

This week at the UK regulators

Thirty second guide: The week in overview

Last week, the FCA published its final report into the asset management sector and announced the findings from its review of appropriateness assessments for sales of contract for difference products. It also announced its decision to delay making final conduct rules for UK firms providing contract for difference products to retail clients. In addition, the FCA issued an information request related to a review into the fair treatment of with-profits customers and announced the new Chairs of the FCA's Practitioner and Markets Practitioner Panels.

In policy developments, the FCA released a consultation paper in relation to the implementation of remedies resulting from its study on the asset management market, and the PRA and Financial Policy Committee published a consultation paper concerning changes to the UK leverage ratio framework. The FCA also published a policy statement relating to the prohibition of restrictive contractual clauses.

Further afield, there were a number of important developments in Singapore, where the financial regulator re-affirmed its commitment to taking strong enforcement action, against firms and individuals and using publicity as an enforcement tool, and where prosecuting authorities secured their first conviction of a company director for money laundering offences.

Enforcement Notices

In five separate Final Notices dated 21 June, the FCA cancelled the permission of Express Motor World Limited, Vicarage Autos Limited, Mr Peyman Pakyari, M V Autos (Mr Mark Adams trading as) and Mr Ian Foden. In all five cases, the cancellations stemmed from failures to be open and cooperative in the consumer credit sector.

<https://www.fca.org.uk/publication/final-notices/express-motor-world-limited.pdf>

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

<https://www.fca.org.uk/publication/final-notices/peyman-pakyari.pdf>

<https://www.fca.org.uk/publication/final-notices/mv-autos.pdf>

<https://www.fca.org.uk/publication/final-notices/ian-foden.pdf>

FCA publishes final report into asset management sector

The FCA has (on 28 June) published the final findings of its asset management market study. The FCA found that price competition is weak in a number of areas of the industry, that there is evidence of sustained, high profits over a number of years, that investors are not always clear what

the objectives of funds are and that fund performance is not always reported against an appropriate benchmark.

The remedies being taken forward, developed following responses to the FCA's interim report of November 2016 by industry, investor representatives and others, fall into three areas: (1) to help provide protection for investors who are not well placed to find better value for money; (2) to drive competitive pressure on asset managers; and (3) to help improve the effectiveness of intermediaries.

The final report (MS15/2.3) also confirms the provisional decision made in November 2016 to make a market investigation reference in respect of investment consultancy services. On 20 February 2017, three firms offered undertakings in lieu ("UIL") to address the concerns set out in the FCA's provisional decision. Following the publication of the final findings of its asset management market study, the FCA has (on 28 June) announced that it has reached the provisional view of a proposal to reject the UIL and is publicly consulting on this. It has also indicated that further consultation papers will follow throughout 2017 in relation to the other proposed remedies.

<https://www.fca.org.uk/publications/market-studies/asset-management-market-study>

<https://www.fca.org.uk/publication/market-studies/ms15-2-3.pdf>

<https://www.fca.org.uk/publication/market-studies/ms15-2-3.pdf>

[2-a-mir.pdf](#)

<https://www.fca.org.uk/publications/market-studies/asset-management-market-study-provisional-view-uil-mir>

FCA announces findings of review of appropriateness assessments for sales of CFD products

The FCA has (on 29 June) announced the findings from its review of appropriateness assessments for sales of contract for difference products ("CFDs"). The FCA has stated that it continues to have serious concerns about the distribution of CFDs to retail clients and has identified particular areas of concern as: inadequate assessments of prospective clients' knowledge; insufficient account of clients' previous transactional experience; inadequate risk warnings to prospective clients who fail appropriateness assessments; failure to evaluate whether failed applicants should be allowed to make CFD transactions; and poor oversight, weak controls and inadequate management information.

It has indicated that the quality of firms' policies and procedures in relation to client on-boarding and assessment of appropriateness will therefore remain a key focus for the FCA. The FCA noted that it will consider enforcement investigations or other action as appropriate and encouraged firms to assess their systems and practices in view of pending obligations under MiFID II.

In a related development, following an announcement by the European Securities and Markets Authority ("ESMA") on its consideration of product intervention measures, the FCA has (on 29 June) announced its decision to delay making final conduct rules for UK firms providing CFDs to retail clients pending the outcome of ESMA's discussions.

<https://www.fca.org.uk/publications/multi-firm-reviews/cfd-firms-fail-expectations-appropriateness-assessments>

<https://www.fca.org.uk/news/statements/fca-statement-contract-difference-products-and-cp16-40>

FCA announces names of firms who participated in the Advice Unit and publishes the FAMR baseline report

The FCA has (on 30 June) announced the names of the firms which participated in the Advice Unit established to provide feedback to firms developing automated advice and guidance models and published the Financial Advice Market Review Baseline Report. This report identified accessibility, affordability; and quality of advice as key

themes to measure the development of the market.

