

# This week at the UK regulators

## Thirty second guide: The week in overview

In a week without concluded enforcement developments, the FCA launched a discussion paper and a consultation paper looking at how the UK primary capital markets can most effectively meet the needs of issuers and investors. It also entered into an agreement with an online business in relation to the sale of insurance products.

Following a consultation exercise last year, this week, the PRA published two supervisory statements of interest to UK insurance firms within the scope of Solvency II. The PRA launched another consultation paper this week setting out proposed changes to PRA rules and existing supervisory statements.

Further afield, the Australian government has launched an inquiry considering significant reforms to whistleblower laws in the corporate, public and not-for-profit sectors came to an end whilst in Hong Kong, the Court of Final Appeal held in favour of a bank in a significant case concerning the sale of equity linked notes.

### **FCA enters into agreement with online business to redress customers who were sold insurance that offered little or no value**

The FCA has entered into an agreement with Express Gifts Ltd, a direct mail order and online business with permission to sell general insurance products, to provide £12.5m redress to approximately 330,000 customers who were sold insurance that offered little or no value. Express Gifts Ltd agreed with the FCA the insurance cover it had sold did not provide adequate value to customers because although it covered all items purchased, these were predominantly items of clothing, which customers would not generally consider insuring.

<https://www.fca.org.uk/news/press-releases/express-gifts-ltd-enters-12-5m-redress-scheme>

### **FCA publishes research into liquidity conditions in UK corporate bond market**

On 15 February, the FCA published its most recent research into liquidity conditions in the UK corporate bond market. The paper indicates that trading conditions have generally become more difficult since 2014/15.

<https://www.fca.org.uk/insight/new-evidence-liquidity-uk-corporate-bond-market>

### **FCA identifies syndicated lending information sharing as a hot topic**

On 16 February 2017, the FCA published its February round-up with latest news affecting regulated firms, including a short piece on sharing of competitively sensitive information relating to the terms and conditions of syndicated lending as a "hot topic".

<https://www.fca.org.uk/publication/documents/rru-february-2017.pdf>

## FCA warnings

Name of firm	Date of warning	Details
Questra World	17 February 2017	Not authorised <a href="https://www.fca.org.uk/news/warnings/questra-world">https://www.fca.org.uk/news/warnings/questra-world</a>
Atlantic Global Asset Management	17 February 2017	Not authorised <a href="https://www.fca.org.uk/news/warnings/atlantic-global-asset-management">https://www.fca.org.uk/news/warnings/atlantic-global-asset-management</a>
FX Jupiter	17 February 2017	Clone firm <a href="https://www.fca.org.uk/news/warnings/fx-jupiter-clone-firm">https://www.fca.org.uk/news/warnings/fx-jupiter-clone-firm</a>
Jazz Loans	13 February 2017	Not authorised <a href="https://www.fca.org.uk/news/warnings/jazz-loans">https://www.fca.org.uk/news/warnings/jazz-loans</a>
Halifax and Penn	13 February 2017	Not authorised <a href="https://www.fca.org.uk/news/warnings/halifax-and-penn">https://www.fca.org.uk/news/warnings/halifax-and-penn</a>
Wainscott Consulting Group	13 February 2017	Not authorised <a href="https://www.fca.org.uk/news/warnings/wainscott-consulting-group">https://www.fca.org.uk/news/warnings/wainscott-consulting-group</a>

## Policy developments

FCA		PRA		
<b>Proposed developments</b>				
		<b>Deadline for responses</b>		
<b>Consultation papers</b>	On 14 February, the FCA published a consultation paper (CP17/4) considering	14 May 2017	2 March 2017 (administration instrument) /	On 16 February, the PRA published an occasional consultation paper (CP2/17)

	<p>improvements to FCA rules and guidance to ensure the Listing Rules continue to service the needs of issuers and investors. (This paper complements DP17/2, see below)</p> <p><a href="https://www.fca.org.uk/publications/consultation-papers/review-effectiveness-primary-markets">https://www.fca.org.uk/publications/consultation-papers/review-effectiveness-primary-markets</a></p>		<p>16 March 2017 (all other chapters)</p>	<p>setting out proposed changes to PRA rules and existing supervisory statements. The consultation paper includes a chapter on administration instrument, credit risk mitigation, regulatory references, non-Solvency II firms – external audit reporting, remuneration, residual reporting requirements for ring-fenced bodies, and securitisations.</p> <p><a href="http://www.bankofengland.co.uk/pra/Pages/publications/cp/2017/cp217.aspx">http://www.bankofengland.co.uk/pra/Pages/publications/cp/2017/cp217.aspx</a></p>
<p><b>Discussion papers</b></p>	<p>On 14 February, the FCA published a discussion paper (DP17/2 ) seeking feedback on how the UK primary capital markets can most effectively meet the needs of issuers and investors. (This paper complements CP17/4, see above)</p> <p><a href="https://www.fca.org.uk/publications/consultation-papers/review-effectiveness-primary-markets">https://www.fca.org.uk/publications/consultation-papers/review-effectiveness-primary-markets</a></p>	<p>14 May 2017</p>		

