

This week at the UK regulators

Thirty second guide: The week in overview

The principal enforcement development last week was the imposition by the PRA of fines totalling £26.775 million on two institutions in connection with failures to notify it of US regulatory action. The FCA completed regulatory processes in several cases which, although relatively small, have provided clarification as to where the boundaries lie between its decision making powers and those of the Upper Tribunal. The FCA has also published a warning notice statement relating to action being taken against an individual occupying a compliance oversight controlled function in connection with alleged pension advice failings.

The only publicised policy development last week was the publication by the FCA of a discussion paper relating to the approach it should take to the regulation of investments by open-ended funds in illiquid assets.

PRA imposes penalty for notification breaches

The Prudential Regulation Authority has (on 9 February) imposed a financial penalty of £17.85 million on The Bank of Tokyo-Mitsubishi UFJ Limited ("BTMU") and a financial penalty of £8.925 million on MUFG Securities EMEA PLC ("MUS(EMEA)") for breaches of Fundamental Rule 7 set out in its Rulebook, which requires firms to be open and cooperative with it. The PRA found that BTMU and MUS(EMEA) did not notify it of enforcement action taken by the New York Department of Financial Services until after it had been concluded and publicly announced in November 2014. It also found that BTMU alone breached Fundamental Rule 6, which requires firms to organise and control their affairs responsibly and effectively. It found that shortcomings in systems and controls in relation to the communication of relevant information contributed to the failings.

The amounts of the penalties imposed were reduced by 30 per cent to reflect the fact that BTMU and MUS(EMEA) both agreed to settle at an early stage of the PRA's investigation. The PRA has acknowledged that BTMU and MUS(EMEA) cooperated with the PRA's investigation and have taken remedial action in developing and implementing measures to enhance the sharing of information relating to regulatory investigations and other matters of regulatory interest.

<http://www.bankofengland.co.uk/pradocuments/supervision/enforcementnotices/en090217.pdf>

Other notices

The FCA has (on 7 February) cancelled the permissions of Pager Services Limited, CW Interiors Limited and refused the application for permission made by Dr Saim Köksal trading as Arcis Management Consultancy for failures to be open and cooperative in the consumer credit sector. The last of these followed a judgment handed down by the Upper Tribunal in connection with a reference pursued by Dr Köksal (see This week at the UK regulators, 28 November 2016 for details of some important clarification provided in relation to the tribunal's jurisdiction when deciding disciplinary and other types of references).

<https://www.fca.org.uk/publication/final-notices/pager-services-ltd.pdf>

<https://www.fca.org.uk/publication/final-notices/cw-interiors-limited-2017.pdf>

<http://taxandchancery.ut.decisions.tribunals.gov.uk/Documents/decisions/Koksal%20v%20FCA%20decision%20for%20website.pdf>

<https://onlineservices.cliffordchance.com/online/freeDownload.action?key=OBWlbFgNhLNomwBI%2B33QzdFhRQAhp8D%2BxrlGRel2crGqLnALtlyZe5Tk7WzMKYBm3BfUqxNJwx7p%0D%0A5mt12P8Wnx03DzsaBGwsIB3EVF8XihbSpJa3xHNE7tFeHpEbaelf&attachmentsize=174342>

The FCA has (on 6 February) refused the application for permission made by Steven Maoudis trading as Montana Debt Management based on concerns about the applicant's knowledge of available debt solutions, the process used to advise clients and business continuity plans. The notice followed a judgment handed down by the Upper Tribunal in

connection with a reference pursued by Mr Maoudis.

<https://www.fca.org.uk/publication/final-notice/steven-maoudis-montana-debt-management-2017.pdf>

<http://taxandchancery.ut.decisions.tribunals.gov.uk/Documents/decisions/Maoudis%20v%20FCA%20-%20for%20website.pdf>

The FCA has (on 6 February) published a warning notice statement in respect of an individual, which indicates that a Warning Notice was given to that individual on 17 January. As is normal practice, it has not named the individual, but has indicated that the individual, who occupied the CF10

(compliance oversight) controlled function at two firms between 1 February 2006 and 30 April 2009 breached Principle 6 of the Statements of Principle for Approved Persons by failing to use due skill, care and diligence in carrying out the compliance oversight function. Its case relates specifically to alleged failures by the individual in relation to advice in connection with transfers by members of defined benefit pension schemes to defined contribution schemes as part of enhanced transfer value exercises.

<https://www.fca.org.uk/publication/warning-notice/warning-notice-statement-17-2-individual.pdf>

FCA warnings

Name of firm	Date of warning	Details
STP Markets	8 February 2017	Not authorised https://www.fca.org.uk/news/warnings/stp-markets
Holly Invest Global Limited	8 February 2017	Not authorised https://www.fca.org.uk/news/warnings/holly-invest-global-limited
Donaldson Findlay	7 February 2017	Not authorised https://www.fca.org.uk/news/warnings/donaldson-findlay
Brook Trade Ltd	7 February 2017	Not authorised https://www.fca.org.uk/news/warnings/brook-trade-ltd
Boston Private Law Group LLP	7 February 2017	Not authorised https://www.fca.org.uk/news/warnings/boston-private-law-group-llp
Broad Reach Investments	7 February 2017	Clone firm https://www.fca.org.uk/news/warnings/broad-reach-investments-clone
PDP / Payday Pixie	7 February 2017	Clone firm

		https://www.fca.org.uk/news/warnings/pdp-payday-pixie-clone
Maeda Ventures	6 February 2017	Not authorised https://www.fca.org.uk/news/warnings/maeda-ventures
Harbex Finance Services	6 February 2017	Not authorised https://www.fca.org.uk/news/warnings/harbex-finance-services
Blacksmith Investments Limited	6 February 2017	Not authorised https://www.fca.org.uk/news/warnings/blacksmith-investments-limited
Keystone Management Ltd / Keystone Capital	6 February 2017	Not authorised https://www.fca.org.uk/news/warnings/keystone-management-ltd-capital

Policy developments

FCA		PRA	
Proposed developments			
		Deadline for responses	
Discussion papers	<p>The FCA has (on 8 February) published a discussion paper (DP 17/1) on regulatory approaches to open-ended funds investing in illiquid assets.</p> <p>https://www.fca.org.uk/publication/discussion-papers/illiquid-assets-open-ended-investment-funds</p>	8 May 2017	

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