

The MiFID Org Reg: Repeal, restatement and limited changes

Top Ten Things you should know

On **27 November 2024**, the Financial Conduct Authority (the **FCA**) published [CP24/24: The MiFID Organisational Regulation](#) (the **CP**) on proposals to transfer the firm-facing requirements of the MiFID Organisational Regulation (the **MiFID Org Reg**) into FCA Handbook rules. See our Insights article and client note on the CP here: [FCA CP24/24: MiFID Org Reg reform | Simmons & Simmons](#)

On **9 October 2025**, the FCA published [PS25/13: The MiFID Organisational Regulation](#) (the **PS**) setting out feedback to the CP and final rules. Through this PS the FCA will replace the UK version of the MiFID Org Reg with requirements in its Handbook and the UK version of the MiFID Org Reg will be repealed. This will happen simultaneously on **23 October 2025**.

The MiFID Org Reg contains firm-facing conduct rules and systems and controls rules to ensure market integrity and investor protection.

The CP contained most of its substance in Chapters 3 and 4. Broadly, the intention of Chapter 3 was to transfer the requirements of the MiFID Org Reg into the FCA Handbook and repeal the MiFID Org Reg itself, **without making any policy or substantive changes** to the current requirements. There were c.250 pages of accompanying Handbook rule amendments.

Chapter 4 invited discussion on potential future reform of the conduct and organisational rules derived from the MiFID Org Reg.

The PS addresses feedback received on both Chapters and sets out final rules. Broadly, the FCA is going to finalise the rules largely as consulted on in the CP, i.e. without any policy or scope changes. This means that firms can mostly continue to follow MiFID Org Reg requirements as they do currently and can update any internal references to rules in their documentation 'in the regular course of business'.

However, the FCA is making **two changes**:

- Removing the requirement to report a **10% drop in portfolio value** to a retail client (COBS 16A.4.3UK); and
- Amending the definition of '**durable medium**' in the Glossary to make electronic communications the default mode of communication with retail clients. This change will come into force on **12 January 2026**.

Notably, a Consultation Paper on reforms to **client categorisation** criteria and **conflicts of interest** requirements will be published in **November 2025**.

This will be of interest to UK MiFID firms, MiFID optional exemption Article 3 firms, third country firms, UCITS ManCos, CIS operators, AIFMs, Occupational Pension Scheme firms and Recognised Investment Exchanges.

This note examines the Top Ten Things that firms should know about the FCA's final rules and what the next steps are.

1. What is the MiFID Org Reg?

The MiFID Org Reg (Delegated Regulation (EU) 2017/565) is a piece of European Level 2 legislation which is part of the MiFID2 (Directive 2014/65/EU) package. The MiFID Org Reg contains firm-facing conduct rules and systems and controls rules to ensure market integrity and investor protection. The MiFID Org Reg applies to MiFID investment firms in the UK including Article 3 MiFID optional exemption firms, having been assimilated into UK law post-Brexit by virtue of the European Union (Withdrawal) Act 2018 which enacted a UK version of the MiFID Org Reg.

2. Why was this CP and PS necessary?

Post-Brexit, there is a UK version of the MiFID Org Reg that applies directly to UK MiFID investment firms. In 2018, when implementing MiFID2, the FCA replicated parts of the MiFID Org Reg into the FCA Handbook for certain sourcebooks so that firms could see all the relevant MiFID requirements relating to a particular

topic in one place. There is therefore some duplication across the FCA Handbook and the UK version of the MiFID Org Reg.

The FCA will replace the UK version of the MiFID Org Reg with requirements in its regulatory rules, i.e. the Handbook. The UK version of the MiFID Org Reg will be repealed and all rules will be within the FCA Handbook. The FCA is not looking to make any substantive changes to the rules but is instead changing where the requirements are located.

The CP questions allowed firms to point out any concerns with the approach, the changes themselves and/or any inconsistencies or unintentional change in scope.

3. Is there any change of scope?

The FCA's intention is to restate the existing firm-facing requirements from the MiFID Org Reg in the FCA Handbook as rules and guidance with no substantive changes or change to scope, but where possible the FCA has taken the opportunity to clarify the drafting of requirements and align them with equivalent Handbook provisions where necessary. The FCA is not proposing to add or remove any existing requirements in this PS, giving firms continuity.

Simmons says:

Whilst the FCA is not intending to change the substance or scope of any requirements, firms will still need to assess the impact of these changes on their business. We think the impact is likely to be primarily on internal and external documentation which refers directly to the affected rules (e.g. internal compliance docs, or external client-facing documentations) rather than comprehensive changes to business processes or systems. The FCA expectation is that firms will update any internal references to rules in their documentation 'in the regular course of business'.

4. Are there any major changes from the CP to the PS?

No. The FCA is going to finalise the rules largely as consulted on in the CP, i.e. without any policy or scope changes.

5. What parts of the Handbook are changing?

The MiFID Org Reg contains conduct rules and systems and controls rules to ensure market integrity and investor protection. Accordingly, this entails making changes to:

- The Senior Management Arrangements, Systems and Controls sourcebook (**SYSC**);
- The Conduct of Business sourcebook (**COBS**);
- The Market Conduct sourcebook (**MAR**);
- The Recognised Investment Exchanges sourcebook (**RIE**) and Recognised Clearing House sourcebook (**REC**); and
- The Dispute Resolution sourcebook (**DISP**).

SYSC: In the CP, the FCA proposed amendments to SYSC to integrate organisational requirements from the MiFID Org Reg which aim to enhance the regulatory framework, while ensuring it remains agile and coherent. The changes involved the assimilation of specific MiFID Org Reg articles into SYSC, adjustments to existing rules, and adaptations to Handbook terms to maintain consistency with the concept of a common platform firm. The FCA's proposal was to preserve the effect of the current framework with no policy changes regarding content or scope.