<https://www.fca.org.uk/news/press-releases/announces-firms-participated-advice-unit-publishes-famr-baseline-report>

FCA issues information request to with-profits firms

The FCA has (on 30 June) issued an information request to the majority of firms with with-profits business, to help the FCA carry out a review into the fair treatment of with-profits customers. The review is scheduled to commence in Q4 2017 or Q1 2018.

<https://www.fca.org.uk/news/news-stories/information-request-with-profits-firms>

FCA announces new Chairs of the FCA's Practitioner Panel and Markets Practitioner Panel

The FCA has (on 30 June) announced that Anne Richards, Chief Executive of M&G, will become Chair of the FCA Practitioner Panel from 1 August 2017, succeeding António Simões. John Trundle, Chief Executive Officer of Euroclear UK & Ireland, will become Chair of the FCA Markets Practitioner Panel from 1 July 2017, succeeding Robert Mass.

<https://www.fca.org.uk/news/press-releases/new-chairs-practitioner-markets-panel>

FCA warnings

Name of firm	Date of warning	Details
AIG Options / CMC Options	28 June 2017	Unauthorised firm https://www.fca.org.uk/news/warnings/aig-options-cmc-options
Prolinet Ventures Limited	28 June 2017	Unauthorised firm https://www.fca.org.uk/news/warnings/prolinet-ventures-limited
Right Choice Insurance Brokers	30 June 2017	Clone of FCA authorised firm https://www.fca.org.uk/news/warnings/right-choice-insurance-brokers-clone
Brit-Group	30 June 2017	Unauthorised firm https://www.fca.org.uk/news/warnings/brit-group

Policy developments

FCA		PRA		
Proposed developments				
		Deadline for responses		
Consultation papers	On 28 June, the FCA published a consultation paper (CP17/18) in relation to implementing the asset management market study remedies and changes to the FCA Handbook. https://www.fca.org.uk/publication/consultation/cp17-18.pdf	28 September 2017	12 September 2017	On 27 June, the PRA and Financial Policy Committee ("FPC") published a consultation paper (CP11/17) concerning changes to the UK leverage ratio framework relating to the treatment of claims on central banks. http://www.bankofengland.co.uk/p/ra/Documents/publications/cp/2017/cp1117.pdf

Finalised Policy and guidance			
		Implementation/effective date	
Policy statements	<p>On 27 June, the FCA published a policy statement (PS17/13) on investment and corporate banking: prohibition of restrictive contractual clauses.</p> <p>The policy statement sets out the FCA's response to feedback received to CP16/31 and sets out the FCA's rules to ban contractual clauses that restrict competition without being clearly beneficial to clients.</p> <p>https://www.fca.org.uk/publication/policy/ps17-13.pdf</p> <p>https://www.fca.org.uk/publication/consultation/cp16-31.pdf</p>	3 January 2018	

Further Afield

Singapore authorities place emphasis on individual accountability and money laundering...

At a press conference following the publication of the annual report of the Monetary Authority of Singapore ("MAS") on 29 June, its Managing Director, Ravi Menon, gave clear indications of the authority's readiness to replicate a number of recent high profile enforcement actions. He also noted that MAS has intensified its supervision of financial institutions that have higher inherent money laundering risks, and reportedly stated that identifying individuals responsible for financial misconduct and preventing them from working in the financial services industry is a stronger deterrent than imposing large penalties on the banks employing them.

<http://www.mas.gov.sg/News-and-Publications/Speeches-and-Monetary-Policy-Statements/Speeches/2017/MAS-Annual-Report-201617.aspx>

...and puts words into action

Last week also saw the first successful prosecution in Singapore of a company director for money laundering offences, with an individual sentenced to 12 months' imprisonment and a fine of SGD50,000. Although the case did not concern a company in the financial services sector and was pursued by the Public Prosecutor rather than the MAS, it underlines the authorities' focus on financial crime and on holding individuals to account. For full details, see our Clifford Chance briefing.

<https://onlineservices.cliffordchance.com/online/freeDownload.action?key=OBWibFgNhLNomwBI%2B33QzdFhRQAhp8D%2BxrlGReI2crGqLnALtlyZewwqdhKEF59BHpxvSAvxk%2BHp%0D%0A5mt12P8Wnx03DzsaBGwsIB3EVF8XihbSJJa3xHNE7tFeHpEbaelf&attachmentsize=216990>

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