

This week at the UK regulators

Thirty second guide: The week in overview

In a speech at Mansion House, Tracey McDermott, the FCA's Acting Chief Executive, has given indications of a new approach to enforcement by the FCA. Ms McDermott suggested a move towards a "sustainable approach to regulation, which breaks the regulate, deregulate, repeat cycle" with an emphasis on increasing competition and innovation in the financial services market.

The FCA's main enforcement action was against a firm, and its director, who entered into sale and rent back agreements without first assessing whether the agreements were appropriate for customers.

In policy developments, the FCA has asked for feedback on proposals to remove certain ineffective disclosure requirements from the Handbook. The PRA has this week issued a consultation on proposals to identify other systematically important institutions and the Bank of England's Financial Policy Committee has issued a paper providing more details on the framework for the annual stress-testing of the UK banking system.

Tracey McDermott predicts reduction in levels of enforcement activity

Tracey McDermott, the Acting Chief Executive of the FCA, delivered (on 22 October) a speech to the City Banquet at Mansion House on the future of financial regulation. Ms McDermott indicated that the time was right for turning to the future and asking what good regulation looks like, acknowledging "that boards are now spending the majority of their time on regulatory matters and acknowledging the need to avoid crowding out creativity, innovation and competition". Ms McDermott suggested that the aim of good regulation should be to "create the best environment we can to allow competition to take place" and to allow "firms to innovate and develop new approaches to provide services". The full speech can be accessed via the below link:

<http://www.fca.org.uk/news/rapidity-of-change>

FCA issues Final Notice against sale and rent back provider

The FCA has on (23 October) issued a Final Notice imposing a financial penalty of £26,600 on Quick Purchase Limited t/a Rent My House Back ("Quick Purchase") for breaching Principle 6. Quick Purchase entered into 14 regulated sale and rent back transactions with customers

but failed to assess whether the transactions were both affordable and appropriate for those customers. In a separate Final Notice issued on the same day, the FCA publicly censured Quick Purchase's director, and only controlled function holder during the relevant time, Steven Martin, in connection with the same failings.

<http://www.fca.org.uk/static/fca/documents/final-notices/final-notice-quick-purchase.pdf>

<http://www.fca.org.uk/static/fca/documents/final-notices/final-notice-steve-martin-quick-purchase.pdf>

Other enforcement notices

In a decision released on 21 October, the Upper Tribunal granted Christopher Ashton an extension of time to make a reference to the Upper Tribunal that he was identified in a Decision Notice given by the FCA to UBS AG on 12 November 2014.

<http://www.tribunals.gov.uk/financeandtax/Documents/decisions/Christopher-Ashton-v-FCA.pdf>

FCA consults on removing certain ineffective disclosure requirements from its Handbook

The FCA has (on 22 October) issued a consultation paper

requesting feedback on proposals to remove a number of existing disclosures that have not been effective in informing consumers about a product or service. The consultation paper follows a discussion paper issued in June 2015 entitled "Smarter Consumer Communications" which was intended to drive improvements in the effectiveness of communications to consumers and resulted from the FCA's work on behavioural economics which has shown that providing customers with too much complex and poorly presented information can lead to people making poor decisions.

<http://www.fca.org.uk/static/documents/consultation-papers/cp15-32.pdf>

Financial Policy Committee sets out proposals for annual stress-testing of the UK banking system

The Bank of England's Financial Policy Committee ("FPC") has (on 21 October) issued a discussion paper setting out

proposals for the main features of a framework for annual and con-current stress-testing of the UK banking system. The FPC has proposed that each year the Bank will design and run a scenario intended to assess the risks to the banking system emanating from the financial cycle. The intention is for the severity of the annual scenario to increase as risks build and to decrease when those risks dissipate. Every other year, the annual cyclical scenario will be augmented by an additional scenario intended to test the resilience of the system to risks that may not be linked to the financial cycle. This second scenario will be used to explore latent or emerging risks. The discussion paper also contains suggestions to change the capital framework including holding those institutions designated as global systemically important banks to higher standards by phasing in higher capital buffers from 2016.

<http://www.bankofengland.co.uk/financialstability/Documents/stresstesting/2015/approach.pdf>

FCA warnings

Name of firm	Date of warning	Details
Carlton Brown S.A.	22 October 2015	Not authorised http://www.fca.org.uk/news/warnings/carlton-brown-sa
Hans Advisers / Hans Advisors	22 October 2015	Not authorised http://www.fca.org.uk/news/warnings/hans-advisers-advisors
Sunbird FX c/o Spring Empire Solutions Limited	22 October 2015	Not authorised http://www.fca.org.uk/news/warnings/sunbird-fx-spring-empire-solutions-limited
Goldberg Management	22 October 2015	Not authorised http://www.fca.org.uk/news/warnings/goldberg-management

UK Same Day Loans Limited	22 October 2015	Not authorised http://www.fca.org.uk/news/warnings/uk-same-day-loans-limited-cc
Regulated Broker	22 October 2015	Not authorised http://www.fca.org.uk/news/warnings/regulated-broker
Lackner Kurt	21 October 2015	Clone firm http://www.fca.org.uk/news/warnings/lackner-kurt-clone
Brixton Business Consultants	20 October 2015	Not authorised http://www.fca.org.uk/news/warnings/brixton-business-consultants
e-Quote Insurance Services	19 October 2015	Not authorised http://www.fca.org.uk/news/warnings/e-quote-insurance-services

Policy developments

FCA				PRA	
Proposed developments					
		Deadline for responses			
Consultation papers	The FCA has (on 22 October) published a Consultation Paper (CP 15/32) regarding proposals to remove certain ineffective disclosure requirements from its Handbook. The consultation paper follows a discussion paper issued in June 2015 entitled "Smarter Consumer	18 December 2015			

	<p>Communications" which was intended to drive improvements in the effectiveness of communications to consumers and resulted from the FCA's work on behavioural economics which has shown that providing customers with too much complex and poorly presented information can lead to people making poor decisions.</p> <p>http://www.fca.org.uk/static/documents/consultation-papers/cp15-32.pdf</p>			
			18 January 2016	<p>The PRA has (on 10 October) published a consultation paper (CP39/15) setting out proposals for identifying other systematically important institutions.</p> <p>http://www.bankofengland.co.uk/p/ra/Documents/publications/cp/2015/cp3915.pdf</p>

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