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.

November 2025

Contents

Advertising and marketing

Advertising and marketing

Energy labelling rules removed from CAP and BCAP Codes

The Committee of Advertising Practice (CAP) and the Broadcast Committee of Advertising Practice (BCAP) have removed energy labelling rules (CAP Code rules 11.8 and 11.9 and BCAP Code rules 9.9 and 9.10) and associated guidance following a review and a consultation, which received no objections. The rules were introduced in 2011 and reflected the requirements set out in Directive (EC) No 2010/30/EU, which were transposed into UK law by the Energy Information Regulations 2011, on the inclusion of energy labelling and certain product information in certain types of advertising.

CAP and BCAP's recent update reflects the fact that the Advertising Standards Authority (ASA) has received no complaints under these provisions since they were introduced, that the Office for Product Safety and Standards (OPSS) already enforces the underlying legislation and that the changes in the underlying legislation meant that the existing rules and guidance no longer reflected this legislation.

This update does not change the law: energy labelling obligations still apply and are enforced by the OPSS. The government's guidance explains the requirements on energy labelling.

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

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

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

Artificial Intelligence

Artificial Intelligence

UK updates

Landmark UK AI and IP case: *Getty Images v Stability AI*

The English High Court has delivered its decision in *Getty Images v Stability AI*, a case closely watched by the technology and creative industries. Getty Images accused Stability AI of using its copyright-protected images without permission to train its AI model, which Getty claimed generated images that reproduced Getty's images and trade marks.

Getty withdrew its primary copyright and database rights claims during the trial, and the court found in favour of Stability AI on all remaining points, except for two historic and limited instances of trade mark infringement. This is a significant legal victory for Stability AI and will offer some comfort to generative AI developers, in particular the finding that Stability's AI model does not store, contain or reproduce Getty's copyright works. The decision may also inform future UK legislative changes affecting AI training on copyright-protected content.

Nevertheless, the fundamental question of whether unauthorised web scraping and the subsequent use of such data for AI training in the UK constitutes primary copyright or database rights infringement remains unresolved. Further litigation or potentially government intervention may ensue as clarity is sought.

For more detail, see our Insight.

Select Committee opens inquiry on AI and copyright

The House of Lords Select Communications and Digital Committee has launched an inquiry on AI and copyright. It will explore: the practical steps that would enable creative rightsholders to reserve and enforce their rights meaningfully in relation to AI systems, what levels of transparency and accountability can reasonably be expected from AI developers, and how licensing, attribution and labelling tools might support a viable marketplace for creative content. This ties in with the government's consultation on AI and copyright, the outcome of which has been long awaited.

On 4 November 2025, the committee held its first oral evidence session with creative sector representatives. Saying that UK's copyright regime is a "gold standard", some argued that the UK needs regulation and enforcement, not changes to the copyright system. Points made included:

- UK copyright law is fit for purpose; the core problem is transparency and enforcement.
- Strong opposition to the introduction of a text and data mining exception for commercial AI training.
- AI developers should be subject to mandatory, auditable, detailed transparency obligations, including the establishment of a regulator-backed bot register.
- Collective management organisations can scale to deal with both retrospective compensation and forward-looking licences, provided that there is appropriate transparency and access control.
- Overseas scraping of UK content without consent should be copyright infringement in the UK.

EU updates

EU AI Act updates

AI Omnibus: Proposals for delay and simplification

As part of its simplification drive, on 19 November 2025, the European Commission released its proposal to make significant amendments to the EU AI Act. This is part of a wider proposed "Digital Omnibus Regulation" package, which includes (among others) proposals for AI-related changes to the General Data Protection Regulation (GDPR) and other data legislation. See Data law for data-related proposals. Here are the highlights:

- Rules governing high-risk AI systems pursuant to Article 6(2) and Annex III are currently scheduled to take effect from 2 August 2026. Under the new proposals they would be delayed **until up to 2 December 2027**. This is not an absolute delay. Rather, the Commission retains the right to bring forward the implementation date for the high-risk rules, should it decide that everything is in place to do so before December 2027. As soon as the EU executive decides that the standards and guidance are sufficient, companies would have six months to comply.
- Similarly, rules governing high-risk AI systems pursuant to Article 6(1) and Annex I are currently scheduled to take effect from 2 August 2027. Under the new proposals they would be delayed until up to **2 August 2028**. Again, this is not set in stone but is more of a backstop: once a Commission decision has been adopted that states that the

standards and guidance are ready, companies would have 12 months to comply. The delays are supposed to give the Commission enough time to develop technical standards and compliance guidance.
- The general AI literacy obligation under Article 4 would be abolished, though specific training obligations for high-risk deployers would remain.
- The rules in Article 50(2) that oblige providers to ensure that their AI systems mark AI-generated synthetic audio, image and text would now not apply until **2 February 2027** (for systems put on the market before 2 August 2026; for systems put on the market from that date, the provisions would apply straightaway).
- Special category data could be processed for the purposes of detecting and correcting bias in all AI systems (not only high risk ones), subject to strict safeguards, and the GDPR would be amended to make clear that organisations can rely on its "legitimate interest" legal basis to use personal data for training or operating AI systems and models.
- The Commission also proposes exempting a wider range of companies from reporting obligations under the Act.

There are lots of other, less eye-catching changes proposals too. The proposals will now be submitted to the European Parliament and the Council for adoption, but reports suggest that they are likely to face challenges from certain EU countries and political groups.

For details see Osborne Clarke's Digital Omnibus site and Insight.

Commission begins work on a code of practice on labelling AI-generated content

On 5 November 2025, the Commission began work on a voluntary code of practice to support the marking of AI-generated content, including deepfakes and other synthetic audio, images, video and text. Rooted in the AI Act's transparency requirements (which are currently due to begin to apply from 2 August 2026 but see above item regarding proposed changes), the code is designed to support their implementation of the code by helping organisations clearly disclose AI involvement and use machine-readable markers to enable its detection, in order to reduce the risks of misinformation, fraud, impersonation and consumer deception.

Over a seven-month period, independent experts appointed by the European AI Office will lead the process, drawing on the responses to the Commission's public consultation. This will include input from stakeholders appointed by the Commission from those who responded to a public call for expressions of interest in helping draw up the code.

Interplay between the AI Act and the EU digital legislative framework

The European Parliament has published a study on the interplay between the AI Act and the EU digital legislative framework, including the GDPR, the Data Act and the Cyber Resilience Act. It identifies a number of "frictions and challenges" where the AI Act's obligations overlap with those in other laws, in particular where the digital legislative landscape:

- Has become highly burdensome.
- Has become highly fragmented. An AI system will rarely be subject to a single legal framework (such as the AI Act), nor will it commonly be governed only by the interpretations of a single supervisor or regulator.
- Lacks a consistent logic across the regulated domains.

The study provides some recommendations for possible evolutions of the AI Act and of EU digital legislation as a whole, into a more coherent and simpler model based on three pillars: (i) a statement of common EU digital regulatory principles, leading to (ii) horizontal EU digital legislation, which would then (iii) be interpreted and applied via a common supervisory/regulatory landscape. Key high-level recommendations are that the EU should strengthen interaction and coordination among regulators, and that it should better leverage the possibilities for interaction between the various legal frameworks. Examples floated include:

- Standardised templates to reduce duplication or cover complex issues such as difficulties erasing personal data from a large language model.
- Issuing clarification on the extent to which users of AI systems have any rights to training data, input data, parameters and weights under the Data Act.
- Harmonising the marking schemes for AI-generated or manipulated content.
- Aligning transparency and documentation obligations under the AI Act, the Digital Services Act and the Cyber Resilience Act.

Other updates

Artificial Intelligence

EDPS publishes updated guidelines on use of generative AI

The European Data Protection Supervisor has released its updated guidance for EU institutions about the use of generative AI when processing personal data. The revised guidelines aim to provide more concise, practical ways to develop and deploy generative AI tools. Updates include:

- A new definition for generative AI.
- A compliance checklist to assess and enforce lawfulness of processing activities.
- Clarification on roles and responsibilities to better determine whether an entity is acting as controllers, joint controllers or processors.
- Advice on the lawful bases and purpose limitation and handling of data subjects' rights.

Although directed to EU institutions, bodies, offices and agencies, the guidance is also useful to the private sector in informing compliance with data protection laws in the context of AI.

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

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

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

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

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

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

Bribery, fraud and anti-money laundering

Bribery, fraud and anti-money laundering

Government issues consultation on proposed reforms to AML/CTF supervision regime

As previously reported, the government has now published its response to the 2023 consultation on improving the anti-money laundering and counter-terrorist financing (AML/CTF) supervision regime (read more in our Insight). The government set out its decision to consolidate responsibility for AML/CTF supervision of legal, accountancy, and trust and company service providers with the Financial Conduct Authority (FCA).

The government has launched a consultation on proposed reforms to the supervisory system in order to give the FCA the duties, powers and accountability mechanisms necessary for it to be an effective supervisor. The key proposals are:

- Powers for the FCA to register all in-scope firms, conduct gatekeeping checks and oversee registration. This includes the application of regulation 58 "fit and proper" tests to legal, accountancy and trust and company sectors, to reflect their high-risk status.
- The FCA will be given powers to identify unregistered activity within scope of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs), and bring such businesses under supervision by listing firms supervised by the FCA in a public register.
- The FCA will apply a risk-based approach to supervision, and be able to require relevant information from firms, conduct inspections and exchange information where appropriate with domestic and international authorities.
- The FCA will have the power to impose civil penalties, suspensions, prohibitions and public censures and to initiate criminal proceedings in relation to breaches of the MLRs. It will also need to be able to issue routine, low value fines for non-compliance such as firms that do not register for AML supervision. For this, the government is considering amending the provisions in the MLRs that set out the procedures the FCA follows when taking enforcement action to ensure the FCA can issue them without excessive administrative and cost burdens.
- The FCA's use of its powers will be appealable to the courts, as is consistent with the current regime for the FCA. All decisions in relation to their AML/CTF supervision of professional services firms will be appealable to the tribunal regime, in keeping with other FCA decisions.

The consultation closes on 24 December 2025.

FCA multi-firm review of risk assessment processes and controls

The FCA published its findings following a multi-firm review conducted in 2025, focusing on business-wide risk (BWRA) and customer risk assessment (CRA) processes as part of its wider financial crime supervisory work (see more in our Insight).

The multi-firm review involved building societies, platforms, custody and fund services, payments (e-money) and wealth management firms. The FCA gives examples of good and poor practice in a range of areas, including:

- **Identifying, understanding and assessing risk:** While most firms reviewed have a BWRA, most failed to identify relevant risks and tailor assessments to their specific businesses, with some firms focusing mainly on fraud or generic risks, ignoring specific money laundering, sanctions and anti-bribery risks. The FCA encourages firms to conduct comprehensive risk assessments that are both quantitative and qualitative, which consider internal and external factors with appropriate weightings and to assess inherent risks and ensure the firm documents how it is managing these risks.
- **Mitigating risk**: The FCA found that while financial crime risk was often considered in business strategy, growth and product development, there was little evidence of firms documenting actions resulting from their risk assessments. An example of good practice is where firms formally track BWRA actions and note recommendations on how the firm plans to mitigate or reduce the overall risk.
- **Managing risk***:* Many firms recognised the importance of governance and oversight; however, senior management appear to better understand fraud risk compared with other financial crime risks. Examples of good practice include recording risk assessment discussions, changes and approvals, as well as implementing regular reviews (quarterly or triggered) of risk assessments to ensure they are responsive to emerging risks and changes in regulatory requirements.

Bribery, fraud and anti-money laundering

The FCA expects that firms should be complying with existing requirements in relation to understanding the risks to which they are exposed, with financial crime systems and controls already in place to manage and mitigate risks. The FCA is working with firms where weaknesses were identified and will continue monitoring through supervisory work to drive improvements across the industry.

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

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

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

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

Competition

Competition

Civil engineering market study

The Competition and Markets Authority (CMA) has updated the timeline of its civil engineering market study, confirming that the expected publication of its interim report is now December 2025. Launched on 19 June 2025, the study examines the design, planning and delivery of railway and public road infrastructure by the civil engineering sector in the UK. With the interim report expected in December 2025 and a final report expected in April 2026, ahead of the statutory deadline of 18 June 2026, businesses should prepare for imminent findings that may have implications for practices across the sector.

Key compliance implications include:

- **Broad industry engagement**: The CMA published an invitation to comment earlier this year and published responses from 17 major stakeholders on 26 August 2025. This included leading contractors, consultancies and industry bodies. This signals comprehensive scrutiny of procurement, pricing and competitive conduct.
- **Imminent interim findings**: With the interim report due December 2025 and final report expected April 2026 (statutory deadline 18 June 2026), businesses face potential recommendations on tendering practices, framework agreements and client relationships within weeks.
- **Sector-wide remedies**: Market studies can trigger a decision of no further action, a market investigation reference or result in the CMA accepting undertakings in lieu of a reference. The last two of these may potentially affect contract structures, collaborative arrangements and public procurement requirements, amongst other market characteristics.

The variety of respondents to the invitation to comment indicates substantial interest in this market study meaning interested businesses should pay close attention to developments as this study progresses.

Legal professional privilege in the EU

The European Commission has published a Competition Policy Brief outlining its position against extending legal professional privilege (LPP) to in-house lawyer communications in EU competition law investigations, maintaining the position based on long-standing case law. This was done as a result of several calls for change in the evaluation of Regulation 1/2003. Two main arguments were raised in support:

- An increasing number of Member States recognising LPP for communications involving in-house lawyers.
- Due to the emphasis on self-assessment in Regulation 1/2003, extending the protection of LPP to in-house lawyers would enhance compliance with EU competition law.

The policy brief notes that five EU Member States recognise in-house LPP for competition investigations (Belgium, Ireland, Hungary, Netherlands, Portugal), with the large majority not recognising such protection. It also notes that before exiting the EU, the UK was the largest among Member States that recognised in-house LPP. The Commission argues that extending LPP to in-house counsel risks abuse to conceal wrongdoing, as evidenced by real cases where infringement evidence was found in in-house correspondence. In relation to the second point, the Commission notes that the relevant case law post-dates Regulation 1/2003; therefore this is a point that it considers settled.

