

This week at the UK regulators

Thirty second guide: The week in overview

In a week without major concluded enforcement developments, the main development reported in the press has been the appointment of the former Director of Enforcement and Acting CEO to a senior role within a major international bank. In other developments, the FCA has issued an alert giving informal advice in relation to its expectations of firms involved in giving pension transfer advice and, demonstrating its wish to inform consumers and provide them with the tools with which to make properly informed decisions, it has also published data about the value offered by various general insurance products.

Further afield, in a development indicating the challenges faced by firms and regulators worldwide, the Hong Kong Securities and Futures Commission has drawn attention to a particular type of cyber attack and has reiterated previous detailed guidance outlining steps to be taken to guard against them.

Former FCA chief to take senior banking role

Press reports on 29 January indicate that Tracey McDermott, former Director of Enforcement and then Acting CEO of the FCA, is to join Standard Chartered as its Head of Corporate, Public and Regulatory Affairs.

Enforcement notices

In separate cases, the FCA has published final notices in respect of Eco Home Alternatives Limited (27 January), Mr Christopher Pickerill, Baildon Motor Company and Matt-Pack Limited (all on 25 January) and Mr Nigel Thomas and Mr Reuben Anderson (both on 24 January). In all cases, cancellations of consumer credit related permissions were imposed as the FCA found failures to be adequately open or cooperative with it (in breach of Principle 11 (relations with regulators) of the Principles for Businesses).

<https://www.fca.org.uk/publication/final-notices/eco-home-alternatives-limited-2017.pdf>

<https://www.fca.org.uk/publication/final-notices/christopher-pickerill.pdf>

<https://www.fca.org.uk/publication/final-notices/baildon-motor-company.pdf>

<https://www.fca.org.uk/publication/final-notices/matt-pack-limited.pdf>

<https://www.fca.org.uk/publication/final-notices/nigel-thomas.pdf>

<https://www.fca.org.uk/publication/final-notices/reuben-anderson.pdf>

FCA sets out expectations on pension transfers

The FCA has (on 24 January) published an alert giving informal guidance based on concerns that consumers may be receiving advice to transfer assets into unsuitable investments, or may be being defrauded in some instances. It has indicated that it is particularly concerned that in some instances firms have been advising on pension transfers or switches without considering the assets in which their client's funds will be invested.

The guidance now issued by the FCA identifies the rules within its chapter 19 of Conduct of Business Sourcebook ("COBS") requiring a comparison between the benefits (or reasonable assumptions) to be paid under a defined benefit scheme or other scheme with safeguarded benefits and those afforded by a personal pension scheme, stakeholder scheme or other pension scheme with flexible benefits. In particular, it reminds firms that they should not undertake a comparison using generic assumptions for hypothetical receiving schemes and that advice must be provided by firms with appropriate permissions (and should not be outsourced to any firms without such permissions). It also contains specific advice on recommendations based solely on critical yield, insistent clients, advice on pension transfers to overseas schemes, personal recommendations and pension switches.

<https://www.fca.org.uk/news/news-stories/advising-pension-transfers-our-expectations>

FCA publishes general insurance value measures scorecard

The FCA has (on 25 January) published the first set of data to be released as part of its general insurance value measures pilot, covering the year ending 31 August 2016. The data includes information on claim frequencies, claims acceptance rates and average claims payouts by insurers across home insurance (combined buildings and contents), home emergency insurance, personal accident insurance sold as an add-on to motor or home insurance and key cover sold as an add-on to motor insurance. It has been published further to the findings of the FCA's discussion paper 15/4, in which it found poor value in add-on and some standalone products sold by firms and that

consumers find it difficult to assess value due to the lack of a commonly available measure.

The use of this "sunlight remedy" is directed principally towards providing consumer groups and market commentators with a set of commonly available indicators of value to help them assess products.

