

This week at the UK regulators

Thirty second guide: The week in overview

The FCA had a busy week, including imposing a fine on a listed company for a breach of the Disclosure and Transparency Rules. It also made a number of changes to the FCA Handbook and produced a number of publications, including the finding of its "Financial Lives" survey and its report on the first year of the operation of the regulatory sandbox. The PRA published a consultation paper and supervisory statement on data collection of market risk sensitivities in relation to Solvency II.

FCA concludes action for Disclosure and Transparency Rules breach

On 17 October, the FCA imposed a financial penalty of £27,385,400 on Rio Tinto plc ("RT") for breaching the Disclosure and Transparency Rules ("DTR"). Following the methodology adopted in other previous cases involving breaches of DTR by much smaller companies, the FCA calculated the level of the penalty to be imposed as a percentage of market capitalisation at the relevant time (as an alternative to using relevant revenue, which the FCA considers is not applicable in this type of cases).

The action was based on RT's acquisition in August 2011 of certain mining assets in Mozambique for US\$3.7 billion. The FCA found that RT subsequently failed to carry out an impairment test and did not recognise impairment loss on the value of the assets when publishing its 2012 financial results. On 17 January 2013, RT announced an impairment of the assets, writing off approximately 80% of their value. The FCA found that the 2012 results were therefore inaccurate and misleading. The penalty imposed was subject to a 25% proportionality reduction and was further reduced by 30 per cent to reflect the fact that RT agreed to settle at an early stage of the investigation.

<https://www.fca.org.uk/news/press-releases/rio-tinto-plc-fined-%C2%A327m-breaching-disclosure-and-transparency-rules>

FCA outlines lessons learned from first year of regulatory sandbox

In June 2016, the FCA established a "regulatory sandbox" to enable firms to test innovative products, services or business models in a live user environment, while ensuring that appropriate protections were in place. It has now published a report outlining how the sandbox met its objectives – primarily to promote effective competition in

the interests of consumers – during its first year of operation. Although the report found that it was too early to assess the overall impact, it identified three key benefits of the sandbox: (i) reducing the time and cost of bringing innovative ideas to market; (ii) facilitating access to finance for innovators; and (iii) enabling products to be tested and introduced to the market.

<https://www.fca.org.uk/news/press-releases/financial-conduct-authority-outlines-lessons-learned-year-one-its-regulatory-sandbox>

FCA issues statement on judicial review of PPI complaints measures

On 20 October, The FCA issued a statement confirming that on 3 October, the Court of Appeal refused permission to appeal the Administrative Court's decision of 4 August 2017 in which it had refused We Fight Any Claim permission to bring a claim for judicial review of the FCA's new package of measures in relation to PPI complaints (including a 29 August 2019 deadline for making new PPI complaints). The decision made by the Court of Appeal is final and cannot be further challenged.

<https://www.fca.org.uk/news/statements/fca-statement-judicial-review-ppi-complaints-measures>

FCA gets review of debt management sector underway

In line with its 2017/2018 Business Plan commitments, the FCA has (on 19 October) confirmed that it has commenced a thematic review of the debt management sector. Debt management remains a priority for the FCA as it has identified poor practice by debt management firms as a significant risk to consumers, particularly those in vulnerable circumstances.

<https://www.fca.org.uk/publication/business-plans/business->

[plan-2017-18.pdf](#)

<https://www.fca.org.uk/news/news-stories/review-debt-management-sector-gets-underway>

FCA reveals findings from its first Financial Lives Survey

On 18 October, the FCA published findings from its first Financial Lives Survey. Financial Lives is the FCA's largest tracking survey of consumers and their use of financial services, drawing on responses from approximately 13,000 UK consumers aged 18 and over. The aim of the survey is to provide the FCA with unique insights into people's experiences of retail financial products and services.

As was well publicised in the national media, the survey's headline finding was that 50 per cent of UK adults display one or more characteristics signalling their potential financial vulnerability, with those over 75 exhibiting the highest levels of potential vulnerability.

<https://www.fca.org.uk/news/press-releases/fca-reveals-findings-from-first-financial-lives-survey>

FCA launches the Asset Management Authorisation Hub

On 16 October, the FCA launched the Asset Management Authorisation Hub to support new firms by assisting when they apply for authorisation, throughout the authorisation process and afterwards. The FCA has been careful to make clear that the authorisation hub will not lower entry standards to the market and entrants will need to meet the same rigorous standards as current firms before they receive authorisation. Further phases of the hub will be rolled out throughout 2018.

<https://www.fca.org.uk/news/press-releases/fca-launches-asset-management-authorisation-hub> FCA issues Handbook Notice

On 19 October 2017, the FCA's Board made changes to the FCA Handbook in the following instruments:

- Financial Service Compensation Scheme (Funding and Scope) Instrument 2017 (2017/58);
- Occupational Pension Scheme Firm (Conduct of Business and Organisational Requirements Instrument 2017) (2017/59);
- Conduct of Business (Initial Public Offering Research) Instrument 2017 (2017/60);
- Supervision Manual (Reporting No 6) Instrument 2017 (2017/61);
- Listing Rules Sourcebook and Fees Manual (Redesignation and Miscellaneous Amendments) Instrument 2017 (2017/62). The changes include extending the scope of the Financial Services Compensation Scheme and the MiFID II standards and will largely come into effect in 2018.

<https://www.fca.org.uk/publication/handbook/handbook-notice-48.pdf>

FCA warnings

Name of firm	Date of warning	Details
Britannia Capital Management	20 October 2017	Clone firm https://www.fca.org.uk/news/warnings/britannia-capital-management-clone-authorized-firm

My Finance	18 October 2017	Clone firm https://www.fca.org.uk/news/warnings/my-finance-clone
Improvement Loans	16 October 2017	Clone firm https://www.fca.org.uk/news/warnings/improvement-loans-clone
RTC finance/ Icon markets/ First World Consultants Limited	16 October 2017	Clone firm https://www.fca.org.uk/news/warnings/rtc-finance-icon-markets-first-world-consultants-limited-clone

Policy developments

FCA		PRA	
Proposed developments			
		Deadline for responses	
Discussion papers		18 October 2017	<p>Solvency II: Data collection of market risk sensitivities – SS7/17</p> <p>The PRA's supervisory statement sets out its expectations regarding the reporting of sensitivities of solvency position to various changes in market conditions.</p> <p>http://www.bankofengland.co.uk/p/ra/Pages/publications/ss/2017/ss717.aspx</p>

Finalised Policy and guidance				
		Implementation/effective date		
Policy statements			18 October 2017	<p>Solvency II: Data collection of market risk sensitivities – PS25/17</p> <p>This Policy Statement provides feedback to responses to CP 7/17 ‘Solvency II: Data collection of market risk sensitivities’. It is relevant to PRA-regulated insurance or reinsurance firms that are most exposed to market risks.</p> <p>http://www.bankofengland.co.uk/p/ra/Pages/publications/ps/2017/ps2517.aspx</p>
Finalised guidance				<p>Solvency II: Solvency and Financial Condition Report roundtables</p> <p>The PRA publishes the principle themes emerging from the three roundtables held at the start of September. Together with identifying a number of areas in which disclosure would be valuable to investors and analysts, they gave two areas as priorities, being: (i) Sensitivity Analysis; and (ii) Analysis in movements in Solvency II SCR coverage.</p> <p>http://www.bankofengland.co.uk/p/ra/Documents/publications/reports/sfcr181017.pdf</p>

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