Furthermore, the Commission believes that extension would make investigations lengthier and more cumbersome, as in-house lawyers often handle non-legal matters, making it difficult to distinguish legal advice from commercial communications. Consequently, it concludes that extending LPP to in-house lawyers would hamper effective competition enforcement without demonstrable compliance benefits.

As a result, businesses must continue to engage appropriate external counsel when seeking legal advice that requires privilege protection during competition investigations.

Subsidy Advice Unit updates operational guidance for UK subsidy control regime

On 12 November 2025, the CMA and the Subsidy Advice Unit (SAU) published updated guidance on the UK subsidy control regime.

This guidance sets out how the SAU will carry out its subsidy control functions in the UK subsidy control regime. The update arose from the need to provide enhanced clarity and reflect current operational practices following the initial implementation of the regime, and publication of the guidance, in 2022.

Competition

The November 2025 update makes changes and clarifications in the following areas:

- Acceptance of referrals, including more details on the requirements for acceptance, checklists for public authorities, and answers to common questions such as how public authorities should draft non-confidential summaries.
- Detail on how the SAU handles confidential information and how public authorities should mark-up confidential information when they submit a referral.
- Further detail to reflect current practice on format, timescales and expectations for pre-referral discussions, including at what point public authorities are advised to share a draft assessment and what is covered in pre-referral discussions.
- A section explaining how the SAU's final evaluation is presented in reports, what this means to the public authority and next steps.
- Additional insight into the factors and questions that the SAU considers in its review, intended to complement the statutory guidance published by the Department of Business and Trade.

Businesses bidding for public funds should be aware of these changes and the impact they may have on interactions with public authorities around the award process.

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

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

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

Aqeel Kadri, Partner
T: +44 20 7105 7367
Aqeel.kadri@osborneclarke.com

Consumer law

Consumer law

UK updates

Digital Markets, Competition and Consumers Act 2024 updates

CMA publishes final guidance on price transparency

The Competition and Markets Authority (CMA) has published its final price transparency guidance under the Digital Markets, Competition and Consumers Act 2024 (DMCCA). The CMA adopted a phased approach to the "drip pricing" aspects of its new guidance on the unfair commercial practices regime under the DMCCA, and consulted on draft guidance on price transparency in the summer (see our Insight for more information).

The guidance covers what businesses must include in their pricing information (including mandatory fees and charges), as well as the concepts of "drip pricing" and "partitioned pricing".

The CMA has made some changes to the final guidance to address issues raised by stakeholders in response to the consultation. For example, it provided:

- More information on who is legally responsible for making an invitation to purchase.
- More examples of ways in which traders may comply with the price transparency requirements in both online and offline contexts, including in relation to delivery charges.
- Updated guidance on when the limitations of the medium may justify the omission of required pricing information.

The CMA has also published guidance on obtaining consent for additional charges when selling online. This explains traders' responsibilities when selling optional extras (as opposed to making mandatory charges) to customers online (such as insurance, faster delivery, charitable donations), alongside visual examples of compliant and non-compliant practices.

Enforcement action on online pricing and sales practices

Using its new powers under the DMCCA, the CMA has launched an enforcement action covering online pricing practices, including drip pricing and pressure selling. It has reviewed more than 400 businesses across 19 different sectors to assess compliance with the rules on price transparency and found potential concerns in 14 sectors. Based on this work, the CMA has:

- Launched investigations into eight businesses that it suspects may have broken consumer law in relation to their use of fees, misleading time-limited offers and/or the practice of automatically opting-in consumers to optional charges.
- Sent advisory letters to 100 businesses outlining concerns about their use of additional fees and some of their online sales tactics. The sectors under scrutiny are holidays (including package travel), driving schools, homeware retailers, rail travel, parking (including airport parking), bus and coach travel, luggage storage providers, cinemas, live event tickets, food and drink delivery companies, letter and parcel delivery, gyms and fitness, fashion, and online vouchers.

Under the DMCCA, the CMA is now able to determine whether a breach of consumer law has occurred without intervention from the courts and can directly impose fines for non-compliance of up to 10% of global turnover.

Secondary ticketing resale updates

Government's response to the consultation on the resale of live events tickets

The government has published its response to the consultation on the resale of live events tickets. See this Regulatory Outlook for the background of its work on the secondary ticketing market to ensure that fans are protected from misleading or harmful practices in this sector and are able to resell tickets to other fans when they cannot attend an event.

As a result of the consultation process, the government intends to take forward the following measures:

- **Price cap for resale tickets**: Reforms to introduce a price cap making it unlawful to resell live events tickets for more than the original ticket cost, inclusive of unavoidable fees incurred during the original purchase.

- **Resale service fees cap**: A cap on the level of service fees that can be levied by resale platforms on resale transactions.
- **Resale volume limits**: New limits which would prohibit someone from reselling more tickets to an event than they were entitled to purchase originally.
- **Enforcement**: New ticketing measures will be enforced under the new consumer enforcement regime in Part 3 of the DMCCA, which provides for financial penalties of up to 10% of global turnover. The government has decided not to take forward a licensing regime for now, but may revisit this if the consumer enforcement regime does not deliver satisfactory outcomes.

The government intends to legislate for the above when parliamentary time allows.

Government's response to the call for evidence on pricing practices in the live events sector

The government has published its response to the call for evidence on pricing practices in the live events sector. As a result of the implementation of the DMCCA, it does not believe that further legislation is needed to ensure that prices are clear.

The CMA, as part of its project on dynamic pricing, set out key types of information that could be material for consumers and tips for businesses using dynamic pricing based on existing law (see this Regulatory Outlook). On the back of the CMA's new guidance, the government expects the live events industry, particularly those involved directly in ticket sales, "to take decisive action."

EU updates

European Commission publishes 2030 Consumer Agenda

The European Commission has adopted the 2030 Consumer Agenda, "a new strategic framework for EU consumer policy that sets out concrete priorities and actions for the next five years."

The agenda addresses four key priority areas:

- **An action plan for consumers in the single market:** As part of this, the Commission plans to complete an evaluation of the Geo-Blocking Regulation in Q2 2026 as well as further analysis of the benefits, challenges and possible risks of extending its scope.
- **Digital fairness and online consumer protection**: Among other measures in this area, the Commission plans to: Propose a Digital Fairness Act, planned for Q4 2026, to further strengthen the protection of consumers online (see Osborne Clarke's Digital Fairness Act hub for more information); conduct an EU-wide inquiry into the broader impacts of social media on the wellbeing of young people; evaluate the Audiovisual Media Services Directive; further strengthen the ability to combat online fraud in the EU by publishing an action plan on online fraud; and work closely with Member States to ensure the consistent implementation and enforcement of the AI Act and the relevant consumer protection and product safety laws.
- **Promoting sustainable consumption**. The Commission will, among other things, explore the need for a recommendation on "green by design" features in e-commerce. This would cover aspects such as the availability of sustainability filters, greener delivery options and sustainable return-management policies. It may also include voluntary environmental charters, under which companies commit to specific sustainability targets.
- **Effective enforcement and redress**. The Commission will propose a revision of the Consumer Protection Cooperation Regulation, maximise the use of AI in enforcement and market surveillance activities, and focus on ensuring effective redress through the implementation of the revised Alternative Dispute Resolution Directive, the Representative Actions Directive and the revised Product Liability Directive.

Protecting consumers in vulnerable situations, such as children in the digital environment, as well as simplification and administrative burden reduction are overarching priorities, says the Commission.

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

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

Consumer law

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

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

Cyber-security

Cyber-security

Cyber Security and Resilience Bill introduced to Parliament

The Cyber Security and Resilience (Network and Information Systems) Bill (CSRB) was introduced to the House of Commons on 12 November 2025.

The government announced as part of the King's Speech that it would introduce a bill in the current Parliamentary session, followed by a preview of the contents of the bill in a policy statement released on 1 April (see our Insight for more details). The legislation is intended to strengthen the country's cyber resilience against cyber attacks in sectors deemed critical for the UK and its economy.

Under the proposals:

- **Scope expansion**: Medium and large managed service providers (companies providing IT management services to private and public sector organisations), data centres and large load controllers (organisations managing electricity for energy smart appliances) will be brought into scope of the regulations.
- **Incident reporting:** Organisations in scope will need to report more harmful cyber incidents to their regulator and the National Cyber Security Centre (NCSC) under a new two-stage reporting structure. Entities will be required to notify their regulator within 24 hours, with a full report within 72 hours. Regulated entities will also be required to send a copy of the incident notifications and make a full report to the NCSC. Data centres as well as digital and managed service providers will need to notify customers of significant cyber incidents which are likely to be affected.
- **Critical suppliers regime:** Regulators will be given new powers to designate and regulate critical suppliers to the UK's essential services. UK and non-UK suppliers may be designated, meaning they would have to meet minimum network and information system security requirements which will be set in secondary regulations.
- **Enforcement and penalties**: Enforcement and penalties will be updated, including higher maximum penalties (up to £17 million or 4% of an organisation's worldwide turnover) for serious breaches. The Technology Secretary will also be given the power to increase turnover-based penalties up to a maximum of 10% of a company's worldwide turnover.
- **National security direction powers**: The Technology Secretary will be granted new powers to instruct regulators to take specific, proportionate steps to prevent cyber attacks where there is a threat to national security. Failure to comply with regulatory directions may result in penalties of up to £17 million or 10% of worldwide turnover, as well as daily penalties of up to £100,000.

A date for the second reading has yet to be announced. Our data and cyber experts will continue to monitor any updates. Please see our Digital regulation timeline to track the bill as it progresses through Parliament.

See the government press release and the full collection of documents on the bill.

EU Commission publishes digital omnibus regulation proposal

The European Commission is proposing to simplify existing rules on artificial intelligence, cyber security and data. Among other proposals, the package includes a digital omnibus that aims to simplifying compliance for businesses. Currently, companies operating in the EU face overlapping obligations under multiple pieces of legislation, including the NIS2 Directive, the GDPR and the Digital Operational Resilience Act (DORA), each requiring a separate notification in the event of a cyber incident.

The proposed regulation introduces a single-entry point for companies to meet cyber security incident reporting obligations. A new, easy-to-use reporting interface will be developed to allow companies to file one report, which will fulfil reporting obligations under multiple EU legislative acts. The digital omnibus also proposes changes to the GDPR data breach notification requirements. Data controllers would only be required to notify breaches that are "likely to result in a high risk" to individuals, as well as extending the notification deadline to 96 hours (from 72 hours). Controllers will also be able to use the single-entry point to notify the relevant supervisory authorities of data breaches.

The digital omnibus legislative proposals will now be submitted to the European Parliament and the Council for negotiation before a final text is adopted. See the Commission press release.

Cyber-security

Cyber Extortion and Ransomware (Reporting) Bill

The Cyber Extortion and Ransomware (Reporting) Bill was introduced to Parliament on 21 October 2025 under the Ten Minute Rule. The private members' bill proposes to require companies to report any cyber extortion or ransomware attack to the government.

Specifically, the bill proposed a mandatory duty on large companies (registered under the Companies Act 2006 with an annual turnover of over £25 million) and operators of critical national infrastructure to report any cyber extortion or ransomware attack within 72 hours, with a further report required if any ransom payment is made by the company, also within 72 hours.

This bill aligns with the government's 2025 ransomware consultation (as previously reported), which proposed threshold-based mandatory incident reporting, alongside a targeted payment ban for public sector and regulated critical national infrastructure entities and a payment prevention regime requiring victims of ransomware to notify their intention to make a ransomware payment before paying.

The second reading of the bill is scheduled to take place on 29 May 2026, although the House of Commons is not expected to be sitting on that date so there is a question as to whether it will become law.

UK statement on signing UN Convention against Cybercrime

The UK has formally signed the UN Convention against Cybercrime on 25 October 2025. In a speech delivered by cyber director of the Foreign, Commonwealth & Development Office, Andrew Whittaker, the UK reaffirmed its commitment to international collaborate only with states that respect the convention's human rights safeguards, warning that any misuse would undermine the treaty's viability, while highlighting the urgent need for coordinated global action against online fraud and child sexual abuse material.

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

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

Philip Tansley, Partner
T: +44 207 105 7041
philip.tansley@osborneclarke.com

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

Marie-Claire Day, Associate Director
T: +44 20 7105 7427
marie-claire.day@osborneclarke.com

Data law

Data law

UK updates

ICO consultation on enforcement procedural guidance

The Information Commissioner's Office (ICO) is consulting on draft statutory guidance that will explain its process for investigations and enforcement under UK data protection legislation. Once finalised, the guidance will replace some of the existing guidance in the 2018 Regulatory Action Policy. (The ICO has already updated the fines guidance in the Regulatory Action Policy on fines - see this Regulatory Outlook).

The draft incorporates the new and amended powers brought in by the Data (Use and Access) Act 2025 (DUA Act), including the ability to require individuals to answer questions and to require organisations to commission an approved person to prepare a report on specified matters. It explains the process the ICO will carry out when conducting investigations.

The aim is to promote greater transparency and predictability about the process and help organisations plan engagement strategies and better anticipate timelines.

The ICO proposes to use the approach set out in this guidance in relation to the Privacy and Electronic Communications Regulations 2003 (PECR) and the Electronic Identification and Trust Services for Electronic Transactions Regulations 2016, and notes that separate fining guidance for PECR will be published "in due course".

Responses to the consultation are due by **23 January 2026**.

ICO fines Capita £14m for data breach

The ICO issued a £14m fine to outsourcing firm Capita for failing to ensure the security of personal data in connection with a major cyber attack in March 2023.

Capita plc has been fined £8 million and Capita Pension Solutions Limited £6 million, after attackers stole the personal information of approximately 6.6 million people, spanning pension scheme members, staff and customers of organisations that Capita supports, including sensitive and special category data.

The investigation found that Capita had failed to ensure the security of processing of personal data which left it at significant risk and did not maintain the appropriate technical and organisational measures to effectively respond to the attack. This included:

- A failure to prevent privilege escalation and unauthorised lateral movement within its IT environment.
- A failure to respond appropriately to security alerts.
- Inadequate penetration testing and risk assessment.

While the ICO's provisional intention was to fine Capita £45m, this was reduced to a voluntary settlement of £14m following its consideration of Capita's representations and mitigating factors on this provisional decision, which included improvements made, support offered and engagement with other regulators. Capita offered those affected 12 months free Experian credit monitoring and a dedicated call centre, with over 260,000 people activating the service.

