

This week at the UK regulators

Thirty second guide: The week in overview

Although there were numerous enforcement notices published by the FCA last week, they were relatively routine in nature. Instead, the main enforcement development last week occurred away from the regulators, with the approval by the Court of a deferred prosecution agreement between the Serious Fraud office and a major corporate entity, the fourth of its kind since the introduction of this type of agreement in the UK in early 2014.

The PRA published a letter requesting information in relation to this year's general insurance stress test. The PRA also published a supervisory statement setting out its expectations on how firms should comply with the requirements of the Remuneration section of the PRA Rulebook, as well as a policy statement providing feedback on the responses received to a consultation paper on remuneration.

The FCA continued its focus on understanding the psychology behind financial services consumers' decisions, publishing an occasional paper on behavioural insights into the advertising of financial products. It also published the first of two parts of proposed guidance on the implementation of the Financial Advice Market Review and a discussion paper on distributed ledger technology.

Further afield, the Dubai Financial Services Authority censured a former consultant for providing the Dubai regulator with false and misleading information.

Enforcement notices

Between 10 and 12 April, the FCA imposed final notices on various regulated firms and individuals in the consumer credit sector for breaches of Principle 11 of the Principles for Businesses (the requirement to be open and co-operative with regulators).

The FCA found in each instance that there had been a failure to comply with the regulatory requirement to submit the CCR007 return and/or to pay an overdue balance for regulatory fees and levies despite repeated requests. As a result, the FCA imposed cancellations of the firms' and individuals' Part4A permissions.

<https://www.fca.org.uk/publication/final-notices/new-born-electronics-limited.pdf>

<https://www.fca.org.uk/publication/final-notices/brooke-specialist-cars-limited.pdf>

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

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

<https://www.fca.org.uk/publication/final-notices/kenneth-wills-2017.pdf>

[https://www.fca.org.uk/publication/final-notices/grange-](https://www.fca.org.uk/publication/final-notices/grange-automotive-2017.pdf)

[automotive-2017.pdf](https://www.fca.org.uk/publication/final-notices/marvin-patterson-2017.pdf)

<https://www.fca.org.uk/publication/final-notices/marvin-patterson-2017.pdf>

<https://www.fca.org.uk/publication/final-notices/new-peterborough-auto-limited.pdf>

<https://www.fca.org.uk/publication/final-notices/richard-brian-spooner.pdf>

<https://www.fca.org.uk/publication/final-notices/john-clifford-jones.pdf>

<https://www.fca.org.uk/publication/final-notices/muhammad-abdullah.pdf>

<https://www.fca.org.uk/publication/final-notices/stephen-oliver.pdf>

<https://www.fca.org.uk/publication/final-notices/mohammad-ishaq.pdf>

<https://www.fca.org.uk/publication/final-notices/billy-davis.pdf>

<https://www.fca.org.uk/publication/final-notices/eric-randle.pdf>

<https://www.fca.org.uk/publication/final-notices/collins-ward-capital-management-ltd.pdf>

On 11 April, the FCA published a final notice in relation to Mr Habib-Ur Rehman, cancelling his Part 4A permission for breaches of Principle 11 for failing to respond to repeated Authority correspondence requesting that he provide information relating to his mortgage activities.

<https://www.fca.org.uk/publication/final-notice/habib-ur-rehman-2017.pdf>

Fourth UK deferred prosecution agreement approved

On 10 April, a deferred prosecution agreement agreed between the UK Serious Fraud Office (SFO) and Tesco Stores Limited (TSL) was approved by the Court. This is the fourth DPA to be concluded since their introduction in February 2014. The total financial costs to Tesco PLC (of which TSL is a wholly owned subsidiary) will be £235 million, comprising £129 million in respect of the DPA, the expected costs of a separate compensation scheme agreed with the FCA of £85 million and related costs. Provided TSL complies with the terms of the DPA, an investigation by the SFO into it and Tesco PLC, commenced in October 2014, is now at an end. For further details, see our Clifford Chance briefing.

https://www.cliffordchance.com/briefings/2017/04/serious_fraud_officeconcludesdeferre.html

PRA publishes letter regarding general insurance stress test

On 11 April, the PRA published a letter to the largest regulated general insurers asking them to provide information about the impact of a range of stress tests on their projected Own Funds, as well as to provide additional information on their sectoral exposures to the UK economy.

The exercise is split into two broad areas of interest: a set of five severe but conceivable scenarios and a capture of exposures that will allow the PRA to better understand the impact of potential losses by various sectors of the economy.

Responses are required by 5pm on Friday 14 July 2017.

