

This week at the UK regulators

Thirty second guide: The week in overview

In the courts last week, an individual became the latest to be sentenced for insider dealing following prosecution by the FCA, receiving ten months' imprisonment, and the FCA won an appeal against a High Court decision earlier this year in action taken against firms and individuals involved in operating unauthorised collective investment schemes. It has taken action to cancel the permission of an individual involved in the provision of consumer credit activities on the grounds of concerns about fitness and propriety, although its decision has been referred to the Upper Tribunal.

Away from enforcement developments, the FCA has published its business plan, setting out its priorities across its consumer protection, wholesale and competition remits. It has also confirmed the findings of a market study into the retirement income market, confirming that in its view the market is not working well for consumers and proposing various remedies which may eventually lead to rule changes following trial periods in conjunction with industry bodies.

Last week also saw a number of important policy developments, with consultation papers published by the FCA and PRA on new rules aimed at extending tightened individual accountability regimes to insurers, both those covered by Solvency II and those which are not. The PRA also published final rules on the new arrangements which will govern individual accountability in banks and insurers covered by Solvency II. These will be supplemented by further tranches of new rules from the FCA and PRA throughout 2015.

In a separate significant policy development, further to the findings of a market study into the general insurance add on market, the FCA has published a consultation paper setting out proposals to ban arrangements whereby consumers are opted into buying financial products.

Executive sentenced for insider dealing

Mr Ryan Wilmott, the former group reporting and financial planning manager for Logica PLC has (on 27 March) been sentenced to ten months imprisonment for insider dealing. Mr Wilmott pleaded guilty to three counts of insider dealing at a hearing at Southwark Crown Court on 26 February. He has also been ordered to pay £6,122 in prosecution costs and a confiscation order has been made against him in the sum of £23,239.75. Mr Wilmott admitted to dealing on the basis of information received in the course of his employment by setting up a trading account in the name of a former girlfriend. He also admitted passing inside information to a family friend, who then went on to deal on behalf of Mr Wilmott and himself.

<http://www.fca.org.uk/news/ryan-wilmott-sentenced-to-imprisonment-for-insider-dealing>

FCA action against unauthorised collective investment schemes upheld

The Court of Appeal has dismissed an appeal pursued by Capital Alternatives and several other firms and individuals

against the High Court's decision that they were involved in the operation of unauthorised collective investment schemes. The FCA obtained freezing orders against various firms and individuals last year and is seeking to recover compensation on behalf of investors.

<https://www.fca.org.uk/news/consumers/capital-alternatives-court-investment-schemes>

FCA publishes business plan for 2015/16

The FCA has (on 24 March) published its business plan for the financial year ahead. In the first full year of the operation of its new supervision and authorisations divisions under the new structure announced in December 2014, it has identified as priority areas continued work on understanding how well the pension and mortgage markets are working for consumers and intervening where it identifies potential detriment. In the wholesale markets, it has committed to helping firms embed changes required by recast MiFID and the new Market Abuse Regulation. It has also made clear its intention to continue to make active use of its competition related powers, with planned market studies into competition in wholesale and investment

banking, the use of "big data" in the insurance sector and charges in asset management.

<https://www.fca.org.uk/static/documents/corporate/business-plan-2015-16.pdf#>

FCA confirms findings of retirement income market study

The FCA has (on 26 March) published the final report setting out the findings of its market study in relation to retirement income. It confirms the findings and proposed remedies set out in its provisional report published in December 2014. Specifically, it confirms its headline conclusion that competition in the retirement income market is not working well for consumers and that consumers have been missing out on higher levels of income by not shopping around, that the tendency of consumers to buy annuities from their existing provider weakens competition, that savers commonly underestimate longevity, inflation and investment risk and that savers will require more support as products become more complex and they have more choices.

It confirms a number of proposed specific remedies in relation to the way products are designed and distributed and in relation to the amount of information provided to consumers and the way in which it is provided. Trials of these remedies will follow, with the FCA working in conjunction with industry bodies, and the results of these trials will inform future rule changes.