The ICO has emphasised the breach's preventability and the wider impact on public trust, and has highlighted broader lessons for industry, including applying least privilege access, timely alert response and monitoring, organisation-wide sharing of penetration test findings, investment in key controls and clarity over controller processor responsibilities.

Cyber Security and Resilience (Network and Information Systems) Bill introduced to Parliament

See Cyber-security section

EU updates

Digital Omnibus - Proposals for simplification of EU data laws

Data law

As part of its simplification drive, the European Commission has released its proposal to make significant changes to the General Data Protection Regulation (GDPR) and other data legislation. This is part of a wider proposed "Digital Omnibus Regulation" package, which also includes (among others) proposals for changes to the EU AI Act.

Key proposals include:

GDPR

The definition of "personal data" to be amended to make clear that information is not to be considered personal data in respect of a particular entity:

- merely because a potential subsequent recipient has the means reasonably likely to be used to identify the data subject, nor
- when it does not have the means reasonably likely to be used to identify the data subject.

There is also provision for the Commission and the European Data Protection Board (EDPB) to help controllers assess the position by specifying means and criteria relevant for an assessment, including the state of the art of available techniques and criteria to assess the risk of reidentification of pseudonymised data.

Additional exemptions from the prohibition on processing special category data in the following cases:

- Processing of biometric data, when it is necessary for confirming the identity of the data subject and when the data and means for such verification are under the sole control of that data subject.
- Residual processing of special categories of personal data for development and operation of AI, subject to conditions, including appropriate organisational and technical measures to avoid collecting such data, and removing it after use.

Related to this, but included in the separate AI Omnibus, there would be an extension to the situations in which special category data can be processed for the purposes of detecting and correcting bias in AI systems (subject to strict safeguards). This is currently limited to providers of high-risk AI systems, but would also cover (i) deployers of high-risk systems, and (ii) to providers and deployers of non-high-risk systems and models where "reasonable and proportionate".

An amendment to make clear that organisations can rely on the GDPR's "legitimate interest" legal basis to use personal data for training or operating AI systems and models.

Clarification of the requirements for automated decision-making in the context of entering into, or performance of, a contract between the data subject and a controller, in particular that the requirement of "necessity" applies regardless of whether the decision could be taken otherwise than by solely automated means.

A controller will not have to notify a data breach to the competent supervisory authority unless the breach is likely to result in a high risk to the data subject's rights, aligning this threshold with that for notification to affected data subjects. In addition, the notification deadline for breach reporting would be extended from 72 to 96 hours. It is also proposed that controllers use a new "single-entry point" when they notify data breaches to the supervisory authority.

Cookies

- It is proposed that processing personal data via cookies and other tracking techniques would fall entirely under the GDPR, rather than the ePrivacy directive.
- Consent will no longer be needed for some low-risk cookie uses including when providing services explicitly requested by the data subject, when creating aggregated audience measurements for the provider's own online service, and certain security functions.

Other data laws

- Abolition of the Data Governance Act 2022, the Open Data Directive 2019 and the Free Flow of Non-Personal Data Regulation 2018. The Data Act would remain as the central law and would include essential elements retained from the other three acts, which would be repealed.
- Changes to definitions currently used in the Data Act. For example, the terms "data user", "data holder" and "public emergency" are to be harmonised and clarified.

- Protection of trade secrets will be further strengthened by allowing data owners to refuse disclosure under the Data Act if this could result in sensitive information being transferred to third countries with an inadequate level of protection or which could compromise the EU's security interests.
- Switching obligations under the Data Act will be amended. For example, customised services will be exempt from the interoperability requirements in existing contracts and small and mid-cap companies (up to 750 employees) will be exempt from additional obligations.

There are many other changes. The proposals will now be submitted to the European Parliament and the Council of the EU for adoption, but reports suggest that they are likely to face challenges from certain EU countries and political groups.

For details see Osborne Clarke's Digital Omnibus site and Insight.

European Parliament adopts regulation on cross-border GDPR enforcement

The European Parliament has approved the text for the proposed EU Regulation on cross-border GDPR enforcement, which was delayed due to the European Parliamentary elections in June 2024. The regulation aims to clarify and speed up cross-border enforcement under the GDPR and encourage greater cooperation between Data Protection Authorities (DPAs). It also strengthens the rights of complainants. The new rules introduce the following changes:

- **Early resolution** – an early resolution procedure that can be used where a DPA can show that the infringement of the GDPR has ceased and the complainant does not object within four weeks.
- **Simplified cooperation procedure** – where the scope of an investigation by a DPA is clear, that DPA has handled similar cases before, and no other DPAs raise objections, the deadline for investigations can be shortened to 12 months (with scope for extension where required by national law).
- **Quicker deadlines** – once a DPA has been established as the lead supervisory authority, the investigation must be completed and a draft decision submitted within 15 months (with a possible maximum 12-month extension for complex cases).
- **Complainants' rights** – complainants can make their views heard before a decision on their complaint is made. A complainant's access to information throughout the procedure has also been enhanced and there is scope for member states to provide even greater access.

See Osborne Clarke's Digital Regulatory Timeline for more information. The next step is for the Council of the EU to formally adopt the new rules. They will then apply 15 months after publication in the EU Official Journal.

EDPB adopts opinions on draft UK adequacy decisions

The EDPB has adopted opinions on the European Commission's two draft implementing decisions on the adequacy of the UK's data protection legal framework in respect of the EU's GDPR and Law Enforcement Directive (LED) respectively, which will amend the current 2021 adequacy decisions and extend them until December 2031.

The 2021 adequacy decisions are currently due to expire on 27 December 2025, having been extended for six months back in May 2025 to allow the legislative process on the DUA bill (as it was then) to conclude. The bill became the DUA Act on 19 June 2025 and the Commission published its draft implementing decisions on adequacy in July 2025.

In its opinions, the EDPB welcomes the continuing alignment between the UK and EU data protection frameworks, noting that many of the UK's recent legislative changes (contained in the DUA Act) are aimed at clarifying and facilitating compliance with data protection law.

However, the EDPB calls for additional clarification by the Commission in certain areas, as well as ongoing monitoring of the UK's implementation of the changes contained in the DUA Act in case of divergence with the EU framework. In the GDPR opinion, the EDPB asks the Commission to:

- Monitor changes to the UK's Retained EU Law (Revocation and Reform) Act 2023 (REUL Act), in particular the removal of the principle of primacy of EU law and the direct application of the principles of EU law.
- Elaborate on its assessment, and monitor the implementation, of the new adequacy test under the DUA Act, which applies to transfers of personal data to third countries and transfers for law enforcement purposes. The EDPB considers that the level of this test is now diminished, and is concerned that the new test does not refer to the risk

of government access to personal data, the fact that individuals have rights of redress or the need for an independent supervisory authority.
- Address possible risks of divergence by highlighting in its final adequacy decision the areas that it will monitor in respect of the expanded powers given to the UK secretary of state to make secondary legislation to introduce amendments in relation to international transfers, automated decision-making and governance of the ICO.
- Further assess and monitor changes to the structure of the ICO and the exercise of its enforcement powers.

In the LED opinion, the EDPB asks the Commission to:

- Expand on its assessment of and carefully monitor the UK's national security exemptions for law enforcement authorities and be vigilant of divergence from the principles of proportionality and the legitimate purpose requirements for processing.
- Analyse the new adequacy test (as requested in the GDPR opinion).
- Clarify and monitor any UK exemption from the right of data subjects to human intervention in relation to automated decision making.
- Closely monitor the UK's application of enforcement powers and remedies of data subjects generally.

The Commission will now consider the EDPB's recommendations before seeking approval of its implementing decisions from a committee of Member State representatives. The European Parliament also has a right of scrutiny over the decisions. Once those steps are completed, the Commission can formally adopt the final implementing decisions.

EDPB consults on templates to help with GDPR compliance

The EDPB has opened a consultation to inform the development of ready-to-use templates to support organisations with GDPR compliance. It is inviting views on which templates would be most useful, such as a template for privacy notices and records of processing activities, and has confirmed that it is already preparing templates for data protection impact assessments and data breach notifications.

The Consultation closes on **3 December 2025**.

EDPS publishes updated guidelines on use of generative AI

See Artificial Intelligence

Interplay between the AI Act and the EU digital legislative framework

See Artificial Intelligence

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

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

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

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

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

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

Digital regulation

Digital regulation

UK updates

Online safety updates

Ofcom publishes final guidance on a safer life online for women and girls

Ofcom has published its final guidance on a safer life online for women and girls under the Online Safety Act 2023 (OSA) following a consultation. The regulator has confirmed its overall approach, taken in draft guidance (see this Regulatory Outlook for background), of highlighting existing codes and guidance on illegal content and the protection of children ("foundational steps") alongside ways providers can go further in demonstrating a commitment to the safety of women and girls ("good practice steps") as well as nine actions for service providers to take. It has also made some amendments and clarified the scope of content and activity captured by the guidance, which it set out in its statement.

Ofcom guidance on OSA and online video games services

Ofcom has published a guidance note on how the OSA applies to the online video games industry.

The regulator explains that:

- The OSA applies to "user-to-user" services that have links to the UK. In the context of online video game services, this could take various forms, including where users interact with one another by creating or manipulating player profiles, avatars, objects or the environments themselves, or by using voice and text chat (including, for example, team-based channels or open-world chats). The OSA could also apply to games that use matchmaking systems to connect users with each other, including strangers, through mechanisms such as populating lobbies and/or by assigning players to teams, and where services enable livestreaming. While the OSA covers user-generated content, it does not cover content published by the provider (except for online pornography). For online video game services, this could include, for example, offline gameplay, original or additional game content developed and published by a studio, or the enforcement of PEGI (Pan-European Game Information) age ratings.
- Where the OSA applies, providers of online video games must assess the risk of harm from illegal content and content harmful to children and put measures in place to mitigate those risks.
- Guidance and resources to help video game providers scope and carry out their duties under the OSA are available on Ofcom's website.

EU updates

Commission launches digital fitness check as part of its simplification agenda

On 19 November 2025, the European Commission has published a call for evidence and a consultation on a digital fitness check as part of its plans to simplify the EU's digital rulebook. The fitness check follows the Commission's Digital Omnibus, published on the same day, as the second part of its digital simplification drive. See the Artificial Intelligence and Data law sections for more information on the Digital Omnibus.

The Commission seeks views on how EU digital rules interact and what their combined effects are in practice on people, businesses and public authorities. After this first consultation step, the fitness check will focus more in depth on the interplay between selected rules with simplification potential, especially in relation to SMEs.

The call for evidence and consultation close on **11 March 2026**.

2025 Annual Progress Reports on simplification, implementation and enforcement

Ahead of publication of the Digital Omnibus and as part of the Commission's work on simplifying, implementing and strengthening enforcement of the EU's digital rulebook, the tech commissioner, Henna Virkkunen, and the commissioner for justice, Michael McGrath, have each published an annual progress report (here and here), highlighting the main achievements across their particular portfolios during the first half of 2025.

Key points from both progress reports include:

Digital regulation

- **DSA**: guidance on protecting minors and a privacy oriented age verification blueprint are now in place (see this Regulatory Outlook). The Code of Conduct on Disinformation has been integrated into the Digital Services Act (DSA) framework and infringement cases have been launched against Member States that have not yet designated their Digital Services Coordinators (DSCs).
- **AI Act**: general provisions and prohibitions came into effect on 2 February 2025, while obligations for general purpose AI (GPAI) models commenced on 2 August 2025. The Commission has also published a voluntary GPAI Code of Practice, as well as guidance on the definition of AI system, and on GPAI provider obligations. A template to summarise training data has also been released and the AI Act Service Desk was launched on 8 October 2025. Delays in Member States setting up their authorities have been flagged as a "serious concern". Please see Artificial Intelligence for more information on AI-related updates.
- **Data Act**: the Data Act came into effect on 12 September 2025. The Commission has published Frequently Asked Questions and is working on model B2B data sharing terms and standard contractual clauses for cloud computing contracts. Guidance on "reasonable compensation" under Article 42 will be coming soon. A Data Act Legal Helpdesk has been pledged and the European Data Innovation Board is coordinating implementation of the Act across Member States.
- **GDPR**: in May 2025, the Commission proposed exempting "small mid-cap companies" and other organisations with less than 750 employees from record-keeping obligations unless the processing is "likely to result in a high risk" to data subjects' rights and freedoms (see this Regulatory Outlook). Progress has also been made on the adoption of the new regulation on cross-border GDPR enforcement and, in July, an implementation dialogue on the application of the GDPR was held to discuss ways of simplifying it. See Data law section for more information on data-related updates.
- **EMFA and AVMSD**: the European Media Freedom Act (EMFA) came into effect on 8 August 2025 and the new European Board for Media Services has been established. The Commission is also currently evaluating the Audiovisual Media Services Directive (AVMSD).
- **DFA**: the Commission's proposal for a Digital Fairness Act (DFA), aimed at closing gaps in consumer protection in the digital environment and ensuring a level playing field for traders, while maintaining strong consumer standards, has not yet been published, but a consultation to gather views and evidence to inform the proposal was launched in July 2025 (and closed on 24 October). The DFA will also include targeted simplification and administrative burden reduction measures. See our DFA hub for more.

In terms of next steps, the reports state that the Commission will continue its "stress-testing" of the digital rulebook "over the next years".

Rules on data access for researchers under the DSA in effect

On 29 October 2025, a delegated act under the DSA outlining rules for providing qualified researchers with access to data from very large online platforms and very large search engines entered into force.

The delegated act defines procedures and technical conditions for providing vetted researchers with access to such data. The aim is to support new research into systemic risks linked to platforms, such as the spread of disinformation, impacts on minors and mental health, as well as electoral integrity.

To get access to platforms' data, researchers will be vetted by DSCs, the national authorities responsible for the implementation of the DSA.

Commission launches a call for evidence on AVMSD review

The Commission has launched a call for evidence on the evaluation and review of the AVMSD.

As part of the evaluation, the Commission plans to assess its effectiveness, efficiency, relevance, EU added value and (internal and external) coherence. It will look at its scope, prominence of media services of general interest, audiovisual commercial communications, protection of minors rules applicable to video-sharing platforms and promotion of European works. The Commission will also look into potential scope for simplifying the legal framework.

