processes. It has identified improvements that could be made to its enforcement processes that would facilitate more efficient case resolution, thereby enhancing the delivery of public enforcement actions and reducing the burden on OFSI and the firms or individuals involved.

The consultation is seeking views on:

- changes to OFSI's public case assessment guidance to provide more guidance and transparency and reducing the maximum penalty discounts for voluntary disclosure and co-operation to 30% from 50% (Chapter 3);
- the introduction of a settlement scheme for monetary penalty cases (Chapter 4);
- the introduction of an Early Account Scheme that would enable subjects of a relevant OFSI enforcement investigation to provide a complete factual account of the matters under investigation (Chapter 5);
- the introduction of a streamlined process with indicative penalties for certain cases involving information, reporting and licensing offences (Chapter 6); and
- changes to OFSI's statutory penalty maximums under sections 146(3)(a) and (4) of the Policing and Crime Act 2017, from £1,000,000 to £2,000,000 in cases where the breach or failure does not relate to particular funds or economic resources, or where the permitted maximum based on a specified percentage of the estimated value of the funds or economic resources at section 146(3)(b) (currently 50%) was less than £2,000,000. OFSI also proposes a change to the specified percentage of the estimated value of the funds or resources at section 146(3)(b) to 100%. (Chapter 7).

The consultation proposes changes only to cases involving OFSI's civil enforcement powers in connection with breaches of financial sanctions (including Russia-related designated person asset reporting) and the UK Maritime Services Ban and Oil Price Cap exception (Oil Price Cap).
The consultation closes on 13 October 2025.

OFSI publishes cryptoassets threat assessment report

OFSI published its cryptoassets threat assessment report, which covers threats to financial sanctions compliance of relevance to UK cryptoasset firms.

This is the fifth and final report 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.

The assessment identifies common compliance vulnerabilities, providing examples of typologies that firms should be aware of for sanctions compliance and illustrating situations that constitute direct or indirect exposure to designated persons through cryptoassets. It urges cryptoasset firms to monitor for any new addresses linked to designated persons and to report suspected breaches to OFSI. The report emphasises that UK firms should report suspicious transaction chains involving the management of frozen funds or economic resources to OFSI as soon as they are discovered.

The report also identifies several trends specific to cryptoasset firms as posing a threat to UK financial sanctions, including exposure to the designated Russian exchange Garantex, the risk of being targeted by hackers and IT workers operating on behalf of the North Korean government, and facilitating transfers made to Iranian cryptoasset firms with suspected links to designated persons.

The threat assessment notes that reporting in the sector has been inconsistent and there have been instances of significant delays in identifying suspected breaches and making reports to OFSI. To mitigate against these issues, the report includes a set of best-practice recommendations when reporting suspected breaches to OFSI, which UK cryptoasset firms and firms interacting with cryptoassets should consider.

See also our previous updates on the financial services, property and related services and art market participants and high value dealers 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.

