

This week at the UK regulators

Thirty second guide: The week in overview

The main enforcement development this week is the announcement of the FCA's investigation into public statements made regarding Quindell plc's financial accounts during 2013 and 2014

Away from enforcement developments, the FCA has published its 2015/2016 business plan, as well as the results of its thematic review on debt management advice, which found a number of failings. Finally, the NCA has issued the second National Strategic Assessment of Serious and Organised Crime which highlights items on money laundering, bribery and corruption and fraud.

FCA confirms investigation into Quindell as the company announces temporary suspension of trading in its shares

Quindell plc, the provider of expertise in Insurance Technology, Usage Based Insurance (UBI), and Connected Car Telematics, announced (on 24 June) that it had requested the temporary suspension of trading in its shares from AIM and that the FCA had informed the company that it had commenced an investigation in relation to public statements made regarding Quindell's financial accounts during 2013 and 2014. The temporary trading suspension is pending finalisation of the group's 2014 financial statements and quantification of the adjustments to be made and subsequent publication of the 2014 audited financial statements. The FCA confirmed later the same day that it had commenced an investigation and said that it would liaise with other agencies regarding these matters as appropriate.

<http://www.quindell.com/press-releases/rns/statement-re-temporary-suspension-and-update/>

<http://www.fca.org.uk/news/firms/fca-statement-quindell-plc>

FCA finds firms offer poor debt management advice

The FCA published (on 25 June) the results of its thematic review (TR 15/8) on the quality of debt management advice. The FCA indicated that it considers debt management to be one of the highest risk activities in consumer credit and found that firms in the sample had fallen short of expected standards.

The quality of advice was found to be low and various debt solutions were not adequately explored. 'Free to customer' debt management firms were generally found to be of a higher standard, but still showed room for improvement. In addition, information about the availability of free advice was not of good quality and some firms were found to have lacked fundamental regulatory infrastructure.

<http://www.fca.org.uk/static/fca/documents/tr15-08.pdf>

FCA sets out its business plan for 2015/16

The FCA published (on 24 June) its 2015/16 business plan. The FCA also set out details of the two divisions that would undertake its supervisory and authorisations work. Tracey McDermott will lead the Supervision Investment, Wholesale and Specialist division. Linda Woodall will be acting Director of the Retail and Authorisations division.

In the coming year, the FCA will focus on the following areas: (i) examining whether the sales practices of pension providers have improved since the 2014 review into annuities sales; (ii) looking at how firms were helping consumers make the right choice in relation to their pension given the options soon to be available to people as part of the Government's pensions reforms; (iii) looking at how the mortgage market is working, in particular any barriers to competition and the ability of consumers to switch provider or access credit; (iv) implementing and reviewing the consumer credit regime and the firms and practices within the sector; (v) taking forward the announced wholesale market study into competition in investment and corporate banking; (vi) monitoring developments in technology and how that affects firms and consumers, including a market study on the use of Big Data in the insurance market; (vii)

contributing to international benchmark reform; (viii) working with firms preparing for the implementation of MiFID II and the Market Abuse Regulation updates; (ix) launching a market study on asset management that will examine charges paid by investors and what drives those charges; and (x) from April, powers to enforce against unlawful anti-competitive behaviour in the financial services industry concurrent with the Competition and Markets Authority coming into effect.

With respect to its Risk Outlook for the coming years, the FCA has introduced a new area of forward looking focus, namely firms' systems and controls in relation to financial crime. It will continue to monitor: (i) technology developments and its impact on firms' investment, consumers and regulators; (ii) how poor culture and control (including in relation to conflicts of interest) continues to threaten market integrity; (iii) the impact of large back-books on how firms deal with existing customers; and (iv) consumer outcomes for pensions and retirement income products. The FCA has also refined its understanding of issues relating to consumer credit and complex terms and conditions and in these areas will monitor: (a) poor culture and practice in consumer credit affordability assessments that could result in unaffordable debt; and (b) impact of the Consumer Rights Act coming into force in the autumn.