<https://www.fca.org.uk/static/documents/market-studies/ms14-03-3.pdf>

Enforcement notices

The FCA has (on 24 March) published a Decision Notice cancelling the interim permission of Mr Paul Rogers to carry out consumer credit related activities based on its determination that he lacks fitness and propriety arising from details contained in an undertaking not to act as a company director entered into in 2010. The matter has been referred to the Upper Tribunal for determination.

<https://www.fca.org.uk/static/documents/decision-notices/paul-rogers.pdf>

FCA warnings

Name of firm	Date of warning	Details
URS VOGT	27 March 2015	Clone firm http://www.fca.org.uk/news/warnings/urs-vogt-clone
Investec Asset Management Limited	27 March 2015	Clone firm http://www.fca.org.uk/news/warnings/investec-asset-management-limited-clone
GMT Markets Limited	25 March 2015	Not authorised http://www.fca.org.uk/news/warnings/gmt-markets-limited
BlackBird Clear Limited	25 March 2015	Not authorised http://www.fca.org.uk/news/warnings/blackbird-clear-limited

Solution Loans	25 March 2015	Clone firm http://www.fca.org.uk/news/warnings/solution-loans-clone-cc
UBS	25 March 2015	Clone firm http://www.fca.org.uk/news/warnings/ubs-clone
Tradignition	25 March 2015	Clone firm http://www.fca.org.uk/news/warnings/tradignition-clone
Loan Kings	25 March 2015	Not authorised http://www.fca.org.uk/news/warnings/loan-kings
Maple Leaf Management Ltd	23 March 2015	Not authorised http://www.fca.org.uk/news/warnings/maple-leaf-management-ltd

Policy developments

		FCA		PRA	
Proposed developments					
		Deadline for responses			
Consultation papers	The FCA has issued its latest proposals on the detail of how it intends for new individual accountability regimes to operate. In consultation paper CP 15/15 it sets out proposed changes to the approved persons regime ("APR") for insurers not subject to the Solvency II regime, whilst consultation	15 May 2015	15 May 2015	The PRA has (on 27 March) issued a separate consultation paper (CP 12/15) on draft rules seeking to apply a streamlined version of the Senior Insurance Managers Regime to insurers outside the scope of Solvency II. http://www.bankofengland.co.uk/pradocuments/publications/cp/2015/cp1215.pdf	As noted in FCA column, the PRA has (on 27 March, jointly with the FCA) issued a consultation paper (CP 13/15) on proposed changes to the APR for firms which will be subject to Solvency II. https://www.fca.org.uk/static/documents/co

	<p>paper CP 15/1 (issued jointly with the PRA – described by PRA as CP 13/15) outlines proposed changes to the APR for firms which will be subject to the new arrangements under Solvency II.</p> <p>The papers follow the announcement of the FCA's plans to seek to implement new individual accountability regimes for insurers in a separate consultation paper (CP 14/25) released in November 2014. For full details of its proposals set out in that paper, see This Week at the UK Regulators, 2 December 2014 and our Clifford Chance briefing.</p> <p>The joint consultation paper now issued by the FCA and PRA (CP 15/16) contains a summary of feedback on some of the proposals outlined in CP 14/25 last year.</p> <p>http://www.fca.org.uk/static/documents/consultation-papers/cp15-15.pdf</p> <p>https://www.fca.org.uk/static/documents/consultation-papers/cp15-16.pdf</p> <p>https://www.fca.org.uk/static/documents/consultation-papers/cp14-25.pdf</p> <p>https://onlineservices.cl</p>			<p>nsultation-papers/cp15-16.pdf</p>
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	<p>The FCA has (on 26 March) issued a consultation paper (CP 15/14) setting out its proposed fees and levies for 2015/16.</p> <p>https://www.fca.org.uk/static/documents/consultation-papers/cp15-14.pdf</p>	18 May 2015		
	<p>The FCA has (on 25 March) published a consultation paper (CP 15/13) on its proposal to ban opt out selling across financial services and supporting informed decision making for add-on buyers. The proposals emanate</p>	25 June 2015		