Based on the outcome, the Commission plans to present a proposal for the review of the directive.

The call for evidence closes on **21 December 2025**.

Digital regulation

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

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

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

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

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

Jamie Heatly, Partner
T: +44 20 7105 7352
Jamie.heatly@osborneclarke.com

Employment and immigration

Employment and immigration

Acas early conciliation period increased to 12 weeks

Statutory regulations have been made increasing the early Acas conciliation period from six weeks to 12 weeks in response to demands on Acas and the increasing complexity of cases.

The increase will apply to any case notified to Acas for early conciliation on or after 1 December 2025. For such claims, where no settlement is achieved, Acas must issue an early conciliation certificate bringing the process to an end and which will then enable an individual to lodge a claim formally in the Employment Tribunal.

The limitation clock stops during the conciliation period, meaning that claimants will have longer overall to bring their claims and more time to strengthen and prepare for any claim. Employers will need to adopt a balanced approach: while from 1 December they will have a longer period in which to engage meaningfully with conciliation and potentially move towards a resolution, they will also need to manage the practical and financial implications that a longer pre-claim process can give rise to.

EU Pay Transparency Directive due to be implemented

The EU Pay Transparency Directive is due to be implemented across EU Member States by 7 June 2026. The directive marks a step change in how EU employers will be required to manage and communicate pay. It introduces far-reaching obligations, including pre-employment pay transparency, objective and transparent pay setting and progression criteria, employee rights to information on individual and average pay by gender for comparable roles, and gender pay reporting potentially giving rise to a need to carry out joint pay assessments.

On Osborne Clarke's dedicated EU Pay Transparency Directive hub, we look at its requirements, the challenges it poses, and the steps organisations should start taking now to prepare. We also track where Member States are currently on their implementation journey and how the directive's requirements may operate in practice.

We are currently working closely with employers across jurisdictions to prepare for the implementation of the directive. While some countries are moving faster than others in progressing their national laws, all employers should act now to ensure a culture of transparency and accountability in the workplace, through measures such as auditing pay to identify gaps, implementing transparent pay and progression frameworks, building robust reporting mechanisms, and engaging with works councils or employee representatives.

For international organisations, strategic consideration will need to be given as to how implementation in one jurisdiction will have an impact on another and whether a harmonised approach in some aspects should be adopted.

Please contact your usual Osborne Clarke contact or one of our international team who will be happy to discuss the impact of the directive for your organisation and how we can support you.

Employment Rights Bill continues to be debated

On 28 October, the Employment Rights Bill entered the "ping pong" stage of the parliamentary process as it returned to the House of Lords to consider rejections made by the House of Commons of several of its proposed amendments.

However, the House of Lords pushed back again on a number of its proposals and the bill will now return to the House of Commons for further consideration. Primary concerns are centred around the guaranteed hours for zero- and low-hours workers and the proposed day one right to unfair dismissal.

On unfair dismissal reforms, the House of Lords has put forward a six-month qualifying period, which, in its view, would provide a simpler, more proportionate compromise – offering earlier protection than the current two-year rule while preserving a short window to assess suitability without turning early dismissals into full unfair-dismissal contests.

In respect of guaranteed hours for zero- and low-hours workers, the House of Lords voted in favour of an amendment providing for employers to send a worker a written notice explaining their right to receive a guaranteed hours contract and giving them the opportunity to decline at the end of each reference period. Where the worker confirms they wish to receive an offer or does not respond, the employer must then make one. Workers will also be able to request their employer stops sending them further notices or offers of guaranteed hours contracts if they wish, but with an ability to opt back in.

This approach should reduce the administrative burdens on employers, while preserving flexibility for workers who prefer variable hours.

It seems likely that at present the House of Commons' position will prevail. In the meantime, employers should still work on the basis that Royal Assent will be granted in November; the Bill returned to the House of Commons for consideration of the Lords position on 5 November.

While Royal Assent is awaited, and with a number of consultations in progress or anticipated, together with implementing regulations, employers should continue to monitor the legislative process closely.

In the meantime, employers are already seeing AI increasing the volume and complexity of employment tribunal claims they are receiving; generative tools are making it easier for employees to generate claims, increasing time, cost and disruption for employers. If a "day one" right to unfair dismissal is introduced this would enable those in the early stages of employment to bring an unfair dismissal claim during a period which is often used to assess someone for the suitability of their role with lower risk. Employers will need to pay close attention to their recruitment and vetting processes to mitigate against this impact.

Read more in our Insight.

April 2026 Umbrella tax reforms to be published in the Finance Bill

New UK tax legislation coming into effect in April 2026 will make staffing agencies jointly and severally liable with umbrella companies for failure by the umbrella company to properly pay PAYE and national insurance contributions. The final legislation will be published as part of the Finance Bill following the Autumn Budget.

With less than six months to go until the reforms take effect, all those involved in the use, procurement and/or supply of contingent workers need to know whether they have umbrella companies in their staffing supply chains and understand how the new legislation will affect them. It will take time to implement appropriate due diligence checks on staffing supply chains, contract changes and to transition to more compliant arrangements.

In most cases, tax liability will lie with staffing agencies and umbrella companies, but in certain cases end user organisations may also become liable. For more information read our insight from July or contact a member of our Contingent Workforce team.

National minimum wage increases announced

The government has announced that from 1 April 2026, the national minimum wage rates will increase as follows:

- Workers aged 21 and over £12.21 to £12.71
- Workers aged 18 to 20 £10.00 to £10.85
- Workers aged 16 to 17 and apprentices £7.55 to £8.00 per hour.

The government has accepted the Low Pay Commission's recommendations, with Baroness Philippa Stroud, chair of the LPC stating "Our advice balances the government's ambitions with the need to protect the economy and labour market, with rates that are fair and realistic. In our discussions this year with workers and employers alike, it has been clear that no one is having an easy time. Despite sustained real increases in the minimum wage, low paid workers are still challenged by the cost of living crisis. At the same time, employers, particularly small businesses, are under real pressure, exacerbated by this April's national insurance changes."

Concerns have been expressed that the rise in the 18 to 20 year old rate in particular could discourage hiring and exacerbate the increasing numbers not currently in education, employment or training. The Low Pay Commission is already planning to extend the national living wage rate to those aged 20 in 2027 and to 18 and 19 year olds in 2028 or 2029, subject to economic conditions and government policy at the time.

Update on Employment Rights Bill: Consultations and employment status

Consultations: Update on timings with unfair dismissal and zero hours delayed

Employment and immigration

The Department of Business and Trade has advised the Westminster Employment Forum that consultations on the proposed reforms to unfair dismissal (day one unfair dismissal rights and the statutory probationary period) and zero hours contracts, will be delayed until the Bill receives Royal Assent.

In line with the implementation roadmap, these consultations were set for summer/autumn 2025 on the basis that the Bill would have received Royal Assent by that stage. At present it is still part of the parliamentary process as the Houses of Commons and Lords seek agreement on the final provisions, including those on unfair dismissal with the Lords proposing a six month eligibility period rather than protection becoming a day one right, the requirement to make guaranteed hours offers and the turnout threshold for industrial action. The date for the Bill to return to the House of Commons has not yet been set.

It has also been reported that business secretary, Peter Kyle, has announced at a CBI conference that, in addition, a number of other consultations on aspects of the Bill will be launched once Royal Assent is achieved and has urged businesses to engage to make sure "we get it right"; this would see the launch of 26 consultations in total.

In the meantime, the government has now published a consultation on its proposed draft code of practice on electronic and workplace balloting for statutory union ballots and which closes on 28 January 2026. The end of October saw the government publish for consultations on:

- the duty to inform workers of right to join a union;
- trade union right of access;
- enhanced dismissal protections for pregnant women and new mothers; and
- leave for bereavement including pregnancy loss.

The first two consultations close on trade union rights close on 18 December 2025 and the final two consultations on enhanced dismissal protections for pregnant women and new mothers and bereavement leave close on 15 January 2026.

Employment status

The government has also indicated that it will provide more details on the proposals to address employment status soon (which is not included in the current Bill).

Unpaid carers review: Terms of reference published

In its Plan to Make Work Pay and Next Steps paper, the government stated that it would review the implementation of unpaid carer's leave and examine the benefits of introducing paid carer's leave.

The Department for Business and Trade has this month published its terms of reference for its review of the employment rights for unpaid carers. The internal government review, which commenced in autumn 2024, will be carried out in three phases and will look at how the existing right to unpaid carer's leave is working, whether there are barriers to take up and whether a one off extended unpaid carer's leave entitlement should be introduced.

The review will consider the merits of the introduction of:

- A paid leave entitlement.
- A one-off extended unpaid leave entitlement.
- A paid leave entitlement for the parents of seriously ill children.
- Other situational paid leave entitlements to support carers in specific circumstances, such as individuals providing end of life care.

Phase 2 (running from winter 2025/2026 to autumn 2026) will see a public consultation and which will consider potential policy options to provide employment support for unpaid carers and to parents of seriously ill children. The review states that it will also work closely with other government departments to ensure that it complements existing work in the health, education and welfare sectors. It will also engage with a wide range of external stakeholders, including groups representing carers, parents of seriously ill children, trade unions and employers or employer representatives.

Employment and immigration

The consultation response will be published in phase 3 (running from autumn 2026 to winter 2026/2027) and which will see the publication of the findings of the review and a roadmap for implementation of any reforms.

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

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

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

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

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

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

Environment

International Capital Market Association announces the release of new guidance on climate transition bonds

On 6 November 2025, the Executive Committee of the Green, Social, Sustainability and Sustainability-Linked Bond Principles published a press release announcing new Climate Transition Guidelines alongside a new edition of the Climate Transition Handbook, with the help of the International Capital Market Association.

The guidelines introduce the use of Climate Transition Bonds (CTB), which can be used to finance climate transition projects through utilising the proceeds of the bonds. These projects work to reduce greenhouse gas emissions in line with the goals set out in the Paris Agreement.

The guidelines are intended to be used in conjunction with the handbook and set out four core components with which CTBs must align. These cover the use of proceeds, the process for the evaluation and selection of projects, the management of proceeds, and how project information should be reported.

Government consultation on the draft Climate Change Agreements (Energy-intensive Installations and Eligible Facilities) (Amendment) Regulations 2026

HM Revenue and Customs has published a consultation on the draft Climate Change Agreements (Energy-intensive Installations and Eligible Facilities) (Amendment) Regulations 2026. The regulations aim to bring three energy-intensive processes within scope of the climate change agreement (CCA). These are:

- the mechanical recycling of plastic;
- the packaging of spirits; and
- the production of batteries for electric vehicles.

CCAs are voluntary agreements which commit sector associations and their members, who operate energy-intensive installations and facilities, to increase their energy efficiency or reduce their carbon emissions. In return, they will receive a reduced rate of the climate change levy (CCL).

From 1 January 2026 to 31 December 2030, sectors and operators will be required to enter into new CCAs with amended terms and new targets. Participants in the scheme will be eligible for reduced rates of CCL up to 31 March 2033.

The consultation will close on 2 December 2025, with the government intending to bring the changes into force by January 2027.

Government publishes consultation on proposals to accelerate the phasedown of HFCs

The Department for Environment, Food and Rural Affairs (Defra) has published a consultation on proposals to accelerate the phasedown of hydrofluorocarbons (HFCs) in Great Britain. HFCs are an example of man-made fluorinated greenhouse gases (F-gases), which were introduced to replace chlorofluorocarbons (CFCs). While F-gases (unlike CFCs) do not damage the ozone layer, they are powerful greenhouse gases with a global warming effect that is substantially larger than that of carbon dioxide.

The current proposals would accelerate the HFCs phasedown schedule to go further than the current target of cutting the amount coming onto the market by 79% by 2030. The aim is to achieve a phase-out of HFCs of 98.6% by 2048.

Environment Agency publishes new guidance on decarbonisation readiness under the Environmental Permitting Regime

The Environment Agency (EA) has published new guidance on decarbonisation readiness (DR) under the Environmental Permitting (EP) regime.

From 28 February 2026, operators of new and substantially refurbished combustion plants will be required to introduce a DR report as part of the EP application in England under the Environmental Permitting (Electricity Generating Stations) (Amendment) Regulations 2025 (SI 2025/154). Such plants are required to be built in a way that enables them to be decarbonised within their lifetime. This can either be by converting to hydrogen-firing or retrofit carbon capture technology. The regulations replace the requirements under the Carbon Capture Readiness (Electricity Generating Stations) Regulations 2013 (SI 2013/2969) in England.

The new guidance outlines how DR reports should be prepared under an EP application. The guidance:

- clarifies the scope, exemptions and definitions;
- reinforces its approach to proportionality and flexibility;
- adds clarification boxes on transitioning to DR; and
- gives further explanation on charging and how to update DR reports.

The EA has also published a consultation on proposals to change standard rules permits under the EP regime to reflect the new DR requirements. This consultation closes on 18 December 2025.

Government responds to consultation on changes to the network charging compensation scheme

The Department for Business and Trade has published the government response to its consultation on increasing the network charging compensation (NCC) scheme in support of energy-intensive industries. The NCC scheme forms part of a package of measures called the British Industry Supercharger, which aims to reduce carbon leakage by energy-intensive industries (EIIs). The NCC scheme offers relief to EIIs that hold a valid certificate under the EII exemption scheme by compensating them for a portion of their network charging costs.

The response to the consultation outlines that the government will:

- increase the relief offered by the scheme from 60% to 90% from 1 April 2026; and
- extend the application window for the scheme from one month to two months from 30 June 2026.

The response also suggests that the EII support levy will be increased from 1 April 2027 to cover the costs of the changes to the NCC scheme. Electricity suppliers will be given a six-month forecast of the increase in costs in October 2026. EIIs who submit a Q2 2026 claim will receive the uplifted compensation after April 2027.

Government publishes response to Climate Change Committee 2025 adaptation progress report

The Climate Change Committee (CCC) published its progress report in April 2025, assessing the extent to which the government's Third National Adaptation Programme (NAP3) and its implementation are preparing the UK for the impacts of climate change. Defra has now published the government's response to the report.

