

This week at the UK regulators

Thirty second guide: The week in overview

In a week with no notable enforcement activity, the FCA published its policy on making recommendations to the providers of guidance under the Treasury's "Pension Wise" brand who breach the FCA's standards. The FCA also published the Financial Services Compensation Scheme's Levy Calculation Notes which explain how firms' contributions to the levy will be calculated for 2015/2016.

The PRA announced that from 3 July 2015 the deposit protection limit set out in the Depositor Protection rules will fall from £85,000 to £75,000, though grandfathering provisions mean that most depositors will be protected up to £85,000 until the end of the year.

Further afield, the SEC proposed new rules directing national securities exchanges and associations to establish listing standards requiring companies to adopt policies that require executive officers to pay back incentive-based compensation that they were awarded erroneously.

FCA publishes policy on making recommendations to Pension Wise providers

The FCA has (on 3 July) issued a policy statement setting out its policy on making recommendations to designated guidance providers operating under the Treasury's "Pension Wise" brand. In the 2014 Budget the government announced reforms to retirement options including a proposal that all consumers with defined contribution pensions should be entitled to access free impartial guidance at retirement about their options when accessing their pension savings; the brand known as "Pensions Wise" became operational from 6 April 2015. The FCA has published standards to be met by the guidance providers in delivering Pension Wise. The 3 July policy statement sets out the FCA's policy on making recommendations to guidance providers who have failed to meet these standards. The policy states that the FCA will make non-published recommendations in writing requiring a response within two weeks. If the FCA is not satisfied with the response it may recommend that the Treasury, which is responsible for implementing and delivering the service, take steps to prevent further breaches by the guidance provider.

<http://www.fca.org.uk/your-fca/documents/policy-statements/ps15-17>

FSCS Levy Calculation Notes published

The FCA has (on 30 June) published the Financial Services Compensation Scheme's ("FSCS") Levy Calculation Notes for the 2015/16 rates. The FSCS announced in April that its levy for 2015/16 would be £319 million which represented a £32 million increase from the amount forecast in its January budget. The Calculation Notes detail the amounts to be levied on the different classes of authorised firms.

<http://www.fca.org.uk/your-fca/documents/fscs-levy-calculation-notes-2015-16-rates>

Deposit Protection limit reduced to £75,000

The PRA has (on 3 July) issued a policy statement requiring that the deposit protection limit under the Deposit Protection rules be changed from £85,000 to £75,000. The change is the result of a requirement in the recast Deposit Guarantee Schemes Directive ("DGSD") for the limit to be set at €100,000. Member states that convert the limit into their national currency had to use the exchange rate prevailing on 3 July 2015 which resulted in a reduction of the limit. The Treasury has issued transitional legislation that ensures that most depositors remain protected up to £85,000 up to and including 31 December 2015. The policy statement sets out a number of rule changes that are necessary to ensure that firms' disclosure materials and systems accurately reflect the new limit. Most notably firms have until 1 September 2015 to amend the posters and

stickers that they are required to display in branches and websites to reflect the new limit and to inform depositors of the change in the limit using proscribed wording.

<http://www.bankofengland.co.uk/prs/Documents/publications/ps/2015/ps1415.pdf>

The PRA has (on 3 July) issued a consultation paper (CP23/15) setting out proposed changes to the Depositor Protection and Dormant Account Scheme Part in the PRA Rulebook resulting from the change to the deposit protection limit. The proposed new requirements are designed to ensure that all depositors experiencing a decrease in protection are given the opportunity to adjust to the new limit without incurring any penalties charges or loss of interest. The consultation closes on 24 July 2015.

<http://www.bankofengland.co.uk/prs/Pages/publications/cp/2015/cp2315.aspx>

The PRA also issued (on 3 July) an updated version of its statement of policy addressed to FSCS in its role as manager of the Deposit Guarantee Scheme that provided additional guidance on the specified events that give rise to temporary high balance protection.

<http://www.bankofengland.co.uk/prs/Pages/publications/sop/2015/fscsdgsupdate.aspx>

Finally, the PRA has (on 3 July) published a further policy statement which sets out further technical amendments to the Depositor Protection rules following consultation (CP21/15). The rule amendments seek to reflect depositor preferences and to clarify who the Financial Services Compensation Scheme ("FSCS") may treat as being absolutely entitled to deposits.

<http://www.bankofengland.co.uk/prs/Documents/publications/ps/2015/ps1515.pdf>

PRA confirms that EBA guidelines on disclosure will apply to firms

The PRA confirmed (on 29 June) that firms are required to comply with European Banking Authority ("EBA") guidelines on materiality, proprietary and confidentiality on disclosure frequency from 15 October 2015. The EBA's guidelines were published on 15 April and were addressed to all firms that are subject to the Capital Requirements Regulation. The guidelines promote market transparency by setting out a consistent framework for firms' assessments of the

frequency of disclosures and how firms should apply the concepts of materiality, proprietary and confidentiality when assessing the use of any waiver of disclosure requirements. The PRA intends to incorporate the guidelines into its supervisory procedures by, but not before, 15 October 2015.

