

This week at the UK regulators

Thirty second guide: The week in overview

In this week's principal enforcement development, the FCA fined a compliance officer for failings relating to pension transfers.

In other developments, the FCA proposed a new premium listing category aimed at sovereign-controlled corporations. The PRA's CEO spoke out about the dangers of aiming to meet the letter rather than the spirit of regulatory requirements.

Further afield, the Singaporean and Thai financial services regulators agreed to enhance their cooperation in the supervisory sphere and the Hong Kong regulator underscored its commitment to striking early in the enforcement of stock market listing rules.

FCA fines compliance oversight officer for pension transfer failings

On 14 July, following an investigation, the FCA fined Mr David Waters £75,000 for failing to exercise due skill, care and diligence whilst acting as compliance oversight officer at several financial advisory firms between February 2006 and April 2009. The FCA found that Mr Waters breached Principle 6 of the Statements of Principle for Approved Persons (due skill, care and diligence to ensure compliance by firms with regulatory requirements) by failing to give sufficient consideration to the adequacy of advice provided to approximately 500 customers in the context of a transfer from a defined benefit scheme to a defined contribution scheme.

<https://www.fca.org.uk/publication/final-notice/david-samuel-watters.pdf>

FCA proposes new premium listing category for sovereign-controlled companies

On 13 July, the FCA launched a consultation process relating to a proposed new category within the premium listing bracket. The proposal is geared towards companies controlled by sovereign state shareholders. It caters to companies which may be prone to privatisation transaction and seeks to enable them to opt for the higher standards of a premium listing, rather than a standard listing.

<https://www.fca.org.uk/news/press-releases/fca-proposes-new-premium-listing-category-sovereign-controlled-companies>

PRA CEO highlights concerns on approaches to regulation

On 10 July, Sam Woods, Deputy Governor for Prudential Regulation and CEO of the PRA, reflected on financial institution supervision. Recognising that "financial institutions will always be able to innovate faster than we are able to modify the prudential rulebook" and highlighting the dangers of "regulatory arbitrage" and the circumvention of the spirit of regulations, Mr Woods highlighted four areas of particular concern. First, off-balance sheet leverage achieved via special purpose vehicles, derivatives, agency structures, collateral swaps escape the finer aspects of the capital requirement framework. Second, the treatment of liquid assets on a "hold to maturity" basis raises the risk that price movements could result in unrealised losses. Third, some banks are securing funding that matures just beyond the time horizon used to calculate liquidity requirements. Fourth, in the insurance space, some firms have sought to amend existing contracts to extend the contract boundary beyond the Solvency II contract boundary in order to book more profit.

<http://www.bankofengland.co.uk/publications/Documents/speeches/2017/speech988.pdf>

FCA warnings

Name of firm	Date of warning	Details
Low Rate Loans	14 July 2017	Clone firm https://www.fca.org.uk/news/warnings/low-rate-loans-clone
AXA IM Asia	13 July 2017	Clone firm https://www.fca.org.uk/news/warnings/axa-im-asia-clone
Lending Stream	12 July 2017	Clone firm https://www.fca.org.uk/news/warnings/lending-stream-clone
Alpha Consulting	12 July 2017	Clone firm https://www.fca.org.uk/news/warnings/alpha-consulting-clone
Rothschild Asset Management	12 July 2017	Clone firm https://www.fca.org.uk/news/warnings/rothschild-asset-management-clone-fca-authorized-firm
Greenfield Loans Limited	10 July 2017	Not authorised https://www.fca.org.uk/news/warnings/greenfield-loans-limited
Sakai, Yao and Partners	10 July 2017	Not authorised https://www.fca.org.uk/news/warnings/sakai-yao-and-partners

Policy developments

FCA		PRA		
Proposed developments				
		Deadline for responses		
Consultation	On 13 July, the FCA published a consultation paper (CP17/22) in	18 August	13 October	On 13 July, the PRA published a consultation paper (CP13/17) in

papers	relation to authorisation, registration and reporting forms under the revised Payment Services Directive (PSD2). https://www.fca.org.uk/publication/consultation/cp17-22.pdf	2017	2017	relation to Pillar 2 liquidity. http://www.bankofengland.co.uk/p/ra/Documents/publications/cp/2017/cp1317.pdf
	On 13 July, the FCA published a consultation paper (CP17/21) proposing to create a new premium listing category for sovereign controlled companies. https://www.fca.org.uk/publication/consultation/cp17-21.pdf	13 October 2017	12 October 2017	On 12 July, the PRA (CP12/17) in relation Pillar 2A capital requirements and disclosure. http://www.bankofengland.co.uk/p/ra/Documents/publications/cp/2017/cp1217.pdf

Further Afield

Singaporean and Thai regulators sign FinTech cooperation agreement and update memorandum of understanding

On 11 July, the Bank of Thailand and the Monetary Authority of Singapore entered into a cooperation agreement aimed at enabling both institutions to exchange information on emerging market trends and stay ahead of FinTech developments in the ASEAN region. The memorandum of understanding, which has been in place since 2006, bolsters bilateral collaboration in supervising the two countries' banking systems.

<http://www.mas.gov.sg/News-and-Publications/Media-Releases/2017/Bank-of-Thailand-and-Monetary-Authority-of-Singapore.aspx>

Hong Kong regulator underlines intention to take firm action on listing rule breaches

On 13 July, the Hong Kong Securities and Futures Commission ("SFC") issued the inaugural bulletin in a series of regulatory bulletins addressing its role under the Securities and Futures (Stock Market Listing) Rules. The first issue sets out that the SFC is taking steps to intervene in serious cases at an early stage to carry out its statutory objectives, including to protect the investing public and to suppress illegal, dishonourable and improper market practices. These steps complement the SFC's enforcement

work to prosecute wrongdoers, seek remediation and deter misconduct.

<http://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=17PR97>

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