The government provided responses to the priority recommendations in the report relating to the key sectors of (i) land, (ii) nature and food, (iii) infrastructure, (iv) the built environment and communities, (v) health and well-being, and (vi) the economy. It also highlighted the steps taken by the government to build resilience to climate change risk since 2024.

The government responded to the CCC's recommended key areas of improvement to the NAP3 as follows:

- It stated that it would publish a National Adaptation Programme Monitoring, Evaluation and Learning Framework, to inform and improve data collection and reporting. This will guide objective development and plans for implementation ahead of NAP4.
- It noted the work done on co-ordinating and integrating climate risk adaptation with wider resilience work, such as the Resilience Action Plan and the Chronic Risk Analysis.
- It cited the updated supplementary Green Book guidance which considers the effects of climate change as an example of adaptation being integrated.

Government publishes updated Carbon Budget and Growth Delivery Plan

The government has updated its Carbon Budget and Growth Delivery Plan as part of a package of documents relating to the UK's net zero transition and energy security. The High Court had previously found the Carbon Budget Delivery Plan to be inadequate in May 2024, ordering the government to publish a revised plan. The updated plan has been published in response to this decision.

The government has stated that it "builds on our action to accelerate clean, homegrown energy for the British people". The emissions reduction targets set by the previous government have not changed under the updated plan.

The government has published a summary of the actions it is taking on clean energy and climate action to accompany the plan. This covers energy security and lower electricity bills, jobs and economic growth, quality of life and health and protecting the natural environment.

Environment

Supreme Court decision on nutrient neutrality and Habitats Regulations assessment requirements

On 22 October 2025, the Supreme Court handed down its decision in *C G Fry & Son Ltd v Secretary of State for Housing, Communities and Local Government [2025] UKSC 35.* This decision reaffirms the protections afforded to sites protected under the Habitats Regulations 2017.

The Supreme Court confirmed that the requirement to conduct an appropriate assessment could apply after the initial application for planning permission where sites are protected under the Habitat Regulations 2017. In doing so, the court highlighted "the protective purpose of the Habitats Regulations" and emphasised the importance of this.

The case has wider implications from a planning perspective, with the court setting out that a Local Planning Authority (LPA) is bound by specified planning conditions once an outline planning permission has been granted subject to those conditions. In making this decision, it confirmed that Ramsar sites are not protected by the Habitats Regulations as a matter of law. This may change if the current Planning and Infrastructure Bill before Parliament is implemented, which has just undergone its third reading in the House of Lords.

The Department for Energy Security and Net Zero publishes independent review of greenhouse gas removals

The Department for Energy Security and Net Zero has published its independent review of greenhouse gas removals (GGRs). The increased use of GGRs is believed to help the UK meet its carbon budget and net zero targets under the Climate Change Act 2008.

The review offers five recommendations for the government to implement to facilitate GGR mechanisms in the UK, with options for GGR mechanisms including large-scale bio-energy with carbon capture and storage (BECCS) and direct air carbon capture and storage. These recommendations include:

- Developing a GGR strategy, identifying how GGR solutions can be used to help the UK meet its carbon budget and net zero targets. This strategy should outline the role for BECCS within this strategy, alongside a plan for maximising GGRs based on underutilised resources in the UK.
- Minimising the UK's use of imported biomass feedstock, identifying ways in which UK sustainable feedstocks can be used as a basis for GGRs.
- Renaming the sustainable aviation fuel mandate to the net zero aviation mandate. This mandate should be amended to ensure that all flights departing from the UK are climate neutral by 2045.

The review recommends that the UK should establish itself as an international leader on GGRs.

Welsh government plans to reform management of the water sector and Natural Resources Wales publishes consultation on water management in Wales

The deputy first minister for Wales, Huw Irranca-Davies, has announced the Welsh government's plans to reform the management of the water sector in response to the Independent Water Commission's final report.

The plans include the introduction of a new regulator for water in Wales. It also seeks powers that would allow Wales to legislate independently for the water industry. The Welsh government's aim is to progress regulation of the water sector "towards an ethical, collaborative framework built on sustainability, affordability and fairness". This will include introducing stronger environmental regulation, support for independent customer advocacy and exploration of an ombudsman for water in Wales, alongside economic regulations. There will be a consultation on the reforms later this year.

Also relevant to the Welsh water sector, Natural Resources Wales published a consultation on managing water quality in Wales using river basin management plans. This includes considering problems of flooding, pollution, invasive non-native species, nutrients, and the climate and nature emergencies. The consultation will close on 21 April 2026.

Government publishes consultation on strengthening civil sanctions for specified environmental offences by water companies

Defra has published a consultation on new penalties for water companies that commit environmental offences in England. The consultation seeks views on proposals which would allow the Environment Agency to impose variable monetary penalties (VMPs) on the basis of the civil standard of proof ("on the balance of probabilities") rather than the criminal

standard ("beyond reasonable doubt") for certain moderate offences, essentially lowering the threshold for such penalty enforcement.

The revised standard would apply to offences under the regimes for environmental permitting, water abstraction, water impounding and drought. The proposals suggest that the maximum value of VMPs that could be imposed under the lower civil standard of proof would be £350,000 or £500,000.

Defra is also seeking views on requiring the EA to impose automatic fixed monetary penalties to the civil standard of proof for specific minor environmental offences. These would apply to specific environmental permitting or abstraction breaches, including a failure to report a significant pollution incident without four hours, breach of certain data requirements and using an emergency overflow more than three times a year. The consultation is seeking views on what the maximum level of the new automatic penalty should be.

The proposals under this consultation will require parliamentary approval of secondary legislation. The consultation will close on 3 December 2025.

Increased flexibilities for manufacturers in vehicle emissions trading schemes

The Vehicle Emissions Trading Schemes (Amendment) (No 2) Order 2025 (SI 2025/1101) (VETS No 2 Order 2025) comes into force on 1 January 2026, amending the Vehicle Emissions Trading Schemes Order 2023 (SI 2023/1394) (VETS Order 2023). The VETS Order 2023 set up four separate vehicle emission trading schemes, providing a route for phasing out new purely internal combustion engine vehicles, as all new cars and vans are to be fully zero emission by 2035.

The VETS No 2 Order implements the following amendments:

- Providing manufacturers with additional routes to compliance, and allowing them greater flexibility to bank and borrow allowances and to convert over-compliance within one trading scheme to support them in complying with another.
- Reducing the compliance payments payable where manufacturers fail to meet targets.
- Implementing technical changes to assist manufacturers with treatment of plug-in hybrid vehicles.

The amendments are supported by guidance published by the Department for Transport, as well as an explanatory memorandum and policy note.

Government publishes a response to its consultation on Marine Recovery Fund for offshore wind developments

Defra has published the government response to its consultation on how the Marine Recovery Fund (MRF) will function in England, Wales and Northern Ireland. The MRF aims to speed up the consenting process for offshore wind developments on Marine Protected Areas by introducing industry-funded measures to compensate for the adverse effects of such developments.

The response suggests that Defra:

- will streamline the application process and issue guidance on how MRF delivers compensatory measures using a library of strategic compensatory measures; and
- is working with the Scottish Government to ensure that Defra's MRF is aligned with the Scottish MRF.

The UK government will now draft the secondary legislation required to publish the MRF, while Defra will publish the accompanying guidance.

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

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

Environment

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

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

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

Environmental, social and governance

Environmental, social and governance (ESG)

EU

European Parliament adopts negotiating mandate on Omnibus I CSRD and CSDDD simplification proposal

Following the European Parliament's rejection of the Legal Affairs Committee's negotiating mandate on simplified sustainability and due diligence rules in October, the European Parliament has now, on 13 November, adopted its negotiating mandate.

The adopted mandate is not yet available to view. However, according to a European Parliament press release, it wants to raise the employee threshold under the Corporate Sustainability Reporting Directive (CSRD) to 1,750 employees and an annual turnover threshold of €450 million with the sustainability reporting requirements not appearing to have changed from the draft resolution.

The main difference in relation to the Corporate Sustainability Due Diligence Directive (CSDDD) appears to be that there will be no requirement to produce a climate transition plan at all while the threshold for companies in scope of the CSDDD remains the same at over 5000 employees and net annual turnover of €1.5 billion.

These simplified rules, once in force, will affect a range of sustainability areas including forced labour, deforestation and other forms of modern slavery across company operations and supply chains. Trilogue negotiations started on 18 November, with an aim to finalise the legislation by the end of the year.

Council of the EU proposes a year delay to the EUDR

Last month, the European Commission proposed a delay, including to the enforcement of the EU Deforestation Regulation (EUDR), in order to reduce the load that the IT system of the EUDR will need to handle, and to reduce administrative burden on supply chain actors. On 13 November, the European Parliament made the decision to use the urgency procedure to fast-track this proposal.

The Council of the EU has since adopted its official position which seeks to go further and push back the application date of the EUDR by a year. If adopted, the EUDR would apply from 30 December 2026 for medium and large enterprises, and from 30 Jun 2027 for micro and small operators.

Micro and small primary operators would only be required to provide a one-off simplification declaration and downstream operators/traders would no longer need to file additional due diligence statements. The Council's proposal also tasks the Commission to carry out, by 30 April 2026, a simplification review to assess the EUDR's impact and administrative burden.

The European Parliament is due to vote on its position on 26 November. As the Council goes beyond the Commission’s proposal by seeking additional delays, and it is likely that the Parliament will too, the Commission’s proposal to delay of enforcement now appears likely to be accepted as a minimum. Nonetheless, with just a month to go until the regulation is expected to come into force, businesses will hope there will be some clarity soon.

Quick Fix Regulation postpones certain ESRS requirements for first wave companies

On 10 November 2025, Commission Delegated Regulation (EU) 2025/1416 amending Delegated Regulation (EU) 2023/2772 (the Quick Fix Regulation) was published in the Official Journal and entered into force on 13 November 2025.

The Quick Fix Regulation addresses sustainability reporting requirements for "first wave" companies under the Corporate Sustainability Reporting Directive ((EU) 2022/2464), which were required to start reporting in 2025 for the 2024 financial year. While the Postponement Directive (EU) 2025/794 postponed sustainability reporting requirements for "second wave" and "third wave" companies by two years, it did not provide relief for first wave companies.

The Quick Fix Regulation defers the requirement for first wave companies to report on the anticipated financial effects of certain sustainability-related risks until the 2027 financial year. It also allows all first wave companies to benefit from the phase-in provisions relating to European Sustainability Reporting Standards (ESRS) E4 (biodiversity and ecosystems), ESRS S2 (workers in the value chain), ESRS S3 (affected communities) and ESRS S4 (consumers and end-users), which previously applied only to companies with up to 750 employees.

Additionally, it extends to first wave companies the safeguard provision that allows a company using temporary exemptions for a complete topic standard to report certain summarised information on the topic if it is material.

The Quick Fix Regulation applies retrospectively to financial years beginning on or after 1 January 2025. The Commission and the European Financial Reporting Advisory Group (EFRAG) are also working on separate legislation to simplify and clarify the ESRS Regulation.

European Parliament introduces amendments to proposed EU Climate Law Regulation

On 13 November 2025, the European Parliament adopted amendments to the European Commission's proposal for a regulation amending Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality, which would set a 2040 greenhouse gas emissions reduction target of 90% of 1990 emissions.

While endorsing the 90% reduction target for emissions by 2040 compared with 1990 levels, the Parliament adopted several amendments. On international carbon credits, from 2036 up to 5% of net emission reductions could come from high-quality credits from partner countries (as opposed to 3% proposed by the Commission), with robust safeguards. The Parliament also backs delaying the start of the EU Emissions Trading System by one year, from 2027 to 2028.

On the 2040 target review, the Parliament calls on the Commission to review progress every two years and, if needed, propose changes to the climate law, adjusting the 2040 target or introducing measures to reinforce the framework and safeguard competitiveness, prosperity and social cohesion.

The Council adopted its negotiating mandate on 5 November 2025, meaning informal trilogue negotiations are now expected to start.

UK

Consultation on expanding climate change agreement scheme eligibility

HM Revenue & Customs has launched a consultation which runs until 2 December 2025 on draft regulations to expand and refine the Climate Change Agreement (CCA) Scheme from January 2027. Following the government's October 2024 commitment to a new six-year CCA scheme, the consultation proposes adding three new eligible processes:

- Mechanical recycling of plastic.
- Packaging of spirits.
- Production of batteries for electric vehicles.

The draft regulations also introduce technical amendments to consolidate and better define eligibility conditions for existing processes within the scheme, without excluding any businesses currently carrying out eligible activities. The consultation seeks stakeholder feedback on the statutory instrument's drafting to ensure the policy intent is delivered correctly and efficiently.

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

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

Environmental, social and governance (ESG)

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

Fintech, digital assets, payments and consumer credit

Fintech, digital assets, payments and consumer credit

Fintech

G7 Cyber Expert Group statement on AI and cyber security

HM Treasury published a G7 Cyber Expert Group (CEG) statement on 6 November 2025, addressing AI and cyber security.

The CEG advises G7 finance ministers and central bank governors on cyber security policy issues critical to the security and resilience of the financial system. The aim of the statement was to raise awareness of AI's cyber security elements and outline key considerations for financial institutions, regulatory authorities and other stakeholders that support security and resilience in the financial sector. It does not set guidance or regulatory expectations.

The statement provides examples highlighting the potential of AI to strengthen cyber defences, amplify existing threats and expose vulnerabilities rooted in AI system design and data usage.

The CEG notes that AI may influence cyber security-related risks in the financial sector in several ways depending on the trajectory and maturity of AI adoption.

To assist financial institutions in managing AI-related cyber risks, the CEG sets out a list of questions to consider.

Agentic AI call for views launched

The Digital Regulation Co-operation Forum (DRCF) (a multi-regulatory initiative involving the ICO, the CMA, the FCA and Ofcom) launched a call for views on regulatory challenges associated with the adoption of agentic AI. Agentic AI is an AI system capable of independent decision making.

The DRCF sought responses from Agentic AI innovators, deployers, legal and compliance professionals, academics and civil society groups by 6 November 2025.

Digital Assets

BoE update on digital pound

The Bank of England (BoE) released a progress update on 23 October 2025 concerning its work to develop a digital pound.

Although the BoE has not yet decided whether to introduce a digital pound, its work to date has strengthened its understanding of the opportunities and challenges, while laying the foundations for a future decision.

