

This week at the UK regulators

Thirty second guide: The week in overview

In another week without concluded enforcement developments, the FCA's focus last week was forward looking. At its biennial enforcement conference, senior figures took the opportunity to reinforce messages about the importance of strong corporate culture and governance. This followed decisive action earlier in the week to tackle poor practice by consumer brokers as it took the unusual step of making rules without prior consultation. Further afield, consumer rights have also been high on the agenda of the regulator in India, which has published a charter aimed at delineating basic protections for consumers, whilst the findings of a long running inquiry into financial regulation have been released in Australia.

FCA chiefs focus on culture

At the FCA's enforcement conference, senior FCA figures have underlined the importance they attach to strong corporate culture and governance. In his speech, FCA CEO Martin Wheatley pointed to the commercial importance of culture, stating that firms should seek to differentiate themselves by their conduct standards. Citing increasing levels of competition in the financial services sector, he pointed to the increasing threat to established firms posed by new entrants untarnished by the negative publicity associated with recent waves of enforcement action.

This message was reinforced by Director of Enforcement and Financial Crime Tracey McDermott, who urged firms to learn the lessons of recent enforcement action. She acknowledged that changing culture is not an easy task she confirmed that the FCA will not take action based on its assessment of a firm's culture alone, but reiterated that it will pay close attention to it when considering whether to take action, including using the new individual accountability regimes available to it, for breaches of rules and principles.

<http://www.fca.org.uk/news/the-commercial-importance-of-culture-to-industry>

<http://www.fca.org.uk/news/speeches/learning-the-lessons-of-the-past-as-an-industry>

FCA imposes rules on credit brokerage

In a policy statement released on 1 December, the FCA has released details of new rules covering credit brokers. It has reported that, since it inherited responsibility for regulating the consumer credit sector on 1 April, over 40 per cent of complaints received about consumer credit have related to credit broking. It has therefore taken the unusual step of producing rules without consulting. Such is its concern about ongoing consumer detriment that it took action to make rules without entering into consultation, as is usually the case.

The new rules will take effect on 2 January. They will ban brokers from charging fees to customers, or from requiring information from customers for that purpose unless they meet particular requirements, will impose requirements on information to be provided in advertising and correspondence and at the time fees are charged, require brokers to submit quarterly notifications in relation to websites operated and provide additional protections in relation to cancellation of distance contracts.

<http://www.fca.org.uk/static/documents/policy-statements/ps14-18.pdf>

FCA warnings

Name of firm	Date of warning	Details
Future Ready Partners/ mar-la Marketing Lab Consulting	4 December 2014	Not authorised http://www.fca.org.uk/news/warnings/future-ready-partners
Hoya Partners	2 December 2014	Not authorised http://www.fca.org.uk/news/warnings/hoya-partners
West Capital Partners Inc	2 December 2014	Not authorised http://www.fca.org.uk/news/warnings/west-capital-partners-inc
Windlow Group	2 December 2014	Not authorised http://www.fca.org.uk/news/warnings/windlow-group
iCash	2 December 2014	Not authorised http://www.fca.org.uk/news/warnings/icash
www.ukquickpoundloans.co.uk	1 December 2014	Not authorised http://www.fca.org.uk/news/warnings/uk-quick-pound-loans

Policy developments

FCA		PRA	
Proposed developments			
		Deadline for responses	
Guidance consultation	The FCA has (on 1 December) issued a guidance consultation paper (GC 14/9) on Multilateral Trading Facility rulebooks following a thematic review. The paper contains a Dear CEO letter setting out examples of good	16 January 2015	

	practice. http://www.fca.org.uk/static/documents/guidance-consultations/gc14-09.pdf			
Finalised policy and guidance				
		Implementation date		
Policy statements	The FCA has (on 1 December) released a policy statement (PS 14/18) introducing new rules covering the activities of credit brokers (see details above) http://www.fca.org.uk/static/documents/policy-statements/ps14-18.pdf	2 January 2015		

Further Afield

Indian regulator publishes Charter of Consumer Rights

The Reserve Bank of India ("RBI") has (on 3 December) published a brief document setting out consumers' rights. It enshrines five basic rights, which are intended to form the basis of a model consumer rights policy being developed by the Indian Banks' Association and the Banking Codes and Standards Board of India. The RBI has indicated that it will monitor banks' adherence to the new charter.

<http://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/IEP R1142CC122014.pdf>

Australian Financial System Inquiry findings published

After an intensive year long evidence gathering process, involving over 6,800 submissions from various stakeholders, the panel charged with examining the strengths and weaknesses of the Australian financial system has published its final report. The wide ranging and lengthy (350 page) report acknowledges the strong characteristics of the existing system in many areas, but points to some areas where it has found "room for improvement" and draws comparisons with approaches and arrangements

under other regulatory systems around the world. Amongst the key recommendations are that the powers and resources of the Australian Securities and Investments Commission ("ASIC") are bolstered to enable it to take a more proactive approach to enforcement, particularly in relation to consumer protection issues.

http://fsi.gov.au/files/2014/11/FSI_Final_Report.pdf

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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