Finalised Policy and guidance			
		Implementation/effective date	
<p><b>Supervisory statements</b></p>		<p>February 2017</p>	<p>On 16 February, the PRA published a supervisory statement setting out its expectations of firms, and providing further clarity on the information to be reported by firms, using an internal model to calculate the solvency capital requirement. The statement follows a consultation exercise (CP31/16) in September 2016.</p> <p><a href="http://www.bankofengland.co.uk/p">http://www.bankofengland.co.uk/p</a></p>

				<p><a href="http://www.bankofengland.co.uk/ra/Pages/publications/ss/2017/ss2515update.aspx">ra/Pages/publications/ss/2017/ss2515update.aspx</a></p> <p>On 16 February, the PRA published a supervisory statement setting out its expectations of how non-life firms should identify and manage all risks to which their business could be exposed over the long and short term. The statement follows a consultation exercise (CP31/16) in September 2016.</p> <p><a href="http://www.bankofengland.co.uk/ra/Pages/publications/ss/2017/ss2615update.aspx">http://www.bankofengland.co.uk/ra/Pages/publications/ss/2017/ss2615update.aspx</a></p>
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## Further Afield

### Australia considers reforms to whistleblower laws

Australia is currently considering significant reforms to whistleblower laws in the corporate, public and not-for-profit sectors, and has launched an inquiry by the Joint Parliamentary Committee on Corporations and Financial Services. The inquiry will consider public submissions and undertake hearings between now and the 30 June 2017 deadline for its report. How far the inquiry embraces some of the more controversial proposals, including the introduction of compensation arrangements and whether to extend such arrangements to culpable whistleblowers, remains to be seen. For further details of the major reforms being considered and to access the public submission made by Clifford Chance on 10 February 2017, see our Clifford Chance briefing.

<https://www.cliffordchance.com/briefings/2017/02/decibels-down-undermajorwhistleblowerreform.html>

### Hong Kong: Court of Final Appeal rules in favour of bank in misselling claim

Hong Kong's Court of Final Appeal dismissed an application for leave to appeal against the Hong Kong Court of Appeal judgment last summer in *DBS Bank (Hong Kong) Ltd v Sit Pan Jit*. The dispute concerned the

purchase of Equity Linked Notes and misrepresentations alleged to have been made to Sit by a DBS employee. The Court of First Instance ordered Sit to pay DBS more than US\$3.4 million with interest and costs, and Sit's counterclaim for misrepresentation failed. The Court of Appeal concurred with that decision. The Court of Final Appeal found no reason to overturn the lower courts' findings.

The ruling can be found here. For further details on the case and its implications, please see our earlier Clifford Chance briefings concerning the decision of Court of First Instance and the decision of the Court of Appeal.

[http://legalref.judiciary.gov.hk/lrs/common/ju/ju\\_frame.jsp?DIS=108133&currpage=T](http://legalref.judiciary.gov.hk/lrs/common/ju/ju_frame.jsp?DIS=108133&currpage=T)

[https://www.cliffordchance.com/briefings/2015/04/hong\\_kong\\_high\\_courtconfirmsstheeffectiveness.html](https://www.cliffordchance.com/briefings/2015/04/hong_kong_high_courtconfirmsstheeffectiveness.html)

[https://www.cliffordchance.com/briefings/2016/06/hong\\_kong\\_court\\_ofappealconfirmswinforban.html](https://www.cliffordchance.com/briefings/2016/06/hong_kong_court_ofappealconfirmswinforban.html)

<https://sites-cliffordchance.vutrevx.com/222/8612/february-2017/clifford-chance-client-alerter--hong-kong-court-of-final-appeal-confirms-win-for-bank-in-mis-selling-case.asp?sid=e15da841-0d72-4271-84b7-f37c59fca0eb>

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