Its priority now is to finalise the blueprint for a potential digital pound, focusing on evidence-based design, industry collaboration and alignment with the UK's broader payments vision. The blueprint will be published in 2026, supported by design notes.

Payments

PSR consults on methodology for developing cap for multilateral interchange fees

On 10 October 2025, the Payments System Regulator (PSR) published a consultation paper regarding a methodology for developing a price cap on multilateral interchange fees (MIFs) for UK-EEA card-not-present (CNP) outbound transactions.

The decision to impose a cap follows the findings of its market review into cross-border interchange fees, which concluded that interchange fees on UK-EEA CNP outbound transactions were unduly high.

The PSR proposes using the merchant indifference test (MIT) as a starting point. It will decide on an appropriate cap based on the MIT and on evidence of how interchange fees affect issuers' incentives and on competition between methods of payment.

The consultation focuses on the PSR's proposed methodology for identifying an appropriate level of MIF in the UK-EEA CNP outbound corridor. The consultation closed on 21 November 2025, after which the PSR will consider its next steps and consult further before making a final decision on whether to impose a cap.

Fintech, digital assets, payments and consumer credit

FSB 2025 progress report on G20 roadmap for enhancing cross-border payments

On 9 October 2025, the Financial Stability Board (FSB) published a consolidated progress report regarding actions being progressed as part of the G20 roadmap for enhancing cross-border payments.

Significant progress has been made on the G20 roadmap's planned actions. Most of the major policy development initiatives set out in the roadmap have been achieved, including levelling the playing field for bank and non-bank payment service providers and mitigating data-related frictions in cross-border payments.

The report highlights the importance of jurisdictions implementing the policy recommendations on legal, regulatory and supervisory issues. The FSB plans to intensify its efforts during 2026 to drive implementation of those policy recommendations and to support jurisdictions in overcoming barriers.

FSB and IOSCO progress reports on implementation of cryptoasset regulatory framework

On 16 October 2025, complementary reports setting out high-level recommendations for the regulation and oversight of cryptoassets and global stablecoins were published:

- the Financial Stability Board peer review report outlines the implementation progress by FSB jurisdictions and some volunteering non-FSB jurisdictions in implementing its global regulatory framework for cryptoasset activities; and
- the International Organization of Securities Commissions (IOSCO) thematic review report assesses the implementation of ten of the 18 policy recommendations for crypto and digital asset markets published in November 2023.

As well as identifying challenges and gaps, the reports (i) highlight opportunities for closer alignment with global standards such as uneven implementation, the risk of regulatory arbitrage and enforcement gaps and (ii) set out recommendations both for participating jurisdictions and standard setting bodies.

FCA and PSR respond to HM Treasury proposals to consolidate PSR functions within FCA

On 23 October 2025, the FCA and the PSR published a joint response to HM Treasury's consultation on its proposed approach to consolidating the PSR's functions within the FCA.

Among other things, the FCA and PSR:

- welcome the proposals, agreeing with the overarching approach to the consolidation;
- support the continuation of the scope and substance of the PSR's core functions, objectives and powers;
- support the consolidation of the PSR's functions within the FCA's existing framework of objectives and powers in the Financial Services and Markets Act 2000 (FSMA);
- believe that the consultation proposals will avoid unnecessary duplication, complexity or uncertainty, while retaining the scope of both regimes; and
- welcome the government considering whether there are opportunities to improve other areas of the PSR's current powers.

The response notes the potential in the longer term for:

- adapting aspects of the FSMA regime to payment systems regulation; and
- a review of how the developing future regulated activities regime for stablecoins or other cryptoassets fits with the regulation of systems that use such technology to transfer funds.

UK finance fraud report

On 24 October 2025, UK Finance published its half year fraud report. Key figures include:

- criminals stole £629.3 million in the first half of the year, a 3% increase on the same period in 2024;
- there were over 2.09 million confirmed cases of fraud, a 17% increase in the same period in 2024;

- banks prevented £870 million of unauthorised fraud through advanced security systems, 20% more than in the first half of 2024 and equivalent to 70p in every £1 attempted; and
- 66% of authorised push payment fraud cases started online and 17% through telecommunications networks.

UK Finance is calling upon the government to ensure all sectors are accountable in preventing fraud as part of its upcoming fraud strategy.

HM Treasury publishes strategy for future retail payments infrastructure

On 7 November 2025, HM Treasury published the Payments Vision Delivery Committee's (PVDC) strategy for a future retail payments infrastructure.

Established by HM Treasury to enhance regulatory co-ordination and drive implementation of key activities, the PVDC's strategy is based on the three pillars of the National Payments Vision: innovation; competition and security, and set around five high-level strategic outcomes relating to:

- Wider choice of innovative and cost-effective payment options.
- Seamless payments within a diverse multi-money ecosystem, including interoperability between new and existing forms of digital money.
- Trust that payments are protected from fraud and other financial crime.
- Providing participant firms with fair, transparent and non-discriminatory access to the infrastructure to increase competition and innovation.
- An operationally and financially resilient payments ecosystem.

Delivery of the new infrastructure will be a multi-year project, with HM Treasury, the FCA and PRA closely co-ordinating to bring it to life. The Retail Payments Infrastructure Board will lead design and delivery oversight of the new retail payments infrastructure in line with the strategy.

Consumer finance

FCA consults on motor finance compensation scheme

On 7 October 2025, the FCA published a consultation paper (CP25/27) on its proposals for an industry-wide compensation scheme for motor finance customers who were treated unfairly.

The consultation follows the Supreme Court judgment in *Johnson v FirstRand Bank Ltd, Wrench v FirstRand Bank Ltd and Hopcraft v Close Brothers Ltd [2025] UKSC 33* (August 2025). Among other things, the Supreme Court examined the unfair relationship provisions in section 140A of the Consumer Credit Act 1974 (CCA), upholding one customer's unfair relationship claim.

In another judgment, the High Court ruled that the Financial Ombudsman was entitled to find that a dealer and lender did not adequately disclose a discretionary commission arrangement (DCA) and that meant the relationship between the lender and the borrower was unfair.

The FCA is proposing a compensation scheme as inadequate disclosure means consumers were unable to make informed decisions and less likely to negotiate or shop around. Consequently, many may have overpaid on car finance. In the light of the judgments, the FCA states that there is now sufficient legal clarity to move ahead with a compensation scheme.

The FCA also released a consultation paper on extending the time firms have to provide a final response to motor finance complaints until 31 July 2026. It will confirm, by 4 December 2025, whether it will extend the deadline for motor finance firms to provide a final response to customer complaints. The consultation closed on 18 November 2025.

If the FCA does introduce a compensation scheme, it will publish a policy statement and final rules by early 2026. The scheme would launch at the same time, with consumers starting to receive compensation before the end of 2026.

FCA Dear CEO letter to CMCs involved in motor finance commission claims

On 8 October 2025, the FCA published a Dear CEO letter sent to claims management companies (CMCs) setting out its expectations for those involved in motor finance commission claims that may be within the scope of its proposed compensation scheme for motor finance customers who were treated unfairly (CP25/27).

Areas addressed by the FCA include the following:

- **Pre-contract disclosure.** Some firms are failing to comply with requirements in CMCOB 4.3.1R, which relate to the need to obtain a signed statement confirming customers understand they can make claims independently, not just through a CMC.
- **Multiple representation.** If a firm discovers a customer is already represented, they should promptly engage with the customer and stop acting if that is what the customer instructs.
- **Contract termination.** The FCA remains concerned that termination fees are excessive and expects firms to put this right.
- **Representing customers participating in the redress scheme.** Firms should familiarise themselves with the scope of the scheme and should not place undue burden on respondent firms (including requesting excessive information).
- **Misleading statements.** The FCA refers to its July 2025 letter sent to firms warning them to ensure that their financial promotions comply with the consumer duty and its rules for CMCs.

The FCA requests firms to engage with it promptly if they identify any issues that require investigation or remediation and reminds firms of the requirements under SUP 15 to report material breaches.

FCA Dear CEO letter to motor finance firms on commission redress scheme

On 8 October 2025, the FCA published a Dear CEO letter sent to firms involved in motor finance lending and broking since 2007,outlining its expectations in the light of its proposed compensation scheme for motor finance customers who may have been treated unfairly (CP25/27).

The FCA requests that lenders and brokers engage in an open and co-operative way and promptly notify it of anything that could materially affect their ability to meet their obligations.

FCA publishes FAQs on motor finance consumer redress scheme consultation

On 15 October 2025, the FCA provided an update on its consultation paper on the motor finance consumer redress scheme (CP25/27) to include FAQs. The FAQs have been published in response to queries received since the FCA announced the proposed redress scheme, and will be updated on an ongoing basis.

FCA launch data room for proposed motor finance compensation scheme

On 20 October 2025, the FCA announced that a data room has been created to provide controlled access to some of the underlying data relating to the consultation on a proposed compensation scheme for motor finance customers who may have been treated unfairly (CP25/27). Stakeholders who are skilled in reviewing large volumes of data and modelling can request access to the data room, for the limited purpose of understanding the FCA's analysis of loss and being able to respond meaningfully to CP25/27.

Stakeholders can request access to the data room by emailing the FCA using the contact details on the webpage. Individual firms must use their own data, rather than the data room, to calculate their redress liabilities.

FCA statement on progress and timing of motor finance compensation scheme consultation

The FCA published a statement on 5 November 2025 updating on progress and timing of its CP25/27 consultation on the proposed industry-wide compensation scheme.

It has extended the consultation deadline from 18 November 2025 to 12 December 2025 following industry feedback.

Final rules will now be published in February or March 2026 (rather than early 2026). The FCA will continue engaging with stakeholders during and after the consultation period before making final decisions.

The consultation on extending motor complaint response times (also part of CP25/27) closed on 4 November 2025. The FCA is considering responses and plans to publish final rules by 4 December 2025.

FSMA BNPL Order laid before Parliament

On 5 November 2025, the Financial Services and Markets Act 2000 (Regulated Activities etc) (Amendment) (No 2) Order 2025 was laid before Parliament and published with an explanatory memorandum. It will come into effect in early December 2025.

The order amends the Financial Services and Markets Act 2000 (Regulated Activities etc) (Amendment) Order 2025, which provides for certain buy now, pay later (BNPL) agreements to become regulated credit agreements with effect from 15 July 2026.

Usually, merchants introducing customers to regulated credit products will carry out the regulated activity of credit broking under article 36A of the RAO and must have regulatory approval, unless an exemption applies. Nearly all merchants brokering BNPL products are exempt from the regulatory requirements relating to credit broking due to a new provision, article 36FB, which was introduced by the 2025 order. However, domestic premises suppliers are excluded from this exemption due to historical concerns about pressure selling in customers' homes.

This exclusion has now been remove, following HM Treasury engagement with the FCA and industry. As a result, domestic premises suppliers will be exempt from credit broking regulation when they offer newly regulated BNPL products to their customers, bringing those suppliers in line with other merchants that offer these products.

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

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

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

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

Food law

Food law

UK

FSA publishes updated Food Law Codes of Practice and Practice Guidance

As part of a more "flexible and modern approach to food law enforcement", the Food Standards Agency published, on 27 October 2025, updated Food Law Codes of Practice and Practice Guidance for England, Wales and Northern Ireland.

The key changes include:

- A more flexible, risk-based approach to prioritising initial official controls of new food businesses, allowing the flexibility for local councils to triage businesses when they first register. \
- Greater use of alternative control methods, including, in some cases, remote assessments allowing local councils more choice to support more efficient use of resource.
- Broadening the cohort of professionals who can undertake certain activities to support delivery of official controls in England and Wales to ensure that officers' expertise is dedicated to where it can have the most impact.
- The introduction of the new Food Standards Delivery Model in Wales. This updates how local councils regulate food standards within food establishments in Wales. This was implemented in England and Northern Ireland in 2023.

Companies should be aware of these changes and expect to see differences in local councils' approaches to enforcement from now on.

Precision breeding regulations now in force

The Genetic Technology (Precision Breeding) Regulations 2025 came into force on 13 November 2025 with government guidance on the releasing and marketing of precision bred plants released on the same date.

These regulations set out the regulatory framework for precision bred plants to be used in food or feed, setting out the requirements for a food and feed marketing authorisation to allow the precision bred plants to be placed on the market.

For more details on the regulations, please see our Insight.

The introduction of these regulations mark a significant milestone for precision bred organisms in England by simplifying the pathway for businesses to bring these products to market. Businesses looking to bring precision bred plants into the English market should familiarise themselves with this new framework in order to understand the process and requirements for placing these products on the market.

EU

European Council authorises negotiations on EU-UK agri-food deal

The European Council has formally authorised the European Commission to open negotiations with the UK on an agreement for a common sanitary and phytosanitary (SPS) area.

The aim of the SPS agreement is to reduce the burden of trading agricultural products between the EU and the UK by aligning sanitary and phytosanitary rules. An SPS agreement would align Great Britain's standards with those of the EU, removing the need for most certificates and checks on animals, plants and related products moving between Great Britain and the EU.

Through the Windsor Framework, these benefits would also apply to movements between Great Britain and Northern Ireland, while preserving Northern Ireland's dual access to both the EU single market and the UK internal market.

Once negotiations are finalised, the agreement will require Council endorsement before entering into force.

Food law

CJEU rules on the use of 'gin' to describe non-alcoholic beverages

The Court of Justice of the European Union has ruled that a non-alcoholic beverage may not be sold under the name "gin", as that name is reserved for a specific alcoholic beverage under EU law.

The case concerned a German association for combating unfair competition which brought an action against PB Vi Goods for an order prohibiting the company from selling a non-alcoholic beverage named "Virgin Gin Alkoholfrei" (non-alcoholic Virgin Gin). The association argued that the name is contrary to EU law, according to which gin should be produced by flavouring ethyl alcohol of agricultural origin with juniper berries, and the minimum alcoholic strength by volume must be 37.5%.

