

# This week at the UK regulators

## Thirty second guide: The week in overview

The main enforcement development last week was the imposition of financial penalties on a firm and one of its former directors for failures relating to the protection of client money. It also fined and publicly censured an individual for market abuse and released details of various concluded and ongoing action against consumer credit firms based on concerns about individuals' fitness and propriety.

Away from enforcement developments, although there have been no publicised policy developments from either the FCA or the PRA, the FCA has published its annual report and a report examining the use of its competition powers since 2013 and has released a suite of documents, including a review of the terms of reference of its market study, concerning the FCA's work in the area of retirement income.

### FCA takes action for client money rule breaches

The FCA has (on 13 July) imposed a financial penalty of £2,632,000 on Towergate Underwriting Group Limited ('Towergate') for failings in relation to the protection of client and insurer money. It found that Towergate breached Principles 3 (management and control) and 10 (client assets) of the Principles for Businesses and various rules set out in the Client Assets Sourcebook between June 2005 and December 2013. In addition, the FCA found that Mr Timothy Philip, who was a director of Towergate and Finance Director of one of its intermediate parent companies between October 2005 and June 2012 and who had responsibility for client money arrangements breached Principle 6 (due skill, care and diligence in carrying out accountable function) of the Statements of Principle for Approved Persons. The FCA imposed a financial penalty of £60,000 on him and imposed a prohibition order preventing him from having direct responsibility for client and insurer money.

Both financial penalties were reduced by 30 per cent to reflect the fact that Towergate and Mr Philip settled at an early stage of the FCA's investigation.

<http://www.fca.org.uk/static/documents/final-notice/towergate-underwriting-group-limited.pdf>

<http://www.fca.org.uk/static/documents/final-notice/timothy-duncan-philip.pdf>

### FCA takes action against investor for market abuse

The FCA has (on 15 July) imposed a financial penalty of £59,557 and a public censure on Mr Gavin Breeze and required him to pay £1,850 in restitution (plus interest). It found that he engaged in market abuse contrary to sections 118(2) (insider dealing) and 118(3) (improper disclosure of inside information) in September 2014. The action related to attempts by Mr Breeze to sell his entire holding in a company of which he was a non-executive director whilst he was in possession of inside information relating to a proposed share placing and the disclosure by him of the same information to another information who had not been made an insider.

The financial penalty imposed was reduced by 30 per cent as Mr Breeze settled at an early stage of the FCA's investigation.

<http://www.fca.org.uk/static/documents/final-notice/gavin-breeze.pdf>

### Other enforcement notices

In separate cases, the FCA has (on 13 July) cancelled the permissions of Edge Performance 10 Limited and Mr Mark Walker to carry on various consumer credit related activities following failures to submit required regulatory returns.

<http://www.fca.org.uk/static/documents/final-notice/mark-andrew-walker.pdf>

The FCA has (on 13 July) cancelled the permission of Volpe Capital Management Limited following failures to submit a required regulatory return.

<http://www.fca.org.uk/static/documents/final-notice/volpe-capital-management-llp.pdf>

In separate cases, the FCA has (on 14 July) cancelled the permissions of Prestige Motor Base Limited, Hunt Communications UK Limited, Crimson Car Sales to conduct various consumer credit activities following failures to submit required regulatory returns.

<http://www.fca.org.uk/static/documents/final-notice/prestige-motor-base-limited.pdf>

<http://www.fca.org.uk/static/documents/final-notice/hunt-communications-uk-limited.pdf>

<http://www.fca.org.uk/static/documents/final-notice/crimson-car-sales.pdf>

The FCA has (on 14 July) published a Decision Notice (dated 31 July 2015) setting out its decision to cancel the permission of Wage Payment and Payday Loans Limited based on concerns that it no longer satisfies the Threshold Conditions owing to concerns about the fitness and propriety of Mr Andrew Hart, the firm's ultimate owner and sole director. It has also published a Decision Notice in respect of Mr Hart (also dated 31 July) setting out its decision to impose a prohibition order on him based upon the same concerns. Both notices have been referred to the Upper Tribunal.

<http://www.fca.org.uk/static/documents/decision-notice/wage-payment-payday-loans-limited.pdf>

<http://www.fca.org.uk/static/documents/decision-notice/andrew-barry-hart%20.pdf>

The FCA has (on 15 July) published a Decision Notice (dated 22 April 2016) setting out its decision to cancel the permission of KWS Wealth Management Limited based upon concerns about the fitness and propriety of its sole shareholder, director and approved person Mr Keith Smith, who was convicted of a fraud offence in October 2015. The notice has been referred to the Upper Tribunal.

