

# This week at the UK regulators

## Thirty second guide: The week in overview

Last week saw relatively little enforcement activity at the UK regulators. Of particular note was Tracey McDermott's speech on personal accountability, in which she emphasised the need for firms to take responsibility for implementing the new Senior Managers Regime and to comply with both the spirit and the letter of the new regulations. The FCA also took the opportunity last week to warn financial adviser firms against improper delegation of authorised activities having been made aware of some firms whose business model involved outsourcing the entirety of their regulated activities.

In insurance-related news, the PRA has approved the use of full or partial internal models for Solvency II purposes for a number of firms, whilst the PRA's director of general insurance gave a speech on the PRA's regulatory priorities in the insurance industry, focussing on Solvency II, competition and Periodic Payment Orders.

Further afield, Germany's federal financial supervisory authority has indicated that it intends to more closely scrutinise the crowdlending sector.

### Final Notices

The FCA has (on 30 November) issued a Final Notice in respect of Carbon Reduction Group Limited, refusing its application to carry on the regulated activity of Green Deal Broking for breaches of the threshold conditions in the consumer credit sector as a result of failing to provide information requested by the FCA.

<http://www.fca.org.uk/static/fca/documents/final-notices/carbon-reduction-group-limited.pdf>

### Tracey McDermott sets out FCA's expectations on personal accountability

In a speech delivered on 2 December, Tracey McDermott, acting Chief Executive of the FCA has outlined the regulator's view of how firms should be preparing for the implementation of new individual accountability regimes and approaching personal accountability more generally. She used the speech to convey the FCA's view that firms' focus should be on meeting the spirit and intent of the new regimes (not just treating implementation as a compliance task) and that firms must take ownership for embedding them.

<http://www.fca.org.uk/news/personal-accountability>

### FCA warns against improper delegation of authorised activities

The FCA has (on 30 November) issued a warning to financial adviser firms (and their advisers) against the

improper delegation of authorised activities, noting that it had become aware of some financial adviser firms whose business model was to delegate the entire regulated activity of providing advice.

<http://www.fca.org.uk/news/improper-delegation-of-authorised-activities-financial-adviser-firms>

### PRA Director of Insurance sets out regulatory priorities

Chris Moulder, the PRA's Director of General Insurance, has (on 2 December) given a speech at the Westminster Business Forum on the PRA's policy priorities for prudential regulation and supervision. He noted that with Solvency II "*under our belts*", he expects to see additional attention on wider risks the PRA sees in the market, including maturity of risk management, IT transformation risk, governance, cyber risk and alternative capital structures. Mr Moulder focussed in a number of areas on the assurances that supervisors will want that boards understand certain trends and risks. He devoted some time to considering competition in the insurance sector and concluded by explaining the PRA's concern about PPOs and the way in which they are changing the risk profile and balance sheet of motor insurers.

<http://www.bankofengland.co.uk/publications/Pages/speeches/2015/868.aspx>

## PRA approves Solvency II internal models

The PRA has (on 5 December) issued a list of the firms for which the use of full or partial internal model has been approved, effective from 1 January 2016. These firms are Amlin Plc, Aspen Insurance UK Ltd, Aviva Plc, British Gas Insurance Ltd, Just Retirement Ltd, Legal & General Group Plc, Markel International Insurance Company Ltd, MBIA UK

Insurance Ltd, The National Farmers' Union Mutual Insurance Society, Pacific Life Re Ltd, Pension Insurance Corporation Plc, Phoenix Group, Prudential Plc, QBE European Operations Plc, RSA Insurance Group Plc, Scottish Widows Group, Society of Lloyd's Standard Life Plc and Unum European Holding Company Ltd.

