

# This week at the UK regulators

## Thirty second guide: The week in overview

Aside from fines imposed on two firms for issues in relation to historic financial promotions in connection with investment products, the most significant enforcement development was the first instance of a statement published in relation to a Warning Notice issued to a firm (in an action concerned with alleged failings by a sale and rent back firm).

Both the FCA and PRA made announcements in relation to policy developments. The FCA released details of its "enhanced supervision" approach, which responds to a recommendation made by the Parliamentary Commission on Banking Standards. The PRA issued details of changes to its rulebook and approach documents. Together with others, they will divide the unified handbook passed on by the FSA into separate FCA and PRA rulebooks.

### FCA imposes fines for financial promotions issues

The FCA has (on 16 June) imposed a financial penalty of £2,398,100 on Credit Suisse International and £1,429,000 on Yorkshire Building Society for breaches of Principle 7 (communications with clients) of the Principles for Businesses ("the Principles") and rules 2.3.1 and 4.1.1 of the Banking: Conduct of Business Sourcebook in connection with financial promotions for particular investment products sold between November 2009 and June 2012. The action, the first where the FCA has concurrently pursued the manufacturer and distributor of a product, was based on the prominence of the maximum return figure in promotions issued by both firms.

The penalties imposed on both firms were reduced by 30 per cent to reflect settlement at an early stage of the FCA's investigation and the Final Notices issued to both firms acknowledge their co-operation during the investigation. A customer contact exercise has already been commenced. As part of this exercise, current customers and some customers who no longer hold the products in question will be offered the opportunity to exit the products without penalty (where applicable) and interest up to the date they exit based on a fixed term deposit rate.

<http://www.fca.org.uk/static/documents/final-notices/yorkshire-building-society.pdf>

<http://www.fca.org.uk/static/documents/final-notices/credit-suisse-international.pdf>

### FCA takes action against sale and rent back firm

The FCA has (on 19 June) published a warning notice statement in respect of an unnamed sale and rent back firm. The statement confirms that a Warning Notice was issued to the firm in question on 30 April 2014 in respect of alleged breaches of requirements in relation to information gathering and affordability assessments. Although provisions alleged to have been breached are not identified, it appears from the statement that the FCA's action relates to rules contained in the Mortgage: Conduct of Business Sourcebook and/or Principle 6 (customers' interests) of the Principles.

The warning notice statement is the first to be issued by the FCA in respect of a firm since it commenced issuing such statements in February 2014.

<http://www.fca.org.uk/static/fca/documents/warning-notice-statements/warning-notice-statement-14-11-firm.pdf>

### Other enforcement notices

In separate cases, the FCA has (on 20 June) cancelled the registrations of Mr Sultan Ahmed, Mr Mohammed Ayoob and Mr Vasavan Thambhiah as small payment institutions under the Payment Services Regulations 2009 ("PSR 2009") for failing to provide information required by the FCA.

<http://www.fca.org.uk/static/documents/final-notices/sultan-ahmed.pdf>

<http://www.fca.org.uk/static/documents/final-notices/mohammed-ayoob.pdf>

<http://www.fca.org.uk/static/documents/final-notices/vasavan-thambhiah.pdf>

The FCA has (on 19 June) cancelled the registration of Mr Mohammed Dudu Miah as a small payment institution under PSR 2009 for failing to provide information required by the FCA.

<http://www.fca.org.uk/static/documents/final-notices/mohammed-miah.pdf>

The FCA has (on 19 June) issued a Final Notice to Mr Paul Catterall refusing an application for permission under Part 4A of the Financial Services and Markets Act 2000 for failing to disclose material information.

<http://www.fca.org.uk/static/documents/final-notices/paul-catterall.pdf>

In separate cases, the FCA has (on 18 June) issued Final Notices to Al-Madina Travel & Finance Limited, Biottha Limited and Global Trading Scotland Limited cancelling their registrations as small payment services institutions under PSR 2009 for non payment of fees and levies.

<http://www.fca.org.uk/static/documents/final-notices/al-madina-travel-finance-limited.pdf>

<http://www.fca.org.uk/static/documents/final-notices/biottha-limited.pdf>

<http://www.fca.org.uk/static/documents/final-notices/global-trading-scotland-limited.pdf>

The FCA has (on 18 June) issued a Final Notice to Currencies House Limited cancelling its registration as a small payment institution under PSR 2009 for failure to provide information required by the FCA.

<http://www.fca.org.uk/static/documents/final-notices/currencies-house-limited.pdf>

The FCA has (on 16 June) issued separate notices relating to voluntary applications for variations of permission made by Wageday Advance Limited and SRC Transatlantic Limited imposing various requirements in relation to monitoring in connection with their interim permissions to undertake consumer credit business.

<http://www.fca.org.uk/static/documents/requirement-notices/stl-vreq.pdf>

<http://www.fca.org.uk/static/documents/requirement-notices/wda-vreq.pdf>

The FCA has (on 13 June) issued a requirement notice on Debt and Claims Limited (also known as Grass Roots Limited), requiring it to cease undertaking consumer credit business and imposing other requirements.

<http://www.fca.org.uk/static/documents/requirement-notices/debt-and-claims-limited.pdf>

### **FCA responds to Parliamentary Commission on Banking Standards' "special measures" recommendation**

The FCA has (on 19 June) issued a statement of policy setting out how it uses, and proposes to use, its powers to tackle serious failings in standards, governance and culture in banks. The statement was prompted by the Parliamentary Commission on Banking Standards' ("PCBS") recommendation that a new "special measures" supervisory tool be introduced to deal with such failings. See our Clifford Chance briefing for further details of the PCBS' recommendations.

