

This week at the UK regulators

Thirty second guide: The week in overview

The FCA has followed up the entry of a stockbroking firm into the special administration regime in 2012 with action against the firm and two former directors for reckless failures to ensure that client monies were protected.

In policy developments, as part of its focus on recovery and resilience, the PRA has published four important papers setting out its proposals in relation to policyholder and depositor protection, the implementation of ring fencing and the operational aspects of ensuring continuity in resolution situations. Separately, the Competition and Markets Authority has taken the baton from the FCA in relation to the regulation of payday lenders, making wide ranging proposals aimed at ensuring that the FCA's proposed price cap announced several months ago does not become a default option for the pricing of loans and at encouraging meaningful competition and greater transparency in the sector.

Further afield, the Hong Kong Market Misconduct Tribunal has endorsed the robust approach taken by the Securities and Futures Commission, upholding action against a New York based fund with no physical presence in Hong Kong and one of its senior executives.

Stockbroker firm directors fined and banned for client money failures

The FCA has (on 9 October) imposed fines of £10,500 and £14,000 (respectively) and prohibition orders on Mr David Gillespie and Mr David Welsby, both former directors of Pritchard Stockbrokers Limited ("Pritchard") for recklessly failing to protect client funds. Specifically, it found that they breached Principles 1 (integrity) and 6 (due skill, care and diligence to ensure compliance by firm with regulatory requirements) and various rules contained in the Client Assets Sourcebook. It found that their recklessness contributed to a shortfall of £3 million and that significant client detriment resulted. The penalties imposed were reduced from £144,000 and £72,000 respectively to reflect settlement discounts and evidence of serious financial hardship.

It also imposed a public censure on Pritchard, which entered special administration in 2012. The FCA has stated that, but for its financial position, it would have imposed a financial penalty of £4,932,600 on Pritchard.

<http://www.fca.org.uk/static/documents/final-notice/david-gillespie.pdf>

<http://www.fca.org.uk/static/documents/final-notice/david-welsby.pdf>

<http://www.fca.org.uk/static/documents/final-notice/pritchard-stockbrokers.pdf>

<http://www.fsa.gov.uk/library/communication/pr/2012/023.shtml>

Regulators continue to increase pressure on payday lenders

The Competition and Markets Authority ("CMA") has (on 9 October) released proposals aimed at protecting consumers who use payday lenders. The proposals follow the FCA's publication in July this year of its proposals for a price cap for payday lending (see details in relation to consultation paper CP 14/10 in This week at the UK regulators, 21 July 2014). The CMA, concerned to avoid the price cap becoming a "going rate" charged by all lenders and to promote transparency and competition and limit charges, has made proposals including a requirement for lenders to publish details of their loans on accredited price comparison websites and recommendations to the FCA to take steps to improve the disclosure of late fees and other additional charges and the real-time sharing of information between lenders. It has also stated that it intends to make recommendations to the FCA that it takes more steps to help customers to shop around more than is currently the case, and that it introduces requirements for lenders to be provided with clearer summaries in relation to the cost of lending and more detailed disclosure regarding the use of lead generators.

The FCA is yet to respond publicly to the specific recommendations made by the CMA. However, recent

levels of policy making and enforcement activity in this area (see, for example, This week at the UK regulators, 6 October 2014 for the most recent example), together with its very public emphasis on consumer protection, suggest that it will be receptive to them and that regulatory pressure on payday lenders looks set to continue to increase.

<https://www.gov.uk/government/news/cma-sets-out-proposals-to-lower-payday-loan-costs>

<http://www.fca.org.uk/static/documents/consultation-papers/cp14-10.pdf>

<https://onlineservices.cliffordchance.com/online/freeDownload.action?key=OBWlbfGnhLNomwBI%2B33QzdFhRQAhp8D%2BxrlGRel2crGqLnALtlyZe2lJXvFMbNdfIINjhY%2FN0sfp%0D%0A5mt12P8Wnx03DzsaBGwsIB3EVF8XihbSpJa3xHNE7tFeHpEbaelf&attachmentsize=174381>

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Other Final Notices

In separate actions, the FCA has (on 10 October and 8 October respectively) cancelled the permissions granted to Castle Wildish Chartered Surveyors and AMI Professional Services Limited following failures to provide required regulatory information.

<http://www.fca.org.uk/static/documents/final-notices/castle-wildish-chartered-surveyors.pdf>

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

FCA warnings

Name of firm	Date of warning	Details
B2S Forex	10 October	Not authorised http://www.fca.org.uk/news/warnings/b2s-forex
National Debt Assistance	10 October	Not authorised http://www.fca.org.uk/news/warnings/national-debt-assistance
Sterling & Carter	7 October	Not authorised http://www.fca.org.uk/news/warnings/sterling-and-carter
Grants Limited/The British Business Fund	7 October	Not authorised http://www.fca.org.uk/news/warnings/grants-limited-cc
Global Investment Bank	6 October	Not authorised http://www.fca.org.uk/news/warnings/global-investment-bank
MTR Global	6 October	Not authorised http://www.fca.org.uk/news/warnings/mtr-global

Policy developments

FCA		PRA		
Proposed developments				
		Deadline for responses		
Consultation papers	<p>The FCA has (on 25 September 2014) issued a consultation paper (CP 14/20) on the implementation of the Mortgage Credit Directive and the new regime for second charge mortgages.</p> <p>http://www.fca.org.uk/statistic/documents/consultation-papers/cp14-20.pdf</p>		6 January 2015	<p>The PRA has (on 6 October) published a consultation paper (CP 21/14) setting out its proposed new rules in relation to policyholder protection.</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/cp/2014/cp2114.pdf</p>
	<p>The FCA and PRA have (on 22 September 2014) issued a joint consultation paper (CP 14/19) on remuneration reporting requirements for high earners.</p> <p>http://www.fca.org.uk/statistic/documents/consultation-papers/cp14-19.pdf</p>		6 January 2015	<p>The PRA has (on 6 October) published a consultation paper (CP 20/14) setting out its proposed new rules in relation to depositor protection.</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/cp/2014/cp2014.pdf</p>
			6 January 2015	<p>The PRA has (on 6 October) published a consultation paper (CP 19/14) setting out its proposed rules in relation to the implementation of ring fencing, specifically in relation to legal structure, governance and the continuity of services and facilities.</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/cp/2014/cp1914.pdf</p>

Discussion papers			6 January 2015	<p>The PRA has (on 6 October) published a discussion paper (DP1/14) setting out its proposals in relation to ensuring operational continuity in resolution.</p> <p>http://www.bankofengland.co.uk/pr/Docs/publications/cp/2014/dp114.pdf</p>
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Further Afield

Hong Kong Market Misconduct Tribunal bans New York based fund and senior executive

The Hong Kong Market Misconduct Tribunal has (on 9 October) banned Tiger Asia Management LLC ("Tiger Asia") and a senior executive, Mr Bill Sung Kook Hwang, from trading in securities in Hong Kong for a period of four years. The Tribunal imposed the ban, known as a "cold shoulder" order, having found that Tiger Asia, Mr Hwang and another senior executive, Mr Raymond Park, engaged in insider dealing and market manipulation in December 2008 and January 2009. It decided not to impose a similar order on Mr Park due to a serious medical condition.

The order marks the end of long running proceedings pursued by both the Hong Kong Securities and Futures Commission and the US Securities and Exchange Commission against Tiger Asia, which does not (and did not at the time of the misconduct) have any physical presence in Hong Kong, and associated individuals.

<http://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=14PR120>

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