
Trading Compliance Quorum | London | 2 December 2025

Summary

On 2 December 2025, at a meeting in London, buy and sell-side market participants - with special guest **Andrew Pullman** of **PeopleClear** - examined proposed reforms to the UK's SMCR, with particular focus on non-financial misconduct and proportionality.

- Regulators are signalling greater emphasis on competitiveness and efficiency, but firms remain concerned about administrative burden and inconsistency.
- Defining integrity and acceptable behaviour remains a grey area, shaped by the growing overlap between regulation and employment law.
- Accountability increasingly depends on evidence of awareness and action, rather than outcomes alone.

SMCR reform and the competitiveness agenda

The discussion opened with a reassessment of SMCR's original objectives and its role in shaping culture across financial services. Participants noted growing regulatory focus on competitiveness, reflected in proposed reforms aimed at reducing friction without diluting accountability.

Greater flexibility around senior manager approvals, longer validity windows for criminal checks, and relief from repeated checks for internal moves were broadly welcomed. These changes were seen as pragmatic responses to a regime that has become operationally heavy, particularly for smaller firms.

Non-financial misconduct and the integrity challenge

Non-financial misconduct dominated the discussion. Participants highlighted the difficulty of reconciling employment law standards of "reasonable belief" with regulatory expectations that often imply higher evidentiary thresholds.

Integrity was widely viewed as subjective and context-dependent, increasing the risk of inconsistent application across firms. While regulators have acted decisively in egregious cases, participants noted that day-to-day conduct issues remain difficult to manage in a consistent and defensible way.

Regulatory references and cultural consequences

The group revisited the intention behind regulatory references and the desire to prevent undisclosed misconduct being carried between firms. While the objective remains valid, participants highlighted unintended consequences, including defensive reporting and long-term career impacts for individuals.

Smaller firms were seen as particularly exposed, facing a difficult balance between regulatory expectation and commercial reality. The discussion reinforced the need for clearer guidance and more consistent application across the industry.

Reasonable steps and shared accountability

Participants agreed that SMCR accountability increasingly turns on whether senior managers can demonstrate awareness, escalation, and action. Maintaining an audit trail was seen as essential, even as legal caution continues to discourage written records.

Effective SMCR frameworks were viewed as a shared responsibility, requiring coordination between HR, Compliance, Legal, and senior management rather than delegation to a single function.

Looking ahead

The session concluded with recognition that SMCR remains a powerful but imperfect tool. Its success in improving culture continues to depend on clearer regulatory signals, proportional implementation and a more realistic balance between compliance effort and behavioural (and cultural) outcomes.

To ensure open dialogue and encourage active contribution from all participants, Q15 forums operate under the Chatham House rule and are subject to bespoke Q15 Competition Law policy. Good governance is a cornerstone of Q15 activity and all participating members agree to adhere to this policy, which provides guidance and governance with respect to anti-competitive behaviour.