Although the PCBS' recommendation has not been taken forward wholesale, the statement describes a new approach of "enhanced supervision" which will be adopted when the FCA considers serious failings in standards, governance or culture to have occurred.

The statement indicates that further proposals in relation to how the FCA proposes to deal with failings in banks, building societies and credit unions will be set out in its consultation papers on the new Senior Managers and Certified Persons regimes, which are due to be released over the summer. See our Clifford Chance briefing for details of the proposed regimes released to date.

<http://www.fca.org.uk/static/article-type/news/tackling-serious-failings-in-firms.pdf>

<https://onlineservices.cliffordchance.com/online/freeDownload.action?key=OBWibFgNhLNomwBI%2B33QzdFhRQAhp8D%2BxrlGRel2crGqLnALtlyZe1e3b4bsoBAijBRZdT7B6iHp%0D%0A5mt12P8Wnx03DzsaBGwsIB3EVF8XihbSpJa3xHNE7tFeHpEbaelf&attachmentsize=89238>

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## PRA makes changes to rulebooks and approach documents

The PRA has (on 19 June) published revised versions of its approach documents on banking and insurance supervision.

The main changes to the approach documents since they were last published in April 2013 are the introduction of the PRA's secondary objective to facilitate competition, the introduction of the Fundamental Rules replacing the Principles for Businesses (also published and in effect from 19 June). These set out the PRA's high-level expectations of PRA-regulated firms and underpin the new PRA Rulebook. They also contain indications broadly corresponding to those issued by the FCA on the same day (see above) in relation to the use of PRA powers to address serious failings in the culture of PRA-regulated firms.

The PRA has (also on 19 June) made changes to its rulebook. The changes have been made principally by way of a policy statement (PS 5/14). A separate supervisory statement (SS7/14) deals with reports by skilled persons commissioned by the PRA and a separate statement of policy deals with the use of the financial stability information power. The changes have been communicated to firms by way of a letter from Andrew Bailey, Deputy Governor of the Bank of England.

The elements of the PRA Rulebook set out in PS 5/14 mark another step in the PRA's process of moving away from 'Handbook' materials inherited from the FSA, towards a self-contained PRA Rulebook (see PRA consultation paper CP2/14 issued in January 2014). A new online version of the PRA Rulebook is scheduled to be published in 2015. In the meantime, the PRA Rulebook, currently a 'work in progress' is available on the Bank of England's website.

<http://www.bankofengland.co.uk/pr/Pages/publications/pr1906.aspx>

<http://www.bankofengland.co.uk/pr/Documents/publications/ps/2014/ps514.pdf>

<http://www.bankofengland.co.uk/pr/Documents/publications/ss/2014/ss714.pdf>

<http://www.bankofengland.co.uk/pr/Documents/publications/policy/2014/fsinfopower.pdf>

<http://www.bankofengland.co.uk/pr/Documents/about/pralletter190614.pdf>

<http://fshandbook.info/FS/prarulebook.jsp>

<http://www.bankofengland.co.uk/pr/Documents/publications/policy/2014/rulebookcon214.pdf>

## FCA warnings

Name of firm	Date of warning	Details
Independent Private Consultants, Independent Finance Trade Commission, Richard Grant Birch	19 June 2014	Clone firm <a href="http://www.fca.org.uk/news/warnings/richard-grant-birch">http://www.fca.org.uk/news/warnings/richard-grant-birch</a>
Union Investment Limited t/a Royal Union Investment	19 June 2014	Not authorised <a href="http://www.fca.org.uk/news/warnings/union-investment-limited">http://www.fca.org.uk/news/warnings/union-investment-limited</a>
EAZZY Business Limited	18 June 2014	Not authorised <a href="http://www.fca.org.uk/news/warnings/eazzy-business-limited">http://www.fca.org.uk/news/warnings/eazzy-business-limited</a>

Sierra Finance Asset Management	18 June 2014	Not authorised <a href="http://www.fca.org.uk/news/warnings/sierra-finance-asset-management">http://www.fca.org.uk/news/warnings/sierra-finance-asset-management</a>
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## Policy developments

FCA		PRA	
<b>Finalised policy and guidance</b>			
		Deadline for responses	
<b>Policy statements</b>			The PRA has (on 19 June) issued a policy statement detailing changes to its rulebook (see above for further details)
<b>Finalised guidance</b>	<p>Further to its Guidance Consultation paper issued in February (GC 14/1) (see This week at the UK regulators, 17 February 2014), when it announced the findings of its thematic review into information provided on annuity comparison websites, the FCA has (on 20 June) issued Finalised Guidance (FG 14/6) summarising its expectations in relation to the types and content of information which it considers they should contain.</p> <p><a href="http://www.fca.org.uk/your-fca/documents/guidance-consultations/gc14-01">http://www.fca.org.uk/your-fca/documents/guidance-consultations/gc14-01</a></p> <p><a href="https://onlineservices.cliffordchance.com/online/freeDownload.action?key=OBWibFgNhLNomwBI%2B33QzdFhRQAhp8D%2BxrlGRel2crGqLnALtlyZe1xktlM%2BhFKauCQfe4ARxc7p%0D%0A5mt12P8Wnx03DzsaB GwsIB3EVF8XihbSpJa3xHNE7tFeHpEbaelf&amp;attachmentsize=127779">https://onlineservices.cliffordchance.com/online/freeDownload.action?key=OBWibFgNhLNomwBI%2B33QzdFhRQAhp8D%2BxrlGRel2crGqLnALtlyZe1xktlM%2BhFKauCQfe4ARxc7p%0D%0A5mt12P8Wnx03DzsaB GwsIB3EVF8XihbSpJa3xHNE7tFeHpEbaelf&amp;attachmentsize=127779</a></p>		

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