

This week at the UK regulators

Thirty second guide: The week in overview

The main developments last week were an announcement that the FCA has made a prohibition order against a former trader for LIBOR-related conduct after he pleaded guilty to US conspiracy charges and the further application by the Upper Tribunal of the test for identification in an FCA decision notice. Away from enforcement developments, ahead of the long-awaited entry into force of the majority of the Senior Managers and Senior Insurance Manager Regimes, the FCA and PRA published some minor changes to their respective rules. The regulators also announced their disagreement with some elements of the European Banking Authority's guidance on remuneration and the FCA published a thematic review on the fair treatment of long-standing customers in the life-insurance sector. Further afield, the Hong Kong SFC and Hong Kong DoJ have signed a memorandum of understanding to promote cooperation in criminal matters.

FCA bans former LIBOR trader following US conviction

The FCA has (on 2 March) made a prohibition order in relation to former trader Mr Michael Curtler on the basis that he committed deliberate misconduct by manipulating or attempting to manipulate the USD LIBOR rate. In October 2015, Mr Curtler pleaded guilty before the US District Court for the Southern District of New York to a count of conspiracy to commit wire fraud and bank fraud in this respect. The FCA decided that the conduct giving rise to his prosecution and conviction demonstrated that he lacks honesty and integrity, and as such that he does not satisfy the fitness and propriety requirements for approved persons.

<http://www.fca.org.uk/static/documents/final-notices/michael-ross-curtler.pdf>

Upper Tribunal finds former trader not identified in Decision Notice

The Upper Tribunal (on 26 February) released its decision that Mr Joerg Vogt had been unable to satisfy it that any of the words used in an FCA decision notice concerning the attempted manipulation of LIBOR and EURIBOR were such as would reasonably in the circumstances lead persons acquainted with Mr Vogt professionally (or who operate in his area of the financial services industry) to believe, as at the date of the relevant final notice, that he was a person prejudicially affected by matters stated in the notice. If it had been determined that he had been identified, the FCA would have been under an obligation to have given him third party rights in relation to the decision notice.

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

Other Final Notices

In separate cases the FCA has (on 3 March) issued final notices to Treviso Coffee Co. Limited, Premier Dental Limited, James Kirkwood, Good Motors Limited and Abbas Khan trading as Parry Lane Services cancelling their respective permissions on the basis that they were not fit and proper persons and were failing to meet the threshold conditions. This was as a result of failures to file their returns, to be open and cooperative in their dealings with the FCA and to respond adequately to the FCA's requests in this regard.

<http://www.fca.org.uk/static/fca/documents/final-notices/treviso-coffee-co.pdf>

<http://www.fca.org.uk/static/fca/documents/final-notices/premier-dental.pdf>

<http://www.fca.org.uk/static/fca/documents/final-notices/james-kirkwood.pdf>

<http://www.fca.org.uk/static/fca/documents/final-notices/good-motors-limited.pdf>

<http://www.fca.org.uk/static/fca/documents/final-notices/abbas-khan.pdf>

Senior Managers and Senior Insurance Managers Regimes enter into force

Today (7 March) sees the long-awaited entry into force of the majority of the rules for the Senior Managers Regime applicable to banks and the Senior Insurance Managers

Regime applicable to insurers. The deadline for the submission of grandfathering and other applications in respect of senior managers passed on 8 February, so firms and senior managers alike should be ready to move smoothly in to the new era of increased focus on individual accountability for senior management. In this respect the FCA and PRA have (on 2 March) published some consequential changes to the new Senior Managers regime (see below).

FCA reports on fair Treatment of Long-standing customers in the life-insurance sector

The FCA has (on 3 March) published a thematic review (TR16/2) on the fair treatment of long-standing customers in the life insurance sector. The FCA found that a most firms were demonstrating good practice in one or more areas and poor practice in others. A small number of firms were found to be delivering poor customer outcomes against most of the areas examined. The FCA will liaise with firms which were the subject of its review. The FCA issued a related Dear CEO letter.

<http://www.fca.org.uk/static/documents/thematic-reviews/tr16-02.pdf>

<http://www.fca.org.uk/static/fca/documents/dear-ceo-letters/dear-ceo-letter-life-insurance-long-term-customers.pdf>

Regulators set out approach to remuneration guidelines

The FCA and PRA announced (on 29 February) that they have notified the European Banking Authority (EBA) that

the regulators will comply with all aspects of the EBA Guidelines on Sound Remuneration Policies, except for the bonus cap provision that the limit on awarding variable remuneration to 100% of fixed remuneration, or 200% with shareholder approval. The regulators noted that all large and systemically important CRD-regulated firms must continue to apply the bonus cap and that in parallel, the PRA and FCA will retain the current approach of requiring smaller firms to determine an appropriate ratio between fixed and variable remuneration for their business whilst not applying the bonus cap.