The FCA has retained this approach in the PS.

COBS: The changes to COBS in the CP are limited and are intended to achieve simplification, rationalisation and clarity. The FCA has retained this approach in the PS.

MAR: In the CP, the FCA proposed to copy out the substance of the relevant articles of the MiFID Org Reg into current/new provisions in MAR. The FCA has retained this approach in the PS.

RIE and REC: In the CP, similar amendments were made to these sourcebooks as to MAR (i.e. a copy out), some provisions were also deleted that have not been in force since the implementation of MiFID2. The FCA has retained this approach in the PS.

DISP: The CP proposes to amend DISP which currently sets out requirements for dealing with complaints, as per Article 26 of the MiFID Org Reg. The FCA states that this approach should maintain the same scope as the current MiFID complaints regime. The FCA has retained this approach in the PS.

The Financial Ombudsman Service (FOS): The FOS will mirror the FCA's proposed changes to DISP into its voluntary jurisdiction and will adopt the FCA's proposed changes to the glossary into its compulsory jurisdiction (scheme) rules. These amendments should not make any substantive amendments to the operation of the FOS. The FCA has retained this approach in the PS.

6. Are there any other consequential changes?

There are also a lot of consequential changes made to other parts of the Handbook including:

- The Glossary;
- Client Assets sourcebook (**CASS**);
- Decision Procedure and Penalties Manual (**DEPP**);
- Disclosure Guidance and Transparency Rules sourcebook (**DTR**);
- General Provisions (**GEN**);
- Professional Firms sourcebook (**PROF**);
- Supervision Manual (**SUP**);
- The MiFID 2 Onshoring Guide (**M2G**);
- Training and Competence sourcebook (**TC**); and
- PISCES sourcebook (**PS**).

7. What are the changes in relation to the 10% portfolio notification?

In [CP24/11: Quarterly Consultation Paper No. 44](#) the FCA proposed removing the requirement to report a 10% drop in portfolio value to a retail client from COBS 16A.4.3UK so it no longer applies as a rule to optional exempt (Article 3) firms, in line with MiFID firms. This was supported by respondents to CP24/11 so it has been brought forward in the PS.

Simmons says:

Whilst this is a welcome change, some firms may have voluntarily made this a contractual obligation, for example, if it is specified in terms of business, investment management agreements etc., as an obligation on the firm. In that case, firms would need to amend any relevant agreement if they want to respond to the change in the regulation by ceasing to report. In addition, many firms will have automated monitoring systems that will need to be recalibrated.

8. What are the changes in relation to the definition of durable medium?

In [CP24/11: Quarterly Consultation Paper No. 44](#) the FCA proposed changing the definition of 'durable medium' in the Glossary to make electronic communications the default mode of communication with retail clients. The FCA acknowledges the benefits of providing information to clients in an electronic format but firms will still be required to inform clients upfront that they can receive paper communications. The proposal has been brought forward in the PS. It will not come into force until **12 January 2026**, so firms have 3 months to adjust to this change.

Simmons says:

This dispensing with the unwieldy 'paper first' approach will likely be welcomed by firms with lots of retail clients. The costs of sending out hard copy documentation is notoriously high. However, firms will need to ensure that any move to electronic communications protects vulnerable customers and others who cannot receive them in electronic form. There may be an operational question as to how to deliver these to clients (for instance, whether firms have email addresses for all clients), and also whether terms of business or similar documents create a parallel contractual obligation to provide paper-based disclosure.

9. Were any of the longer term changes taken on board in the PS?

The FCA will publish in **November 2025** a Consultation Paper on rationalising the SYSC 10 **conflicts of interest** rules and modernising the COBS 3 rules on **client categorisation**.

The FCA also plans to publish an engagement paper on consumer access to investments and the associated regulatory framework, and whether their standards are proportionate to the risks associated with different investments.

Proposed changes to Articles 50 and 51 of the MiFID Org Reg in relation to the disclosure of **costs and charges** information to investors will be finalised as part of the Policy Statement on Consumer Composite Investments (**CCIs**) due by the **end of 2025**.

Apart from that, the FCA has said it will consider other feedback to Chapter 4 of the CP in line with its full work programme outlined in the Consumer Duty Call for Input response and will continue to consider opportunities to refine its approach.

Simmons says:

Many industry participants have requested changes to the elective professional criteria in response to the Consumer Duty Call for Input (here our article on that here: [Consumer Duty View - July 2024 | Simmons & Simmons](#)) and we have been having discussions with the FCA and groups of our clients around this.

However, firms may wish to consider the practical impact of any changes to the client categorisation thresholds. If they were to change, this would mean a substantial change to firms' embedded client categorisation systems and procedures. Some firms may see this as worth the cost. The FCA has asked if the benefits of changing the client categorisation criteria can be quantified, for example, the additional potential investment in UK capital markets from certain client groups as a result of any proposed change in the opt up rules. The elective professional client status is very important, for example, in practice for marketing alternative funds and in the private banking space, and so a change to the thresholds could have an important impact on the ability to market only to professionals.

10. What happens next?

The rules will commence alongside the revocation of the MiFID Org Reg on **23 October 2025**. This includes the removal of the requirement to report a 10% drop in portfolio value to a retail client. The changes to the definition of 'durable medium' to make electronic communications the default mode of communication with retail clients will come into force on **12 January 2026**.

If you want to know more about the MiFID Org Reg CP and PS, speak to your usual contact at Simmons & Simmons or one of our team listed below.

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