

This week at the UK regulators

Thirty second guide: The week in overview

The main enforcement development was follow-up action by the FCA to ban two individuals convicted of fraud in 2014 in connection with Arck investments. In other developments, the FCA has issued a consultation paper seeking views on its future mission as Andrew Bailey seeks to refine and clarify its objectives and address some of the difficult questions about the role it should play. Meanwhile, the FCA and PRA have issued various technical consultation papers and updates to rules and guidance on consumer credit, MiFID II and Solvency II related points.

The FCA consults on its mission statement

The FCA has (on 26 October) released a consultation paper on a new mission statement. It has stated that the consultation exercise is aimed at providing a guiding set of principles around the strategic choices it makes and that the finalised statement will inform the FCA's day to day work over the coming years. It is the first major announcement of the tenure of Andrew Bailey as CEO of the FCA. Major themes of the consultation are finding the right level of consumer protection, whether and if so how the FCA should prioritise vulnerable customers, clarifying when and how the FCA will intervene, the scope of regulation and the interaction between regulation and public policy. The document also invites suggestions as to how the FCA Handbook could be simplified.

In a speech to the annual Lord Mayor's banquet (at which the new PRA CEO Sam Woods also made a speech on the PRA's objectives), Mr Bailey has set out his rationale for seeking views on the FCA's future mission. He said that in doing so he was seeking to start a discussion on what will be the best way for the FCA to pursue its statutory objectives. He alluded to the challenges arising from the large number and diverse range of firms and individuals the FCA regulates and supervises and to the often difficult questions of how to assess and define vulnerability, develop and apply rules whilst still fostering innovation and dealing with the inevitable economic uncertainties inherent in the current climate.

Echoing remarks made in other contexts by Director of Enforcement Mark Steward, and drawing out comments in the consultation paper about the enforcement process, he sought to address the perception that the commencement of enforcement action necessarily means that punishment will follow, stating that it simply means the start of a forensic

process.

The FCA has asked for responses to be submitted by 26 January 2017.

<https://www.fca.org.uk/publications/corporate-documents/our-future-mission>

<https://www.fca.org.uk/news/speeches/rationale-fca-mission-context-operates>

<http://www.bankofengland.co.uk/publications/Documents/speeches/2016/speech933.pdf>

FCA bans two individuals following convictions

Following their convictions for fraud offences in 2014, the FCA has (on 25 October) imposed prohibition orders on Mr Richard Clay and Ms Kathryn Clark. They pleaded guilty to offences, committed in connection with investments in relation to Arck LLP made through HD Administrators LLP or related companies, following an investigation by the Serious Fraud Office and Nottinghamshire Police. They were sentenced to 10 years and 10 months' and two years' imprisonment respectively.

The FCA has also re-published information about a redress scheme set up for investors in Arck LLP, originally published in March 2014.

<https://www.fca.org.uk/publication/final-notice/richard-clay.pdf>

<https://www.fca.org.uk/publication/final-notice/kathryn-clark.pdf>

<https://www.fca.org.uk/news/news-stories/update-investors-arck-llp>

FCA warnings

Name of firm	Date of warning	Details
Clayton & Fisher Advisors	28 October 2016	Not authorised https://www.fca.org.uk/news/warnings/clayton-fisher-advisors
SLS Trade	24 October 2016	Not authorised https://www.fca.org.uk/news/warnings/sls-trade
Mackenzie & Brooke	24 October 2016	Not authorised https://www.fca.org.uk/news/warnings/mackenzie-brooke
Robert Brooks Ltd	24 October 2016	Not authorised https://www.fca.org.uk/news/warnings/robert-brooks-ltd
Bradley & Nowell LLC	24 October 2016	Not authorised https://www.fca.org.uk/news/warnings/bradley-nowell-llc

Policy developments

FCA		PRA		
Proposed developments				
		Deadline for responses		
Consultation papers	As notes above, the FCA has (on 26 October) released a consultation paper seeking input in relation to its future mission. https://www.fca.org.uk/publication/corporate/our-future-mission.pdf	26 January 2017	6 December 2016	The PRA has (on 25 October) published a consultation paper (CP 37/16) on reporting of National Specific Templates under Solvency II. http://www.bankofengland.co.uk/p/ra/Documents/publications/cp/20161025/cp3716.pdf

				6/cp3716.pdf
Guidance consultation	The FCA has (on 25 October) published revised proposed guidance on guarantor loans (GC 16/7). This follows an initial consultation process conducted in February 2016. https://www.fca.org.uk/publication/guidance-consultation/gc16-07.pdf	25 November 2016		

Finalised Policy and guidance				
		Implementation/effective date		
Policy statements			To be decided	The PRA has (on 27 October) issued a policy statement (PS 29/16) on MiFID II responding to a consultation process conducted (in CP 9/16) in March 2016 in relation to passporting and systems and controls for firms undertaking algorithmic trading and providing direct market access. http://www.bankofengland.co.uk/p/ra/Documents/publications/ps/2016/ps2916.pdf
Supervisory statements			25 October 2016	The PRA has (on 25 October) published a supervisory statement (SS 15/16) on the monitoring of model drift and standard formula SCR reporting under Solvency II for firms with an approved internal model. It has published templates and technical artefacts separately. The statement follows a consultation exercise (in CP 22/16) in May 2016. http://www.bankofengland.co.uk/p/ra/Documents/publications/ss/2016/ss1516.pdf

				6/ss1516.pdf http://www.bankofengland.co.uk/p/ra/Pages/regulatorydata/insurance/reporting.aspx http://www.bankofengland.co.uk/p/ra/Documents/publications/cp/2016/cp2216.pdf
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Contacts

Roger Best
Partner

E: roger.best
@cliffordchance.com

Helen Carty
Partner

E: helen.carty
@cliffordchance.com

Carlos Conceicao
Partner

E: carlos.conceicao
@cliffordchance.com

Dorian Drew
Partner

E: dorian.drew
@cliffordchance.com

Jeremy Kosky
Partner

E: jeremy.kosky
@cliffordchance.com

Rae Lindsay
Partner

E: rae.lindsay
@cliffordchance.com

Michael Lyons
Partner

E: michael.lyons
@cliffordchance.com

Kelwin Nicholls
Partner

E: kelwin.nicholls
@cliffordchance.com

Judith Seddon
Partner

E: judith.seddon
@cliffordchance.com

Luke Tolaini
Partner

E: luke.tolaini
@cliffordchance.com

Editor

Chris Stott
Lawyer

E: chris.stott
@cliffordchance.com

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Clifford Chance, 10 Upper Bank Street, London, E14 5JJ

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