<http://www.bankofengland.co.uk/pradocuments/about/letter110417.pdf>

PRA publishes remuneration supervisory statement

On 12 April, the PRA published a supervisory statement (SS2/17) on remuneration, which is relevant to all firms regulated by the PRA which fall within the scope of the Remuneration Part of the PRA Rulebook. The purpose of this SS is to set out the PRA's expectations on how firms should comply with the requirements of the Remuneration Part, enabling firms to make judgements which advance the objectives of the PRA. This SS replaces several remuneration policy documents and letters to firms and is intended to be read together with the rules contained in the Remuneration section of the PRA's Rulebook.

<http://www.bankofengland.co.uk/pradocuments/publications/ss/2017/ss217.aspx>

FCA publishes paper on behavioural insights into the advertising of financial products

On 12 April, the FCA published an occasional paper (No.26) exploring the science of advertising. The paper summarises the mechanisms behind consumer attention, understanding and behaviour to understand how consumers process information in the form of advertisements. The paper also looks at what the science says about an advert that may be unclear, unfair or misleading.

<https://www.fca.org.uk/publications/occasional-papers/no-26-behavioural-insights-advertising-financial-products>

FCA warnings

Name of firm	Date of warning	Details
Loans Factor	13 April 2017	Clone firm https://www.fca.org.uk/news/warnings/loans-factor-clone
Forest Finance / Forest Finance Team / Forest Finance Services Ltd	13 April 2017	Clone firm https://www.fca.org.uk/news/warnings/forest-finance
Carmine Hoffman Law Firm LLP	12 April 2017	Not authorised https://www.fca.org.uk/news/warnings/carmine-hoffman-law-firm-llp
Ralston Consultancy Ltd	10 April 2017	Not authorised https://www.fca.org.uk/news/warnings/ralston-consultancy-ltd

Policy developments

FCA		PRA	
Proposed developments			
		Deadline for responses	
Guidance consultation	The FCA published the first part of a guidance consultation (GC17/4) on the implementation of the Financial Advice Market Review (FAMR). The FCA proposes to consult over the course of 2017 on a number of measures to address recommendations made in the FAMR Final Report. In order for the FCA to align the measures with the recent amendment to the regulated activity of 'advising on	Consultation for guidance on non-advised services will end in May 2017.	Consultation for the remaining Part 1 guidance will end in July 2017

	<p>investments' in article 53(1) of the Regulated Activities Order, the consultation process will form two parts. Part 1 consists of proposals for guidance on streamlined advice, fact finds, employers' fact sheet, and non-advised services. Part 2 will be published in summer 2017.</p> <p>https://www.fca.org.uk/publication/guidance-consultation/gc17-04.pdf</p>			
Discussion papers	<p>The FCA published a discussion paper (DP17/3) on distributed ledger technology (DLT) to start a dialogue on the potential for future development of DLT in the markets that it regulates. The FCA has indicated that it is particularly interested to explore where the balance of risk and opportunities may lie in relation to DLT.</p> <p>https://www.fca.org.uk/publication/discussion/dp17-03.pdf</p>	17 July 2017		

Finalised Policy and guidance				
		Implementation/effective date		
Policy statements				<p>On 12 April 2017, the PRA published a policy statement (PS7/17) providing feedback on the responses received to CP33/16 (a consultation paper entitled 'The PRA's expectations on remuneration'). Having considered the feedback, the PRA has made minor changes to the draft supervisory statement included in CP33/16. PS7/17 is relevant to all firms regulated by the PRA which fall within the scope of the Remuneration Part of the PRA Rulebook, and should</p>

				be read alongside the Remuneration Part. http://www.bankofengland.co.uk/pra/Pages/publications/ps/2017/ps717.aspx
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Further Afield

DFSA censures individual for providing misleading information

On 10 April, the Dubai Financial Services Authority (DFSA) published a decision notice censuring a former employee of a DFSA Authorised Firm for providing the Dubai regulator with false and misleading information. Ms Jai Surve concealed information where the concealment of such information was likely to mislead or deceive the DFSA. Mrs Surve accepted responsibility for misleading the DFSA and agreed to settle the matter at an early stage following the conclusion of the investigation. While such conduct has in the past resulted in a financial penalty, the DFSA concluded that a public censure was the most appropriate action given various factors, including Ms Surve's personal circumstances. The DFSA did not make any findings of contraventions in relation to Ms Surve's trading activities.

<https://www.dfsa.ae/getattachment/635c952a-1b62-4b34-ab21-73657f9f2bbd/attachment>

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

Editors

Chris Stott
Lawyer

E: chris.stott
@cliffordchance.com

Emma Mack
Lawyer

E: emma.mack
@cliffordchance.com

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www.cliffordchance.com

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

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