<https://www.fca.org.uk/news/press-releases/financial-conduct-authority-publishes-general-insurance-value-measures-scorecard>

<https://www.fca.org.uk/publications/discussion-papers/dp15-4-developing-general-insurance-add-ons-market-study-%E2%80%93-remedies>

FCA warnings

Name of firm	Date of warning	Details
JJ Matthias Asset Management	27 January 2017	Clone firm https://www.fca.org.uk/news/warnings/jj-matthias-asset-management-clone
Totally Money	26 January 2017	Clone firm https://www.fca.org.uk/news/warnings/totally-money-clone
Hayashi and Partners/Hayashi International Equity Securities	26 January 2017	Unauthorised https://www.fca.org.uk/news/warnings/hayashi-partners-international-equity-securities
GVQ Investment Funds	25 January 2017	Clone firm https://www.fca.org.uk/news/warnings/gvq-investment-funds-clone
Business Grants and Loans	24 January 2017	Not authorised https://www.fca.org.uk/news/warnings/business-grants-and-loans
UK Money Lenders	24 January 2017	Clone firm https://www.fca.org.uk/news/warnings/uk-money-lenders-clone

UK Fast Loan	24 January 2017	Clone firm https://www.fca.org.uk/news/warnings/uk-fast-loan-clone-fca-authorized-firm
--------------	-----------------	---

Policy developments

FCA		PRA	
Finalised Policy and guidance			
		Implementation/effective date	
Supervisory statements		23 January 2017	<p>The PRA has (on 23 January) published an updated version of supervisory statement 20/15 on supervising building societies' treasury and lending activities. The main way in which the supervisory statement has been updated (further to policy statement 34/16 published in December 2016) is to include emphasis of the point that the risk appetites of building societies should be a properly aligned to their risk capacity.</p> <p>http://www.bankofengland.co.uk/p/ra/Documents/publications/ss/2017/ss2015update.pdf</p> <p>http://www.bankofengland.co.uk/p/ra/Documents/publications/ps/2016/ps3416.pdf</p>

Further afield

Hong Kong regulator issues cybersecurity alert

The Hong Kong Securities and Futures Commission ("SFC") has (on 26 January) issued an alert to Licensed Corporations warning that some securities brokers have recently encountered distributed denial of service ("DDoS") attacks on their websites and associated blackmail demands. It has reminded Licensed Corporations of its expectations that they should have in place measures to review network architecture and ensure that Domain Name Systems and/or Network Time Protocol servers are properly configured to protect against reflective amplification DDoS attacks and that they should formulate appropriate DDoS mitigation plans. The problem is by no means limited to Hong Kong, although the SFC has been particularly proactive amongst regulators in issuing detailed guidance setting out its expectations in this area (see, for example, its circular of March 2016).

<http://www.sfc.hk/edistributionWeb/gateway/EN/circular/doc?refNo=17EC8>

<http://www.sfc.hk/edistributionWeb/gateway/EN/circular/doc?refNo=16EC17>

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

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

www.cliffordchance.com

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

© Clifford Chance 2013

Clifford Chance LLP is a limited liability partnership registered in England and Wales under number OC323571

Registered office: 10 Upper Bank Street, London, E14 5JJ

We use the word 'partner' to refer to a member of Clifford Chance LLP, or an employee or consultant with equivalent standing and qualifications

If you do not wish to receive further information from Clifford Chance about events or legal developments which we believe may be of interest to you, please either send an email to nomorecontact@cliffordchance.com or by post at Clifford Chance LLP, 10 Upper Bank Street, Canary Wharf, London E14 5JJ

Abu Dhabi ■ Amsterdam ■ Bangkok ■ Barcelona ■ Beijing ■ Brussels ■ Bucharest ■ Casablanca ■ Doha ■ Dubai ■ Düsseldorf ■ Frankfurt ■ Hong Kong ■ Istanbul ■ Kyiv ■ London ■ Luxembourg ■ Madrid ■ Milan ■ Moscow ■ Munich ■ New York ■ Paris ■ Perth ■ Prague ■ Riyadh* ■ Rome ■ São Paulo ■ Seoul ■ Shanghai ■ Singapore ■ Sydney ■ Tokyo ■ Warsaw ■ Washington, D.C.

*Clifford Chance has a co-operation agreement with Al-Jadaan & Partners Law Firm in Riyadh.