

This week at the UK regulators

Thirty second guide: The week in overview

Last week was another quiet week at the UK regulators without significant enforcement developments. The only concluded development was the latest agreement to be reached with a consumer credit firm appointing a skilled person and requiring it to put in place remedial measures and a redress scheme in respect of shortcomings in its debt collection practices. Away from enforcement developments, the FCA issued a call, as part of its "Project Innovate" initiative, for firms to provide examples of instances where the FCA or FSA has applied its rules retrospectively.

Further afield, last week saw the imposition by the New York regulator of the first publicised penalty on a professional adviser for objectivity failings in relation to a report prepared for a bank in respect of sanctions breaches.

Consumer credit firm agrees to remedial measures

The FCA has (on 18 August) agreed the voluntary imposition of a requirement on CFO Lending Limited ("CFO"), a consumer credit firm. The agreement stems from the FCA's concerns about CFO's debt collection practices. The agreement states that its specific concerns relate to the possible misuse of customers' banking information, systems errors relating to the automatic calculation of customers' balances and problems with communications to customers, staff training guidance materials and incentive schemes. A skilled person has been appointed under section 166 of the Financial Services and Markets Act 2000 and CFO has been required to cease all outbound debt collection activities, keep detailed records of all inbound communications from customers and conduct a customer redress scheme.

<http://www.fca.org.uk/static/documents/requirement-notice/cfo-lending-vreq.pdf>

FCA seeks input on firms' perceptions of application of rules

The FCA has (on 21 August) called on firms to identify instances where they consider the FCA or the FSA has applied its rules retrospectively (i.e. interpreted its rules in a more stringent or demanding way with the benefit of hindsight). The request forms part of the FCA's ongoing efforts to understand the "expectations gap" between regulators and industry. It has made the request under the banner of its "Project Innovate", an initiative aimed at ensuring that developments are not held back by uncertainty around rules or their retrospective application.

Firms have been asked to provide specific examples by 10 October.

<http://www.fca.org.uk/news/retrospective-application-of-regulatory-rules-call-for-examples>

FCA warnings

Name of firm	Date of warning	Details
Deacon Corporate Group	21 August 2014	Not authorised http://www.fca.org.uk/news/warnings/deacon-corporate-group

Euromax Finance Limited	20 August 2014	Clone firm http://www.fca.org.uk/news/warnings/euromax-finance-limited-clone
AMT Markets	20 August 2014	Clone firm http://www.fca.org.uk/news/warnings/amt-markets-clone
Marshall Hoares	19 August 2014	Not authorised http://www.fca.org.uk/news/warnings/marshall-hoares
Hexagon Capital Management	19 August 2014	Not authorised http://www.fca.org.uk/news/warnings/hexagon-capital-management
Debt Line Centre	19 August 2014	Not authorised http://www.fca.org.uk/news/warnings/debt-line-centre
KEE Global Corp	19 August 2014	Not authorised http://www.fca.org.uk/news/warnings/kee-global-corp
Your Secured Loan	19 August 2014	Not authorised http://www.fca.org.uk/news/warnings/your-secured-loan
Radical Loans	18 August 2014	Not authorised http://www.fca.org.uk/news/warnings/radical-loans
Credit Financers	18 August 2014	Not authorised http://www.fca.org.uk/news/warnings/credit-financers
Rosenberg & Carter / Rosenberg and Carter	18 August 2014	Not authorised http://www.fca.org.uk/news/warnings/rosenberg-and-carter

Policy developments

FCA		PRA	
Finalised policy and guidance			
		Implementation/effective date	
Supervisory statements		22 August 2014	<p>Further to a consultation paper issued in May 2014 (CP 9/14), the PRA has (on 22 August) released a supervisory statement in relation to subordinated guarantees and the quality of capital (SS8/14)</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/ss/2014/ss814.pdf</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/cp/2014/cp914.pdf</p>
		22 August 2014	<p>Further to a consultation paper issued in May 2014 (CP10/14), the PRA has (on 22 August) released a supervisory statement in relation to valuation risk for insurers (SS9/14)</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/ss/2014/ss914.pdf</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/cp/2014/cp1014.pdf</p>

Further Afield

New York regulator imposes penalty for objectivity failings in independent review

The New York Department of Financial Services ("NYDFS") has (on 14 August) reached an agreement with PricewaterhouseCoopers LLP ("PWC") requiring it to pay a financial penalty of US\$25 million and suspending it from accepting new consulting engagements from institutions regulated by the NYDFS for a period of 24 months. PWC has also agreed to put in place steps to enhance the systems and controls it uses to handle conflicts of interest. The action relates to the firm's involvement in the production of a report for a bank client relating to sanctions breaches in which the NYDFS found that PWC had made inappropriate alterations. The action is the first publicised case in which action has been taken against a professional adviser for objectivity failings.

http://www.dfs.ny.gov/about/press2014/pr140818_PwC_Order.pdf

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