<http://www.bankofengland.co.uk/prs/Pages/crdiv/updates.aspx>

FCA Notices

The FCA has (on 2 July) published a Final Notice issued to Oracle Financial Planning in relation to its failure to submit its Retail Mediation Activities Return and to be open and co-operative in all its dealings with the FCA.

<http://www.fca.org.uk/your-fca/documents/final-notices/2015/oracle-financial-planning>

The FCA has (on 1 July) published a Final Notice issued to Christopher David Preacher in relation to his being sentenced for 27 months' imprisonment for one count of fraud by abuse of position; one count of dishonestly making a false representation; and one count of theft.

<http://www.fca.org.uk/your-fca/documents/final-notices/2015/christopher-david-peacher>

The FCA has (on 1 July) published details of an application for a voluntary imposition of a requirement by Preferred Mortgages Limited requiring it to establish a redress scheme for customers who have been charged excessive mortgage arrears fees.

<http://www.fca.org.uk/your-fca/documents/requirement-notices/preferred-mortgages-limited-vreq>

The FCA has (on 1 July) published details of an application for a voluntary imposition of a requirement by Southern Pacific Mortgage Limited requiring it to establish a redress scheme for customers who have been charged excessive mortgage arrears fees.

<http://www.fca.org.uk/your-fca/documents/requirement-notices/southern-pacific-mortgage-limited-vreq>

The FCA has on (29 June) published a Final Notice issued to Minis 4 All Tastes Limited in relation to its failure to respond to the FCA's questions relating to its application for permission to carry on a regulated activity.

<http://www.fca.org.uk/your-fca/documents/final-notices/2015/minis-4-all-tastes-limited>

FCA warnings

Name of firm	Date of warning	Details
Instant Lends	2 July 2015	Not authorised http://www.fca.org.uk/news/warnings/instant-lends-cc
Loan Partners	2 July 2015	Clone firm http://www.fca.org.uk/news/warnings/loan-partners-clone-cc
Mercleases/ Mercedes Direct	2 July 2015	Not authorised http://www.fca.org.uk/news/warnings/mercleases-cc
Donnar Investment Corp SA	1 July 2015	Not authorised http://www.fca.org.uk/news/warnings/donnar-investment-corp-sa
ALTR Alternative Fund Managers	1 July 2015	Clone firm http://www.fca.org.uk/news/warnings/altr-alternative-fund-managers-clone
Thomas Loppacher	30 June 2015	Clone firm http://www.fca.org.uk/news/warnings/thomas-loppacher-clone

Policy developments

FCA		PRA		
Proposed developments				
		Deadline for responses		
Consultation papers			24 July 2015	The PRA has (on 3 July) published a consultation paper (CP23/15) setting out proposed changes to the Depositor Protection and Dormant Account Scheme Part in the PRA Rulebook. New requirements are proposed following the change to the deposit protection limit. http://www.bankofengland.co.uk/pr/Pages/publications/cp/2015/cp2315.aspx
Finalised policy and guidance				
		Implementation /effective date		
Policy statements	The FCA has (on 3 July) issued a policy statement setting out its policy on making recommendations to providers of guidance under the Treasury's Pension Wise Scheme. http://www.fca.org.uk/your-fca/documents/policy-statements/ps15-17	3 July 2015	3 July 2015	The PRA has (on 3 July) issued a policy statement reducing the limit for deposits protected by the deposit protection scheme to £75,000 and amending rules in the Depositor Protection Part and the Dormant Account Scheme Part to ensure that firms' disclosure materials and systems accurately reflect the new limit and the new limit is clearly communicated to depositors. (http://www.bankofengland.co.uk/pr/Documents/publications/ps/2015/ps1415.pdf)
			3 July 2015	The PRA has (on 3 July) issued a policy statement that sets out further technical amendments to the Depositor Protection rules following consultation (CP21/15). The rule amendments seek to reflect depositor preferences and to clarify who the Financial Services Compensation Scheme (FSCS) may treat as being absolutely entitled to deposits. http://www.bankofengland.co.uk/pr/Documents/publications/ps/2015/ps1515.pdf

Further afield

The SEC has proposed rules directing national securities exchanges and associations to establish listing standards that require listed companies to develop and enforce recovery policies that ensure that in the event of an accounting restatement any incentive-based compensation paid to executive officers that they would not have received based on the restatement can be "clawed back". Under the proposed rules, the listing standards would apply to

incentive-based compensation that is tied to accounting-related metrics, stock price or total shareholder return. Any excess incentive-based compensation received by executive officers in the three fiscal years preceding the date a listed company is required to prepare an account restatement would be recoverable. The proposal marks the completion of the SEC's proposals on executive compensation rules as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

<http://www.sec.gov/news/pressrelease/2015-136.html>

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