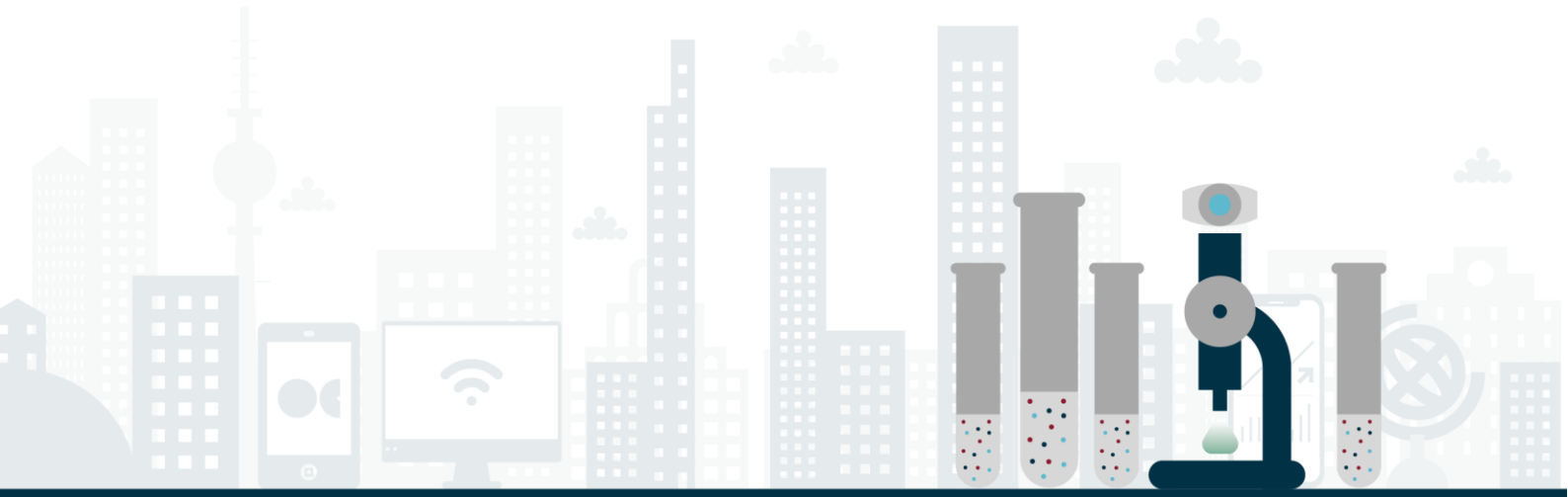
The court found that there is a clear prohibition in EU law on presenting and labelling a beverage as "non-alcoholic gin", due to the beverage not containing alcohol and the fact that the legal name "gin" is accompanied by the term "non-alcoholic" is irrelevant. The prohibition does not prevent the product from being sold, but merely from being sold under the legal name reserved for gin.

Those wishing to export from the UK to the EU will need to ensure they comply with the EU rules around the definition, description, presentation and labelling of spirit drinks and, while this judgment is not binding on the UK courts, the definition of gin between the UK and the EU is the same so manufacturers for the UK market should ensure they are not falling foul of this definition to avoid potential challenges, similar to that of PB Vi Goods, in the future.

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

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

Charlie Hennig, Associate
T: +44 20 7105 7524
Charlie.hennig@osborneclarke.com



Health and Safety

Health and Safety

HSE launches consultation on Control of Asbestos Regulations and guidance

The Health and Safety Executive has launched a consultation on proposals to improve the application of the Control of Asbestos Regulations 2012 and guidance around asbestos management to help protect workers and building users.

The consultation seeks stakeholders' views on three key proposals:

- to ensure the independence and impartiality of roles in the four-stage clearance process to further minimise the risk of exposure from asbestos to workers and building users after the removal of asbestos;
- to drive up the standard of asbestos surveys to ensure dutyholders have the information they need to safely manage asbestos risks; and
- to clarify the type of work that constitutes work with asbestos known as Notifiable Non-Licensed Work (NNLW).

The consultation runs until 9 January 2026, being particularly relevant to dutyholders, asbestos analysts, asbestos removal contractors, asbestos surveyors and associated professions including facilities management and construction.

European Commission agrees to advance child safety online with Australia's eSafety Commissioner and the UK's Ofcom

The European Commission, Australia's eSafety commissioner and the UK's Ofcom have issued a joint communication pledging to work together to advance child safety on digital platforms.

The communication follows a roundtable attended by director-general Roberto Viola of DG CNECT, Australia's eSafety commissioner Julie Inman Grant, and Ofcom chief executive Melanie Dawes. The three regulators committed to new joint actions to complement ongoing efforts in implementing online safety legislation, while ensuring children have safe, inclusive and empowering access to digital technologies to help them develop digital skills, media literacy and critical thinking.

A key outcome is the establishment of a technical group on age assurance to discuss privacy-preserving age verification solutions. The group will explore how to build the technical evidence base on age assurance and how regulators can support independent research in this field. The Commission is already working on this through its blueprint for an EU-wide age verification solution.

The Commission also highlighted recent DSA enforcement actions to tackle online sales of drugs, vapes and other illegal products to minors, as well as efforts to prevent the creation of "rabbit holes" of harmful material such as content promoting eating disorders.

Building Safety Regulator to become standalone body in January 2026

The Building Safety Regulator will be transferred out of the Health and Safety Executive and established as an independent executive non-departmental public body on 27 January 2026.

The Building Safety Regulator (Establishment of New Body and Transfer of Functions etc.) Regulations 2026 were laid before Parliament on 11 November. The new body will report directly to the secretary of state for Housing, Communities and Local Government.

The move ends HSE's three-year spell running the regulator and is intended to strengthen lines of accountability and provide dedicated focus to BSR operations. Ministers have described it as an important first step towards establishing a single construction regulator, the lead recommendation of the Grenfell Tower Inquiry Phase 2 report.

All existing Gateway 2 and Gateway 3 applications, inspections and enforcement cases will automatically transfer to the new organisation. The regulator will retain all current powers, staff and live cases, with transitional arrangements allowing HSE staff to continue supporting ongoing work until the end of 2026.

BSI publishes first British Standard on suicide and the workplace

The BSI has published the first British Standard dedicated to addressing the risk of suicide and its impact in the workplace. The standard provides practical guidance for organisations of all sizes and sectors on how to prevent and respond to suicide risk, filling a gap in centralised guidance on what good practice looks like.

The standard includes toolkits and checklists covering intervention, prevention and postvention, a template for creating individual safety plans where a business becomes aware that an individual is at risk, and guidance on promoting an

organisational culture that supports workers' psychological needs including senior leadership accountability and mental health support resources.

As a British Standard, the guidance represents good practice rather than legal requirements. However, incorporating aspects of the guidance can help organisations demonstrate robust procedures for managing mental health risk and provide a helpful benchmark to assess how well suicide risk is being managed.

HSE publishes annual workplace health and safety statistics showing persistent mental health challenges

The Health and Safety Executive has published its annual statistics on work-related ill health and workplace injuries in 2024/25, revealing that an estimated 1.9 million workers suffered from work-related ill health during the year. Of these, the majority were cases of work-related stress, depression or anxiety, indicating that mental health conditions continue to be the main driver of work-related ill health. These rates remain higher than pre-pandemic levels.

The cost of mental ill health alone to businesses is significant – according to the HSE, work-related ill health and injuries resulted in an estimated 40.1 million working days lost in 2024/25, of which 22.1 million working days were lost due to work-related stress, depression or anxiety.

Businesses have a legal duty to ensure, so far as is reasonably practicable, the health, safety and welfare at work of employees which extends to risks to mental health caused or contributed to by work. The latest statistics highlight the need for businesses to prioritise employee wellbeing and keep their wellbeing strategies under continuous review to ensure they remain fit for purpose.

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

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

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

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

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

Modern slavery

Modern slavery

European Parliament adopts negotiating mandate on Omnibus I CSRD and CSDDD simplification proposal

Please see the Environmental, social and governance Section.

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

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

Products

Products

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

General/digital products

UK

EU

European Commission launches consultations on product safety and market surveillance rules

The European Commission, on 12 November 2025, launched two major initiatives to strengthen EU product safety and market surveillance rules to ensure that all products on the EU single market are safe and fit for an increasingly digital and circular economy.

The first is a public consultation on the revision of the New Legislative Framework (NLF), which consists of Decision 768/2008/EC and Regulation (EC) 765/2008. The NLF is a key tool for harmonising EU product legislation and sets out the principles for market access, CE marking and conformity assessment. A 2022 Commission evaluation concluded that while the NLF has improved consistency in EU product legislation, it needs updating to address market developments, circularity and digitalisation. The consultation is particularly aimed at manufacturers, refurbishers, businesses involved in product circularity, and consumer organisations.

The Commission also launched a call for evidence for an evaluation and impact assessment on the revision of the Market Surveillance Regulation ((EU) 2019/1020). The evaluation will address checks in the single market and on products entering the EU market, with the aim of assessing how well the regulation is performing and identifying any shortcomings. Key stakeholders include importers, distributors, fulfilment service providers and SMEs whose products are placed on or enter the single market from non-EU countries.

The feedback period for both initiatives is open until 4 February 2026. The Commission expects to adopt legislative proposals for both initiatives in the third quarter of 2026.

Council of the EU adopts 'one substance, one assessment' legislative package

The Council formally adopted the "one substance, one assessment" legislative package on 13 November 2025, aimed at streamlining chemical safety assessments and bringing greater transparency to EU chemicals rules. The package consists of three acts:

- A regulation establishing a common data platform on chemicals, which will be managed by the European Chemicals Agency (ECHA) and provide a one-stop shop for information on chemicals by integrating data from a wide range of EU legislation, including hazards, physico-chemical properties, emissions and uses. The platform will also provide a database of safer alternatives to chemicals of concern and will become operative within three years of the regulation's entry into force.
- A directive amending the RoHS Directive (2011/65/EU) to re-attribute scientific and technical tasks to the ECHA.
- A regulation amending the Food Safety Regulation ((EC) 178/2002), the European Environment Agency Regulation ((EC) 401/2009), the Medical Devices Regulation ((EU) 2017/745) and the POPs Regulation ((EU) 2019/1021) to re-attribute scientific and technical tasks and improve cooperation among EU chemicals agencies.

The acts will enter into force 20 days after publication in the Official Journal.

Life sciences and healthcare

UK

Government unveils roadmap to phase out animal testing

The government has published a strategy to phase out animal testing in science, backed by £75 million in funding, aiming to deliver on its manifesto commitment to improve animal welfare.

The strategy sets out six key objectives:

- accelerate the replacement of animals in science to phase out their use;

- achieve equal or better research and testing outcomes using alternative methods;
- drive private investment in alternative methods to boost innovation and growth;
- improve regulatory confidence and acceptance of alternative methods;
- create infrastructure and partnerships to unlock value from UK data; and
- position the UK as a global leader in alternative methods.

The roadmap recognises that phasing out animal use can only happen where reliable and effective alternative methods can replace them and includes specific commitments with timelines extending to 2030. The strategy will support researchers to adopt alternative methods such as organ-on-a-chip systems, AI-based predictive tools and 3D bioprinted tissues. The strategy will be overseen by a committee chaired by science minister Lord Vallance, with key performance indicators to be published next year.

MHRA closes RegulatoryConnect programme

The Medicines and Healthcare products Regulatory Agency (MHRA) has decided to close its RegulatoryConnect programme. This follows a cost assessment to complete the system, which was proposed last year to make it easier for industry to see and track their regulatory assessments. The agency envisaged users signing into the portal to track the progress of applications and see live licence details, with plans to add the ability to file applications and variations through the service later.

The MHRA has stated that while the functionality to track applications and view live authorisation details through the existing portal will remain available, the programme "no longer offers value for money for UK taxpayers". It is planning a replacement that aligns with the strategy it intends to publish next year.

MHRA announces major regulatory overhaul for rare disease therapies

The MHRA published a policy paper on 2 November 2025 setting out proposals to reform the regulatory framework for rare disease therapies in the UK, with a draft framework anticipated by spring 2026 and public consultation to follow later in 2026.

Key proposals under consideration include exploring whether a single approval could be issued for both clinical trials and marketing authorisation based on limited evidence with mandatory safety monitoring, increased use of real-world data and prior knowledge from related products, flexible licensing structures to accommodate individualised medicines and platform technologies, and enhanced post-market surveillance through national registries and international data sharing.

The initiative is being developed with input from a newly formed Rare Disease Consortium comprising patients, patient representatives, academics, industry stakeholders and health system partners including NICE and NHS England, with the objective of aligning regulatory processes with Health Technology Assessment and NHS commissioning frameworks to facilitate patient access while maintaining safety standards.

Side effects from drug interactions to be predicted by AI before reaching patients

The MHRA has announced three government-backed projects using AI-driven approaches to make medicines safer and bring treatments to patients more quickly. A new study will use artificial intelligence and NHS data to predict side effects from drug combinations before they reach patients. Scientists from the MHRA will work with PhaSER Biomedical and the University of Dundee, backed with £859,650 funding from the UK government's Regulatory Innovation Office's AI Capability Fund, using AI to spot interactions by looking for patterns in anonymised NHS data showing how different medicines behave when used together, focusing on cardiovascular medicines.

The goal is a reliable tool that doctors can use to better understand how combinations of medicines affect people in real life, improving how treatments are prescribed together so patients get the safest and most effective care tailored to them more quickly. This personalised approach could potentially help to prevent some of the side effects linked to medicines, which are estimated to cause around one in six hospital admissions in England and cost the NHS more than £2 billion every year.

The MHRA will also pilot the use of AI-assisted tools to support experts in scientific advice, clinical trial assessments and licensing decisions through the AI for Regulatory Insight, Safety, and Efficiency (ARISE) programme. This will be funded by £1,000,000 via the Regulators' Pioneer Fund, aiming to improve efficiency and consistency while keeping all final decisions in human hands.

Another MHRA project will pilot the use of synthetic patient data to support clinical trials in cancer, inflammatory bowel disease and rare paediatric seizure conditions, funded by £259,250 from the Regulators' Pioneer Fund, testing how synthetic data can safely and responsibly supplement evidence for regulatory decisions.

According to the MHRA, together, these three projects – supported by over £2 million in government funding – represent a step change in how medicines and medical technologies are approved and regulated in the UK. It believes the findings will help to shape the next generation of clinical trials and approvals and inform upcoming guidance, including the MHRA's National Commission into the Regulation of AI in Healthcare.

Sustainable products

UK

UK government considers Internal Market Act intervention over Welsh DRS glass inclusion

The UK government is reportedly considering action under the Internal Market Act that could derail Wales's plans to include glass in its deposit return scheme from day one in October 2027, while other UK nations' DRS exclude glass.