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

NCA publishes second National Strategic Assessment of Serious and Organised Crime

The National Crime Agency published (on 23 June) the second National Strategic Assessment of Serious and Organised Crime 2015 (the NSA). In addition to a number of other matters, the NCA identified money laundering as a high priority risk in its own right, recognising that its sheer scale presents a strategic threat to the UK's economy and reputation. High-end money laundering was singled out as a particular risk. The NSA also identified bribery and corruption (including the laundering of the proceeds of corruption, for example by Politically Exposed Persons (PEPs)) as a critical enabler to all criminality types and damaging to the UK economy and stated that fraud continues to cost the UK billions of pounds and remains a high priority.

<http://www.nationalcrimeagency.gov.uk/publications/560-national-strategic-assessment-of-serious-and-organised-crime-2015/file>

FCA warnings

Name of firm	Date of warning	Details
China Merchants International Corporation	26 June 2015	Not authorised http://www.fca.org.uk/news/warnings/china-merchants-international-corporation
Robinson Securities LLC	25 June 2015	Not authorised http://www.fca.org.uk/news/warnings/robinson-securities-llc
AXN Trading Ltd	25 June 2015	Clone firm http://www.fca.org.uk/news/warnings/axn-trading-ltd-clone
CMD Acquisitions	23 June 2015	Not authorised

		http://www.fca.org.uk/news/warnings/cmd-acquisitions
Financial Strategy Holdings t/a New Trade FX	23 June 2015	Not authorised http://www.fca.org.uk/news/warnings/financial-strategy-holdings
Nightingale UK	23 June 2015	Not authorised http://www.fca.org.uk/news/warnings/nightingale-uk

Policy developments

FCA		PRA	
Proposed developments			
		Deadline for responses	
Consultation papers	<p>The FCA has (on 22 June) (on 24 June) a consultation paper (CP 15/20) on investing in authorised funds through nominees (in particular in relation to proposed revocations of rules in COBS 14.4 concerning certain notifications to beneficial owners) in light of a proposed reconsideration of the substance of these rules in 2016.</p> <p>This is further to CP10/29 and PS 11/9, as well as the decision by the FSA to put on hold implementation of the majority of COBS 14.4 in late 2013.</p> <p>http://www.fca.org.uk/st</p>	17 July 2015	

	<p>atic/documents/consultation-papers/cp15-20.pdf</p> <p>http://www.fsa.gov.uk/pubs/cp/cp10_29.pdf</p> <p>http://www.fsa.gov.uk/pubs/policy/ps11_09.pdf</p>			
	<p>The FCA and PRA have (on 24 June) issued a joint consultation (CP 15/21 and CP 22/15) on the reform of the legacy credit unions sourcebook.</p> <p>All responses should be sent to the PRA, which will forward them as necessary to the FCA.</p> <p>http://www.fca.org.uk/static/documents/consultation-papers/cp15-21.pdf</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/cp/2015/cp2215.pdf</p>	30 September 2015	30 September 2015	<p>The PRA and FCA have (on 24 June) issued a joint consultation (CP 22/15 and CP 15/21) on the reform of the legacy credit unions sourcebook.</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/cp/2015/cp2215.pdf</p> <p>http://www.fca.org.uk/static/documents/consultation-papers/cp15-21.pdf</p>
Discussion papers	<p>The FCA has (on 24 June) published a discussion paper (DP 15/4) concerning options for introducing a measure (or measures) of value for add-ons in general insurance markets.</p> <p>This builds on the confirmed findings of a market study (MS 14/1) into general insurance add-ons and various follow up consultation papers on other</p>	24 September 2015		

	<p>solutions to the problems identified.</p> <p>http://www.fca.org.uk/static/fca/documents/dp-15-4.pdf</p> <p>https://www.fca.org.uk/static/documents/mark-et-studies/ms14-01-final-report.pdf</p>			
	<p>The FCA has (on 25 June) released a discussion paper (DP 15/5) calling on firms to deliver smarter, effective communications in a number of particular areas (including relating to terms and conditions, fees and charges, FOS and the FSCS, insurance terminology, complexity of information given to consumers at retirement and transparency about cost and scope of investment advice).</p> <p>The discussion paper refers to an October 2014 review of literature on product disclosure conducted for the FCA by Oxera, tasked with identifying good disclosure practice and practical examples of behavioural insights being used to improve disclosure.</p> <p>http://www.fca.org.uk/static/channel-page/dp-smarter-comms/dp-smarter-comms.html?utm_sour</p>	<p>25 September 2015</p>		