<http://www.fca.org.uk/news/sound-remuneration-policies-statement>

Live & Local programme launched

The FCA has (on 1 March) announced the launch of its "Live & Local" regional programme to take the FCA 'on the road' to hold a series of events, workshops and roundtables across 12 regions in the UK.

<http://www.fca.org.uk/news/firms/fca-launches-live-and-local-new-regional-programme-to-help-local-firms-engage-with-regulators>

FCA Policy development update published

The FCA has (on 4 March) published issue 31 of its policy development update which covers recent developments and publications as well as an updated timetable for forthcoming publications.

<http://www.fca.org.uk/static/documents/handbook/pdu-31.pdf>

FCA warnings

Name of firm	Date of warning	Details
Arden Asset Management Limited	3 March 2016	Not authorised http://www.fca.org.uk/news/warnings/arden-asset-management-limited
Balquidder Advisers Limited	1 March 2016	Not authorised http://www.fca.org.uk/news/consultation-papers/balquidder-

		advisers-limited
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Policy developments

FCA		PRA		
Proposed developments				
		Deadline for responses		
		3 May 2016	3 June 2016	
Consultation papers	<p>The FCA has (on 2 March) published a consultation paper (CP16/7) on the Payments Accounts Regulations 2015 containing draft Handbook changes and draft guidance.</p> <p>http://www.fca.org.uk/static/fca/article-consultation%20paper/cp16-07.pdf</p>			<p>The PRA has (on 4 March) issued a consultation paper (CP7/16) on implementing risk-based levies for the Financial Services Compensation Scheme deposits class.</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/cp/2016/cp716.pdf</p>
Feedback statements	<p>The FCA has (on 1 March) published a feedback statement (FS16/1) on DP15/4 – General insurance value measures. This sets out the feedback received on the proposals in the discussion paper for presenting measures of value and next steps. The FCA will take forward the scorecard option, but will run a pilot rather than consulting immediately. The FCA will continue to engage with stakeholders ahead of the launch of the pilot.</p> <p>http://www.fca.org.uk/static/fca/documents/feedback-statements/fs16-01.pdf</p>	N/A		

Finalised Policy and guidance				
		Implementation/effective date		
Policy statements	<p>The FCA has (on 2 March) published a policy statement (PS16/6) which summarises feedback received on the proposals and makes consequential changes to the Senior Managers and Certification regimes. These relate to the suspension of the requirement for relevant firms to notify the regulators if they knew or suspected that an individual subject to the regulators' conduct rules had failed to comply with those rules. The PS also finalises consequential amendments related to the application of SYSC to foreign branches.</p> <p>http://www.fca.org.uk/static/documents/policy-statements/ps16-06.pdf</p>	7 March 2016	7 March 2016	<p>The PRA has (on 2 March) published a policy statement (PS9/16) which provides feedback on responses to Consultation Paper 1/16 on strengthening individual accountability in banking: amendments to notification rules and forms. It also sets out the amended definition of the term 'significant risk taker' in the PRA's Certification rules as proposed in Consultation Paper 29/15 – Occasional consultation paper.</p> <p>http://www.bankofengland.co.uk/pr/Pages/publications/ps/2016/ps916.aspx</p>
			4 March 2016	<p>The PRA has (on 4 March) issued a policy statement (PS10/16) and statement of policy on the implementation of ring-fencing (and specifically the approach to transfer schemes).</p> <p>http://www.bankofengland.co.uk/pr/Documents/publications/ps/2016/ps1016.pdf</p> <p>http://www.bankofengland.co.uk/pr/Documents/publications/so/2016/rftssop.pdf</p>
Finalised guidance	<p>The FCA has (on 4 March) published finalised guidance (FG16/1) on the FCA's approach to the implementation of ring-fencing and ring-fencing transfer</p>	4 March 2016		

	<p>schemes.</p> <p>http://www.fca.org.uk/static/fca/documents/dear-ceo-letters/dear-ceo-letter-life-insurance-long-term-customers.pdf</p>			
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Further Afield

Hong Kong regulators pledge mutual co-operation in criminal matters

The Hong Kong Securities and Futures Commission and the Hong Kong Department of Justice have entered into a memorandum of understanding to formalise and further strengthen cooperation in the handling of criminal cases under the Securities and Futures (SFO) and other relevant legislation.

http://www.sfc.hk/web/EN/files/ER/PDF/MOU/MOU_DOJ_4_Mar2016.pdf

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