

This week at the UK regulators

Thirty second guide: The week in overview

The main enforcement development last week was the announcement by the FCA that it is resuming an investigation into the handling of the discovery of misconduct within a major banking group, following a hiatus to allow for the conclusion of criminal proceedings. In addition, it imposed financial penalties on two individuals for market abuse, whilst the Upper Tribunal provisionally allowed an application for the issue of one witness summons and refused a number of others in ongoing proceedings against individuals associated with Keydata.

The PRA published a letter on contingency planning for businesses undertaking cross-border activities between the UK and EU in the wake of Article 50 having been triggered. The FCA published consultation papers persistent credit card debt and Payment System Regulator fee rates for 2017/18.

Further afield, the Hong Kong Securities and Futures Commission imposed the latest in a line of fines on securities firm for failures relating to anti-money laundering and counter terrorism financing measures.

The FCA fines individuals for market abuse

The FCA has (on 7 April 2017) published a final notice in respect of Mr Niall O'Kelly, former Chief Financial Officer of Worldspreads Limited (WSL), fining him £11,900 and banning him from performing any function related to regulated activity due to market abuse.

The FCA also published a final notice against Lukhvir Thind, former Financial Controller of WSL, banning and fining him £105,000 for the same reason.

Both individuals were found to have disseminated information that gave a false and misleading impression of Worldspreads Group plc's financial position, knowing that such information was false and misleading. The FCA found that their conduct was particularly serious in that the dissemination was deliberate and was intended to mislead the market. Both were also found to lack fitness and propriety on several grounds. The fine imposed on Mr O'Kelly would have been £468,000 but for evidence that this penalty would have caused him serious financial hardship.

<https://www.fca.org.uk/publication/final-notice/niall-okelly.pdf>

<https://www.fca.org.uk/publication/final-notice/lukhvir-thind.pdf>

Other enforcement notices

The FCA has (on 3 April 2017) published a final notice

against Gareth McCrone cancelling his Part 4A permission for failing to satisfy the suitability Threshold Condition. The FCA is not satisfied that Mr McCrone is a fit and proper person having regard to all the circumstances, including whether Mr McCrone managed his business in such a way as to ensure that his affairs were conducted in a sound and prudent manner.

<https://www.fca.org.uk/publication/final-notice/gareth-mccrone.pdf>

FCA announces resumption of HBOS investigation

The FCA has announced that it is resuming its investigation concerning events surrounding the discovery of misconduct within the Reading-based Impaired Assets team of Halifax Bank of Scotland (HBOS). The investigation was placed on hold in early 2013 at the request of Thames Valley Police pending the outcome of its investigation and any resulting prosecutions which, as widely reported in the press, resulted in the conviction of five individuals in February 2017. The FCA has stated that it has taken the relatively unusual step of commenting on an ongoing investigation given the significant levels of public interest in the matter.

<https://www.fca.org.uk/news/press-releases/statement-fca-enforcement-investigation-hbos-reading>

Upper Tribunal rules on Keydata witness summonses

The Upper Tribunal has (on 7 April) provisionally granted an application made by Mr Stewart Ford and Mr Mark

Owen, formerly directors of the now defunct distributor Keydata, for a witness summons in respect of one former senior employee of Keydata. The decision places constraints on the matters in relation to which Mr Peter Johnson, who was a senior compliance officer, may be required to give evidence. It has been granted provisionally to allow an opportunity for him to make representations. Applications made by Messrs Ford and Owen for witness summonses or letters of request in relation to seven other individuals were refused. The applications were made in the context of references pursued by them in respect of decisions by the FCA to impose prohibition orders and financial penalties of £75 million and £4 million respectively.

https://assets.publishing.service.gov.uk/media/58e78612e5274a06b000010c/Ford_Owen_v_FCA_decision_on_summonses.pdf

PRA publishes letter on contingency planning

The PRA has published a letter relevant to banks, insurers and designated investment firms undertaking cross-border activities between the UK and the rest of the EU. In light of

the UK Government's decision to trigger Article 50, the letter sets out the PRA's expectation that all such businesses are to undertake appropriate contingency planning for the full range of possible scenarios for the UK's withdrawal from the EU. In particular, the letter advises firms currently relying on passporting arrangements that allow them to undertake business in the UK to consider possible structural changes to continue these activities, such as setting up a subsidiary, as well as any need to apply for authorisation from the PRA. The letter requests written confirmation by 14 July 2017 from CEOs or branch managers of relevant businesses that the board/local branch senior manager has considered its contingency plans around UK withdrawal, a short summary of those plans, and assurance that the plans appropriately address a wide range of scenarios.

<http://www.bankofengland.co.uk/pradocuments/about/letter070417.pdf>

FCA warnings

Name of firm	Date of warning	Details
Lawson Consultancy Limited	7 April 2017	Not authorised https://www.fca.org.uk/news/warnings/lawson-consultancy-limited
Money Information Service	6 April 2017	Not authorised https://www.fca.org.uk/news/warnings/money-information-service
Matchpoint Finance PLC	6 April 2017	Clone firm https://www.fca.org.uk/news/warnings/matchpoint-finance-plc-clone
The Loan Expert / www.theloan.expert	3 April 2017	Clone firm https://www.fca.org.uk/news/warnings/loan-expert-clone

GMO Investment Management / GMO Funds PLC / GMO	3 April 2017	Clone firm https://www.fca.org.uk/news/warnings/gmo-investment-management-gmo-funds-plc-gmo-clone
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Policy developments

FCA		PRA	
Proposed developments			
		Deadline for responses	
Consultation papers	<p>The FCA is consulting on measures to address persistent credit card debt and to require credit card firms to use their data to identify customers at risk of financial difficulties.</p> <p>https://www.fca.org.uk/publication/s/consultation-papers/persistent-debt-earlier-intervention-cp17-10</p> <p>The FCA is consulting on proposed 2017/18 PSR fee rates and has published a document outlining its decision, in conjunction with the Payment Systems Regulator, on the allocation, calculation and collection of the PSR's fees for 2017/18.</p> <p>https://www.fca.org.uk/publication/s/consultation-papers/psr-regulatory-fees-2017-18-cp17-9</p>	3 July 2017	

Further Afield

SFC fines brokerage firm for failure to conduct proper enquiries

On 5 April 2017, the Hong Kong Securities and Futures Commission (SFC) has reprimanded Guoyuan Securities Brokerage (Hong Kong) Limited and fined it \$4.5 million for its failure to conduct proper enquiries and scrutiny to mitigate the risks of money laundering and terrorist financing when processing third party fund transfers for clients between September 2010 and July 2012.

<http://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/openAppendix?refNo=17PR43&appendix=0&lang=EN>

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