The Department for Environment, Food and Rural Affairs (Defra) is concerned about potential chaos if Wales proceeds with its proposal, which includes a phased approach with zero deposits for single-use glass containers to avoid changes to labelling, production or distribution systems. However, the British Retail Consortium has criticised the plans as "antiquated", warning that without deposits there will be no incentive for consumers to return bottles while retailers would still face significant infrastructure investment.

Negotiations are reportedly continuing to persuade Wales to reconsider, with rumours of a potential Internal Market Act intervention similar to the intervention that blocked Scotland's DRS plans.

Government lays draft regulations to amend Packaging Extended Producer Responsibility Scheme

The draft Producer Responsibility Obligations (Packaging and Packaging Waste) (Amendment) Regulations 2025 were laid before Parliament on 3 November 2025 and will come into force on 1 January 2026.

The regulations will amend the Producer Responsibility Obligations (Packaging and Packaging Waste) Regulations 2024 (SI 2024/1332), which introduced the extended producer responsibility scheme for packaging waste (pEPR) in the UK, to:

- enable the appointment of a producer responsibility organisation (PRO) to support the scheme administrator PackUK in running the pEPR scheme and ensure closer producer involvement;
- enable producers to deduct tonnage of recycled food grade plastics packaging waste from their pEPR obligations where they have collected it directly from consumers and sent it for reprocessing in a closed loop recycling system; and
- improve the operational efficiency of the pEPR scheme and clarify producers' obligations, including resolving potential loopholes, removing ambiguity, improving the approach to local authority costs modelling, and removing barriers to compliance and enforcement.

On the same date, Defra and PackUK published guidance for organisations on how to apply to be the PRO, with PackUK intending to appoint the PRO in March 2026.

Ban on the sale of plastic wet wipes to come into force in spring 2027

On 18 November 2025, the government signed into law a ban on the sale of wet wipes containing plastic. The draft regulations were laid before Parliament for approval in September and will make it an offence to supply or offer single-use wet wipes containing plastic to consumers in England, with exceptions for pharmacies, for medical purposes and supply to businesses or local authorities.

On 3 November 2025, the General Committee debated the draft regulations, outlining that 95% of respondents to a 2023 public consultation agreed or strongly agreed with the proposed ban. During the debate, cross-party support was expressed for the regulations. They highlighted that over 11 billion wet wipes are used annually in the UK, causing 93% of sewer blockages and fatbergs, with water companies spending approximately £100 million per year clearing them. The chair of the Secondary Legislation Scrutiny Committee confirmed that the statutory instrument passed scrutiny with "flying colours".

The regulations were subsequently considered by the House of Lords Grand Committee on 10 November 2025, where they received broad support but attracted concerns about the implementation timeline and scope. Peers questioned why the ban does not extend to manufacture and export of plastic wet wipes, and whether the government should go further by banning all wet wipes from being flushed regardless of plastic content. The government acknowledged that plastic-free wet wipes also contribute to sewer blockages and confirmed it is considering recommendations from the Independent Water Commission on whether an extended producer responsibility scheme for wastewater and mandatory product labelling will be necessary to prevent wrongful flushing.

The regulations are expected to come into force in May 2027, following an 18 month transition period.

GPSR guidance

On 19 November 2025, the European Commission published guidance for businesses on applying the EU General Product Safety Regulation (GPSR). It is intended to help companies better understand and fulfil their obligations under the regulation. The guidance reiterates that the GPSR's core objective is to ensure that only safe products are placed on or made available in the EU market, including via online channels.

The guidance resolves several previous grey areas. It confirms the GPSR's scope includes intangible products (such as apps, chatbots, software as a service, and standalone software) where they are intended for, or foreseeably used by, consumers. It explains that obligations for distance sales apply when an online offer is targeted at EU consumers. It provides practical tools and makes clear that safety assessments must address cybersecurity and evolving/learning functionalities alongside mental-health risks. It also reiterates accident-reporting expectations in software contexts and confirms application from 13 December 2024.

However, some uncertainties still remain, notably the practical boundary between "making available" versus "placing on the market" for SaaS and continuously updated services, how to distinguish routine updates from risk-altering updates, evidentiary approaches to causality for psychological harm, and the practical mechanics of recalls and remedies for intangible products.

With the GPSR now having been in force for nearly a year, businesses placing products on the EU market should already be familiar with its requirements and review this guidance to ensure their safety and compliance measures are robust and in compliance with the regulation.

Omnibus IV

As previously reported, the European Commission published the Commission work programme 2026 on 21 October 2025, titled "Europe's Independence Moment". This report sets out the main plans and priorities for 2026, with a continued focus on simplification initiatives.
The Commission states that it "will continue our work to cut administrative burdens by 25% overall and 35% for SMEs - without lowering standards" through various legislative and non-legislative measures scheduled for implementation between Q1 and Q4 2026. In the context of product regulation, this means a shift towards digitalisation of documentation, and steps to make alternatives for conformity assessments available through so-called common specifications, along with delays to the introduction of due diligence obligations under the Batteries Regulation.

For detailed analysis of the specific proposals and their implications, please see our May 2025 coverage of the Commission work programme 2026.

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

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

Products

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

Charlie Hennig, Associate
T: +44 20 7105 7524
charlie.hennig@osborneclarke.com

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

Regulated procurement

Regulated procurement

European Commission publishes evaluation of EU public procurement directives

The European Commission has published a staff working document evaluating the EU public procurement directives (Directives 2014/23/EU, 2014/24/EU and 2014/25/EU), concluding that they have only partially met their objectives of improving legal clarity, flexibility, market access and achievement of strategic objectives.

The evaluation found that new sector-specific rules have added complexity, with contracting authorities reporting difficulties interpreting provisions on contracts between public sector entities, exclusion grounds and abnormally low tenders, while procedures remain too complex and rigid, with increased preparatory and evaluation timeframes.

Competition results are mixed, with average bids per tender reducing but cross-border participation remaining limited. While green, social and innovative procurement is progressing, implementation is uneven across the EU with stakeholders expressing concern about lack of coherence in applying provisions aimed at promoting strategic policy objectives.

The Commission concludes that the current framework lacks the agility, coherence and strategic focus needed to respond effectively to current and emerging challenges, supporting president Ursula von der Leyen's announced revision to enable preference for European products in strategic sectors and to modernise and simplify the rules.

European Commission consults on revision of EU Public Procurement Directives

On 3 November 2025, the European Commission launched a call for evidence and public consultation on revising the three EU public procurement directives (Concessions, Public Procurement, and Utilities Directives), following its evaluation that found the current framework only partially met its objectives and lacks the agility and strategic focus needed for current challenges.

The Commission proposes to strengthen the framework through legislative or non-legislative measures focused on three key areas: making public investment more efficient by simplifying and digitalising procedures; introducing "Made in Europe" criteria to enhance economic security and sovereignty in strategic sectors; and better aligning procurement with EU green, social and innovation policies. It plans to issue revision proposals in Q2 2026, with responses to the consultation due by 26 January 2026.

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

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

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

Ashlie Whelan-Johnson, Associate Director (Barrister)
T: +44 20 7105 7295
a.whelanjohnson@osborneclarke.com

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

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

Sanctions and Export Control

Sanctions and Export Control

NCA issues amber alert on shadow fleet sanctions evasion

The National Crime Agency (NCA), Office of Financial Sanctions Implementation (OFSI) and Foreign Commonwealth & Development Office (FCDO) have jointly issued an amber alert to raise awareness of sanctions evasion involving commodities and financial transactions by networks and shadow fleets supporting sanctioned regimes including Russia, Iran and North Korea.

The alert is directed at helping maritime and financial institutions identify and prevent sanctions evasion involving sophisticated, state-backed networks that exploit opaque corporate structures and deceptive maritime practices. The use of shadow fleets commonly involves the use of older vessels with opaque ownership structures, which are routinely renamed and reflagged under permissive jurisdictions.

The alert provides typological characteristics and red flag indicators to help firms identify potential evasion activity. Firms in the regulated sector are reminded to submit suspicious activity reports through the NCA Portal if they identify indicative activity; any suspected frozen assets or financial sanctions breaches should be reported to OFSI.

HMRC case study on £1.1m export control civil enforcement

HM Revenue and Customs (HMRC) published a case study involving a £1,160,725.67 compound settlement from May 2025 for a breach of the Russia sanctions, the largest compound settlement it has concluded for a Russia sanctions offence.

The breach related to an unnamed UK exporter that exported goods to Russia in breach of The Russia (Sanctions) (EU Exit) Regulations 2019. The case study sets out the following key compliance lessons:

- **Exporting to third countries**: UK companies exporting goods to third countries such as Central Asia and other regions must check whether the consignee, end-user or any other party receiving the goods is not a Russian-owned company, as Russian companies operate extensively in these regions. Supplying sanctioned goods to Russian companies operating outside of Russia is still a breach of UK sanctions.
- **Risk of being uninformed**: Companies must stay informed of new sanctions measures; ignorance of sanctions is not a defence to sanctions breaches. Businesses should review their trading relationships when sanctions are updated and seek professional legal advice if they are uncertain of whether they are compliant with sanctions requirements.
- **Meaning of "connected with Russia"**: A person is "connected with" Russia under the sanctions regulations if they are an individual ordinarily resident or located in Russia, a legal entity incorporated under Russian law, or a legal entity domiciled in Russia. This includes Russian incorporated companies operating anywhere in the world, meaning UK businesses are prohibited from making certain goods, technology or software available to such entities, regardless of their physical location.
- **The prohibition of "making available" in regulations**: Companies should be aware of the relevant regulations that prohibit making sanctioned goods, technology and software available for use in Russia or to persons connected with Russia (Regulation 25, 42, 46BN, 46L, 46N, 46Y, 46Z30, 46Z34). Additional prohibitions apply to making restricted goods and technology available for use in non-government controlled Ukrainian territory or to persons connected with such territory (Regulations 30D and 50).

OFSI general licences and FAQs

The new legal services general licence INT/2025/7323088 came into effect on 29 October 2025 (see details in our previous Regulatory Outlook). The general licence permits a UK legal firm or UK counsel who has provided legal advice to a person designated under the UK Autonomous Sanctions Regimes to receive payment.

OFSI has issued the following:

- General Licence INT/2025/7895596, which permits the continuation of business operations with the Lukoil Bulgaria Entities. The general licence takes effect from 14 November 2025 and expires on 14 February 2026. FAQ 173 has been added to address continuing business operations with these entities.

- FAQ 172 has been added, covering OFSI licencing for a UK financial institution to deal with or receive funds allocated to it by an International Central Securities Depository (ICSD) where corresponding ICSD funds held by the National Settlement Depository (NSD) have been seized and dealt with by the NSD.

OFSI has also amended the following:

- General Licence INT/2024/5394840, which allows relevant Institutions to process payments from 2022, from or via a designated credit or financial institution, provided that the original sender and intended recipient are not designated persons. This general licence was due to expire on 6 November 2025 but has been extended to 7 November 2027. The definitions of a designated credit or financial institution and reporting conditions have also been amended.
- FAQ 53 has been amended, covering the sanctions regimes are under the scope of the legal services general licence.

The following FAQs have been withdrawn:

- FAQ 7, covering wire transfers from Russian residents.
- FAQ 49, on General Licence INT/2024/5334756.

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

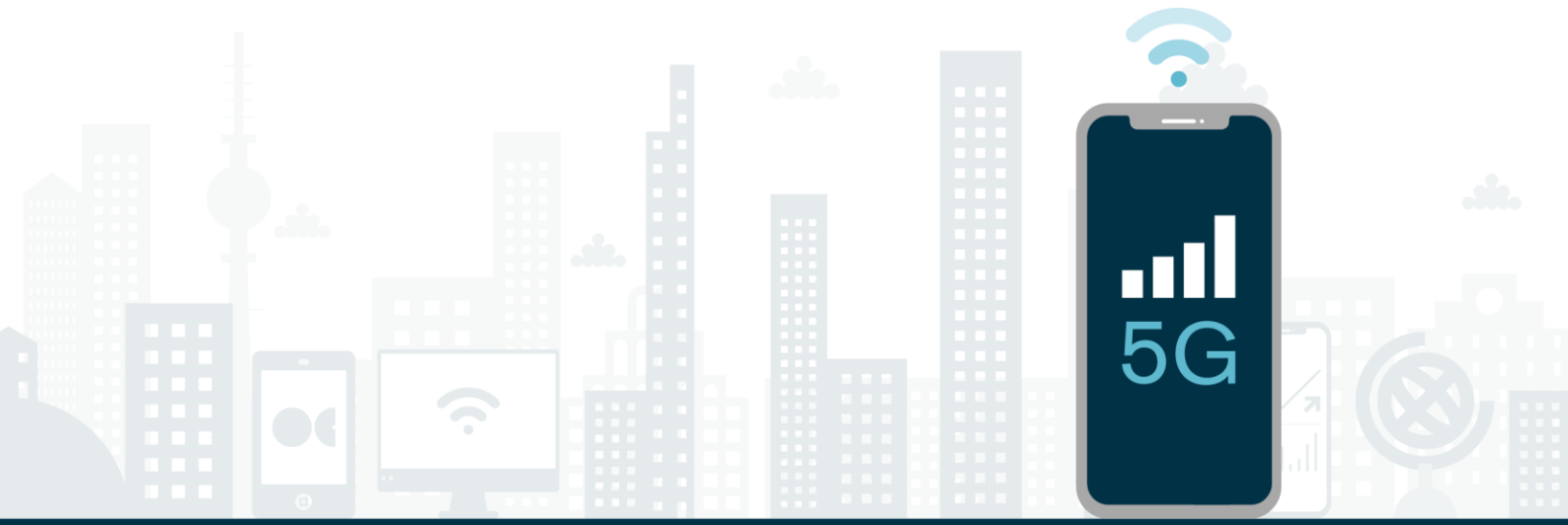
Kristian Assirati, Associate Director
T: +44 20 7105 7847
kristian.assirati@osborneclarke.com

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

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

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

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



Telecoms

Telecoms

Nothing to report this month.

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

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

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

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

Matt Suter, Associate Director
T: +44 20 7105 7447
matt.suter@osborneclarke.com