	ce=smarter-comms&utm_medium=smarter-comms&utm_campaign=smarter-comms http://www.fca.org.uk/static/documents/research/review-of-literature-on-product-disclosure.pdf			
Finalised policy and guidance				
		Implementation /effective date		
Policy statements	<p>The FCA and PRA have (on 23 June) issued a joint policy statement (PS 15/16 and PS 12/15) on strengthening the alignment of risk and reward, including new remuneration rules.</p> <p>http://www.fca.org.uk/static/documents/policy-statements/ps15-16.pdf</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/ps/2015/ps1215.pdf</p>	<p>1 January 2016 for certain provisions and changes to the PRA Rulebook/ FCA Handbook. All other requirements apply from 1 July 2015.</p>	<p>1 January 2016 for certain provisions and changes to the PRA Rulebook /FCA Handbook. All other requirements apply from 1 July 2015.</p>	<p>The PRA and FCA have (on 23 June) issued a joint policy statement (PS 12/15 and PS 15/16) on strengthening the alignment of risk and reward, including new remuneration rules.</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/ps/2015/ps1215.pdf</p> <p>http://www.fca.org.uk/static/documents/policy-statements/ps15-16.pdf</p>
	<p>The FCA has (on 23 June) issued a policy statement (PS 15/15) on FCA regulated fees and levies 2015/16, including feedback on chapter 12 of CP 15/14 and 'made rules'</p> <p>http://www.fca.org.uk/static/documents/policy-statements/ps15-15.pdf</p> <p>https://www.fca.org.uk/static/documents/consultation-papers/cp15-</p>			

	14.pdf			
Finalised guidance	<p>The FCA has (on 23 June) issued general guidance on the application of ex-post risk adjustment to variable remuneration.</p> <p>http://www.fca.org.uk/static/documents/finalised-guidance/guidance-on-ex-post-risk-adjustment-variable-remuneration.pdf</p>	1 July 2015		<p>The PRA has (on 23 June) issued a supervisory statement (SS27/15) relating to remuneration.</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/ss/2015/ss2715.pdf</p> <p>This should be read in conjunction with 2 further updated supervisory statements (SS 2/13 on PRA expectations regarding the application of malus to variable remuneration and SS 8/13 on remuneration standards: the application of proportionality) issued on the same day. The updates relate primarily to reflecting references to the new Remuneration part of the PRA Rulebook.</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/ss/2015/ss213update.pdf</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/ss/2015/ss813update.pdf</p>
	<p>The FCA has (on 23 June) issued general guidance on proportionality in the context of dual-regulated firms' obligations to comply with Dual-regulated firms Remuneration Code (SYSC 19D).</p> <p>http://www.fca.org.uk/static/documents/finalised-guidance/guidance-dual-regulated-firms-remuneration-code.pdf</p>			

Contacts

Roger Best
Partner

E: roger.best
@cliffordchance.com

Helen Carty
Partner

E: helen.carty
@cliffordchance.com

Carlos Conceicao
Partner

E: carlos.conceicao
@cliffordchance.com

Dorian Drew
Partner

E: dorian.drew
@cliffordchance.com

Jeremy Kosky
Partner

E: jeremy.kosky
@cliffordchance.com

Rae Lindsay
Partner

E: rae.lindsay
@cliffordchance.com

Kelwin Nicholls
Partner

E: kelwin.nicholls
@cliffordchance.com

Martin Saunders
Partner

E: martin.saunders
@cliffordchance.com

Judith Seddon
Partner

E: judith.seddon
@cliffordchance.com

Luke Tolaini
Partner

E: luke.tolaini
@cliffordchance.com

Editor

Chris Stott
Lawyer

E: chris.stott
@cliffordchance.com

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www.cliffordchance.com

Clifford Chance, 10 Upper Bank Street, London, E14 5JJ

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