<http://www.bankofengland.co.uk/pr/Documents/solvency2/imapprovals051215.pdf>

## FCA warnings

Name of firm	Date of warning	Details
Regency Funeral Plans	4 December 2015	Not authorised <a href="http://www.fca.org.uk/news/warnings/regency-funeral-plans">http://www.fca.org.uk/news/warnings/regency-funeral-plans</a>
1st-Loan	3 December 2015	Clone firm <a href="http://www.fca.org.uk/news/warnings/1st-loan-clone-cc">http://www.fca.org.uk/news/warnings/1st-loan-clone-cc</a>
Standard Chartered Mutual Services	2 December 2015	Clone firm <a href="http://www.fca.org.uk/news/warnings/standard-chartered-mutual-services-clone">http://www.fca.org.uk/news/warnings/standard-chartered-mutual-services-clone</a>
UK Credit Limited	1 December 2015	Clone firm <a href="http://www.fca.org.uk/news/warnings/uk-credit-limited-clone-cc">http://www.fca.org.uk/news/warnings/uk-credit-limited-clone-cc</a>
Electio Investments SL	30 November 2015	Not authorised <a href="http://www.fca.org.uk/news/warnings/electio-investments-sl">http://www.fca.org.uk/news/warnings/electio-investments-sl</a>

## Policy developments

FCA		PRA	
Proposed developments			
		Deadline for responses	
<b>Consultation papers</b>	<p>The FCA has (on 30 November) published a consultation paper (CP15/40) on proposed changes to some of the rules in the Compensation sourcebook (COMP) that govern the operation of the Financial Services Compensation Scheme, namely:</p> <ul style="list-style-type: none"> <li>(i) an increase in the non-investment (general and pure protection) insurance mediation compensation limit in relation to some types of insurance from 90% to 100%;</li> <li>(ii) changes to the eligibility of occupational pension schemes trustees to claim on the FSCS; and</li> <li>(iii) changes to make express reference to how the compensation rules apply where a successor firm is in default or to assist the FSCS in handling claims.</li> </ul> <p><a href="http://www.fca.org.uk/static/fca/documents/consultation-papers/cp15-40.pdf">http://www.fca.org.uk/static/fca/documents/consultation-papers/cp15-40.pdf</a></p>	29 February 2016	
	<p>The FCA has (on 3 December) published a consultation paper (CP 15/41) on proposals to introduce new rules and guidance on steps firms should take when renewing general insurance policies.</p> <p><a href="http://www.fca.org.uk/static/fca/documents/consultation-papers/cp15-41.pdf">http://www.fca.org.uk/static/fca/documents/consultation-papers/cp15-41.pdf</a></p> <p>The FCA also published (on 3</p>	4 March 2016	

	<p>December) Occasional Paper No. 12 – Encouraging consumers to act at renewal – Evidence from field trials in the home and motor insurance markets.</p> <p><a href="http://www.fca.org.uk/static/fca/article-type/occasional%20papers/occasional-paper-12.pdf">http://www.fca.org.uk/static/fca/article-type/occasional%20papers/occasional-paper-12.pdf</a></p>			
	<p>The FCA has (on 4 December) published Quarterly Consultation Paper No. 11 (CP 15/42) consulting on miscellaneous amendments to the Handbook.</p> <p><a href="http://www.fca.org.uk/static/documents/consultation-papers/cp15-42.pdf">http://www.fca.org.uk/static/documents/consultation-papers/cp15-42.pdf</a></p>	<p>Chapters 7 and 9: 4 January 2016</p> <p>Rest of CP: 4 February 2016</p>		

Finalised Policy and guidance				
		Implementation/effective date		
<b>Finalised guidance</b>	<p>The FCA has (on 30 November) issued finalised guidance (FG 15/12) on the FCA's registration function under the Co-operative and Community Benefit Societies Act 2014.</p> <p><a href="http://www.fca.org.uk/static/documents/fg15-12.pdf">http://www.fca.org.uk/static/documents/fg15-12.pdf</a></p> <p>This was published along with a summary of feedback received.</p> <p><a href="http://www.fca.org.uk/static/documents/fg15-12-summary-feedback.pdf">http://www.fca.org.uk/static/documents/fg15-12-summary-feedback.pdf</a></p>			

## Further Afield

### Bafin tightens regulation of crowdlending

It has been reported this week that BaFin, Germany's federal financial supervisory authority, is aiming to achieve more oversight of crowdlending financial and distribution services. Firms involved in crowdlending activities will need to consider whether they need to be licensed by BaFin and there will be increased scrutiny from the regulator in this sector. Press reports indicate that BaFin will take a much stricter approach, than it has to date, formally assessing contractual arrangements connected to crowdlending before a permit is granted.

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