	<p>from its market study on general insurance add on products.</p> <p>https://www.fca.org.uk/static/documents/consultation-papers/cp15-13.pdf</p>			
	<p>The FCA has (on 25 March) published a consultation paper (CP 15/12) on its policy for making recommendations to designated guidance providers and HM Treasury under the Pension Wise scheme.</p> <p>https://www.fca.org.uk/static/documents/consultation-papers/cp15-12.pdf</p>	8 May 2015		
Guidance Consultation	<p>The FCA has (on 26 March) published a guidance consultation paper (GC 15/2) outlining latest good practice observed during the 2014 remuneration round and setting out guidance in relation to the application of ex-post risk adjustment to variable remuneration.</p> <p>https://www.fca.org.uk/static/documents/guidance-consultations/gc15-02.pdf</p>	7 May 2015		
Discussion papers	<p>The FCA has (on 26 March) issued a discussion paper (DP 15/3) setting out its proposed approach in</p>	26 May 2015		

	<p>relation to the application of rules under MiFID II in relation to insurance based investment products and pensions, treatment of structured deposits, receipt of commissions and other benefits for discretionary investment managers, adviser independence, remuneration requirements for sales staff and advisers to non-MiFID firms, recording of telephone conversations, costs and charges disclosures, inducement standards and the application of the appropriateness test in relation to complex and non-complex products.</p> <p>https://www.fca.org.uk/static/documents/discussion-papers/dp15-03.pdf</p>			
Finalised policy and guidance				
		Implementation /effective date		
Policy statement	<p>The FCA has (on 27 March) issued a policy statement (PS 15/9) on the implementation of the Mortgage Credit Directive and new arrangements for second charge mortgages. The policy statement follows and contains feedback on a consultation paper (CP</p>	<p>Implementation dates for different rules vary: 21 September 2015/21 December 2015/21 March 2016</p>	<p>Insurance Managers Regime: 1 January 2016</p> <p>Rules relating to Senior Managers Regime: 7 March 2016</p>	<p>The PRA has (on 23 March) issued a policy statement (PS 3/15) setting out feedback received to its consultation papers published in July and December 2014 on the proposed new arrangements for individual accountability in banks, credit unions and insurers.</p> <p>The paper contains the final rules required to implement the PRA's Senior Managers Regime and Senior Insurance Managers Regime for firms covered by Solvency II.</p> <p>Some elements of both regimes remain to</p>

	<p>14/20) issued in September 2014.</p> <p>http://www.fca.org.uk/static/fca/documents/ps15-9.pdf</p> <p>http://www.fca.org.uk/static/documents/consultation-papers/cp14-20.pdf</p>			<p>be finalised with in conjunction with the FCA, and further policy statements are expected throughout 2015.</p> <p>http://www.bankofengland.co.uk/prd/Publications/publications/ps/2015/ps315.pdf</p>
	<p>The FCA has (on 27 March) issued a policy statement (PS 15/8) on the application of new rules required to give effect to Solvency II. The paper reports on issues arising from various consultation papers issued by the FSA in 2011 and 2012 (CP 11/23, CP 11/25, CP 11/27 and CP 12/13) and sets out final rules.</p> <p>https://www.fca.org.uk/static/documents/policy-statements/ps15-08.pdf</p> <p>http://www.fsa.gov.uk/library/policy/cp/2011/11_23.shtml</p> <p>http://www.fsa.gov.uk/library/policy/cp/2011/11_25</p> <p>http://www.fsa.gov.uk/library/policy/cp/2011/11_27.shtml</p> <p>http://www.fsa.gov.uk/library/policy/cp/2012/12-13.shtml</p>	1 January 2016		
	<p>The FCA has (on 26 March) published a policy statement (PS 15/7) setting out</p>	1 April 2015		

	<p>feedback and final rules further to its consultation paper (CP 14/21) on joint sponsors published in September last year.</p> <p>https://www.fca.org.uk/static/documents/policy-statements/ps15-07.pdf</p> <p>http://www.fca.org.uk/static/documents/consultation-papers/cp14-21.pdf</p>			
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