<http://www.fca.org.uk/static/documents/decision-notice/kws-wealth-management-limited.pdf>

### **FCA publishes competition report**

The FCA has (on 12 July) published its Competition Report covering the period from 1 April 2013, when it was first given responsibility for promoting competition in financial services, to 31 March 2016. The report has been produced in response to HM Treasury's Productivity Statement in 2015 and aims to demonstrate how well the FCA is delivering against its competition objective.

The report summarises the ways in which the FCA has embedded its competition objective into its activities through, for example, the use of its concurrent competition enforcement powers and other measures including studies involving analysis based on behavioural economics, the issuing of guidance and the establishment of Project Innovate to seek to remove regulatory hurdles for new entrants. The report contains a detailed breakdown of the work done in the retail banking, retail lending, general insurance and protection, pensions and retirement income, retail investments, investment management and wholesale financial markets sectors. It concludes that significant progress has been made during the first three years of the FCA's competition remit, but that there is further work to be done. It commits the FCA to continuing its bespoke sector-by-sector approach and directs readers to its 2016/17 Business Plan for further details of its priorities in this area.

<http://www.fca.org.uk/static/documents/corporate/competition-report-2013-16.pdf>

<https://www.fca.org.uk/static/documents/corporate/business-plan-2016-17.pdf>

### **FCA releases its annual report for 2015/16**

The FCA has (on 12 July) published its annual report and accounts for 2015/16, which includes appendices containing detailed statistics about skilled persons reports commissioned and conducted under section 166 of the Financial Services and Markets Act 2000 and summarising the activities of the Regulatory Decisions Committee.

<http://www.fca.org.uk/static/documents/corporate/annual-report-2015-16.pdf>

### **FCA publishes details of work on retirement income**

The FCA has (on 14 July) published a number of important documents relating to its ongoing work in relation to

The first is the minutes of a workshop organised jointly with HM Treasury to seek input from interested parties in relation to the secondary annuity market, which took place on 1 June. The document sets out details of various proposals made in relation to issues including advice, presentation of offers and contingent benefits.

These minutes have been published alongside a review of the terms of reference for a wide-ranging market study concerning retirement income. The study sets out its intention to explore the extent to which customers shop around and switch, the "journey" for non-advised customers,

business models and barriers to entry and the impact of regulation on retirement income. The FCA has invited responses to the questions in the review by 31 August. It states that it expects to release a final report in summer 2017.

It has also published a report summarising the outcomes of research commissioned by it in relation to increasing customer engagement in the retirement income market, focusing specifically on whether levels of shopping around

may be increased by the introduction of prompts for customers.

<http://www.fca.org.uk/your-fca/documents/secondary-annuity-market-workshop-minutes-1-june-2016>

<http://www.fca.org.uk/static/fca/documents/market-studies/retirement%20outcomes%20review%20tor.pdf>

<http://www.fca.org.uk/static/fca/documents/research/consu-mer%20engagement%20in%20annuities%20market.pdf>

## FCA warnings

Name of firm	Date of warning	Details
Portsea Asset Management LLP	18 July 2016	Clone <a href="http://www.fca.org.uk/news/warnings/portsea-asset-management-llp-clone">http://www.fca.org.uk/news/warnings/portsea-asset-management-llp-clone</a>
One 2 One Loans	15 July 2016	Clone <a href="http://www.fca.org.uk/news/one-2-one-loans-clone-cc">http://www.fca.org.uk/news/one-2-one-loans-clone-cc</a>
Homeowner Loans/ Advantage Leads	15 July 2016	Clone <a href="http://www.fca.org.uk/news/warnings/homeowner-loans-clone-cc">http://www.fca.org.uk/news/warnings/homeowner-loans-clone-cc</a>
Limited Binary	12 July 2016	Not authorised <a href="http://www.fca.org.uk/news/warnings/limited-binary">http://www.fca.org.uk/news/warnings/limited-binary</a>
Go Markets UK	11 July 2016	Clone <a href="http://www.fca.org.uk/news/warnings/go-markets-uk-clone">http://www.fca.org.uk/news/warnings/go-markets-uk-clone</a>
Heritage Bank	11 July 2016	Clone <a href="http://www.fca.org.uk/news/warnings/heritage-bank-clone">http://www.fca.org.uk/news/warnings/heritage-bank-clone</a>
Finance Vision Limited	11 July 2016	Not authorised <a href="http://www.fca.org.uk/news/warnings/finance-vision-limited">http://www.fca.org.uk/news/warnings/finance-vision-limited</a>

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