Sanctions and Export Control

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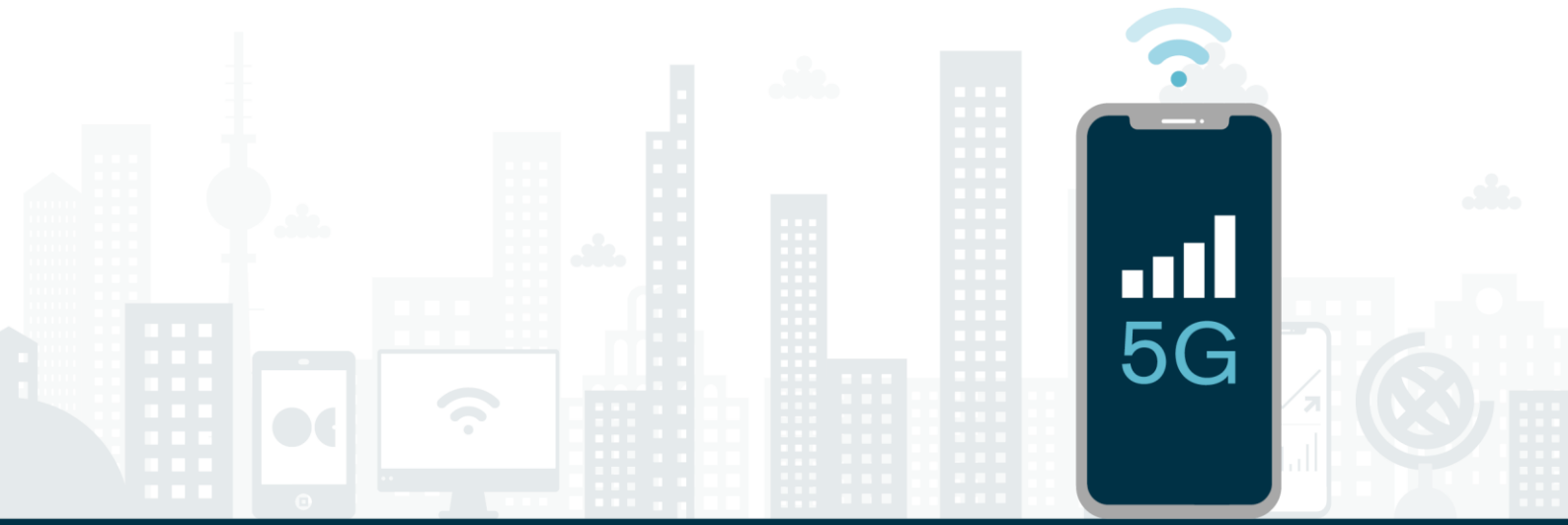

Telecoms

Telecoms

Ofcom confirms changes to ADR rules

On 9 July, Ofcom published a statement confirming changes to the rules on handling complaints from residential and small business customers. Previously, such customers had to wait up to eight weeks from the date of their initial complaint before being given access to alternative dispute resolution (ADR). This time period has now been reduced to six weeks, meaning that communications providers will have less time to resolve customer complaints before they are escalated.

In addition, Ofcom has also reapproved both the Communications Ombudsman and the Communications and Internet Services Adjudication Scheme as the ADR providers for the sector. This is subject to some proposals for improvements to the schemes and a strengthening of the applicable key performance indicators.

Providers have until 8 April 2026 to implement the changes in relation to the new timeframe to access ADR.

Consultation on fees for satellite gateways

On 1 July, Ofcom opened a consultation on proposals to update fees for satellite gateways. These changes are intended to reflect the significant growth in demand for spectrum from the satellite sector in recent years and include:

- For NGSO gateways, moving from the "per satellite connection" fee used for geostationary (GSO) gateways to a fee based on the estimated impact of connecting with a satellite fleet.
- Limiting fees to the 10 most sterilising antennas at a gateway (for a given frequency band).
- Removing fees for "duplicate" emissions.
- Setting proportionate fees for higher frequency bands which it plans to make available for satellite gateway use.
- Updating how it calculates GSO gateway licence fees to incorporate relevant elements of its NGSO proposals.

The consultation will close on 9 September 2025.

Consultation on short notice/duration licences in 2.3 GHz

On 1 July, Ofcom shared proposals for a new "short notice, short duration" licence for indoor and outdoor use, through which a mix of users could share access to 2320-2340 MHz. It is envisaged that this new licence could be used to support a range of applications including use of 5G cameras for breaking news stories, sports coverage, pop-up mobile coverage and private network demonstrator events.

The key features of the proposed licence are:

- A simplified "pre-coordination" process to protect existing users.
- A maximum transmit power of 30 dBm Equivalent Isotropic Radiated Power (EIRP).
- A maximum duration of fourteen days.
- An expected licensing turnaround time of around three days.
- A licence fee of £56 per 10 MHz for each 48 hours of use.

Stakeholders have until 2 September to submit their responses to the consultation.

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