

This week at the UK regulators

Thirty second guide: The week in overview

In a quiet week in terms of published enforcements, the FCA has highlighted the areas which pose some of the biggest challenges including consumer credit, long-term savings and retirement provision; and other impacts of an ageing population. The FCA continues to review Defined Benefit Pension Transfers and announced that it had found some firms were not giving enough attention to the outcome for the customer and whether the advice the firms give is suitable in this respect.

Further afield, last week marked "World Investor Week", a global campaign promoted by the International Organization of Securities Commission, designed to raise awareness about the importance of investor education and protection and highlight the various initiatives of securities regulators in these two areas.

FCA highlights challenges it faces

In a speech given on 4 October, Andrew Bailey (Chief Executive of the FCA) set out some of the challenges for the FCA by focusing on three key areas: consumer credit, long-term savings and retirement provision, and other impacts of an ageing population. He stated that the FCA alone cannot create an appropriate system for the sustainable supply of credit but has already started discussions with other stakeholders to see what may be possible. The FCA also stated that it will publish its pension strategy later this year setting out for the first time the FCA's assessment of the major regulatory issues in the sector.

<https://www.fca.org.uk/news/speeches/challenges-regulator-mansion-house-2017>

FCA confirms Defined Benefit Pension Transfers review

The FCA announced that it is looking at Defined Benefit ("DB") Pension Transfers to assess the advice consumers are receiving from firms and whether they are at risk of harm. Following analysis of information received from 22 firms on their DB transfer business, the FCA has found that some firms are not giving enough attention to customer outcomes and the suitability of advice given when changing their business models, in the wake of the pension reforms. The FCA intends to continue to monitor this market and,

where appropriate, to assess firms who provide advice on DB transfers. A further phase of supervisory assessments is due to start before the end of the current business year but the FCA has indicated that in the meantime it expects firms to consider previous FCA alerts and updates and to take appropriate steps to comply with the relevant requirements.

<https://www.fca.org.uk/news/news-stories/our-work-defined-benefit-pension-transfers>

FCA warnings

Name of firm	Date of warning	Details
Lend Mutual	02/10/17	Clone of FCA authorised firm https://www.fca.org.uk/news/warnings/lend-mutual-clone-fca-authorized-firm
Yinforex Capital Ltd	03/10/17	Clone of FCA authorised firm https://www.fca.org.uk/news/warnings/yinforex-capital-ltd-clone-fca-authorized-firm
Gatco Bank PLC	03/10/17	Unauthorised firm https://www.fca.org.uk/news/warnings/gatco-bank-plc
J O Hambro Capital Management	04/10/17	Clone of FCA authorised firm https://www.fca.org.uk/news/warnings/j-o-hambro-capital-management-clone
Osbourne Mulligan Consulting	04/10/17	Unauthorised firm https://www.fca.org.uk/news/warnings/osbourne-mulligan-consulting
Northhill Global	05/10/17	Clone of FCA authorised firm https://www.fca.org.uk/news/warnings/northhill-global-clone-authorized-firm
Cedar Cell	06/10/17	Clone of FCA authorised firm https://www.fca.org.uk/news/warnings/cedar-call-clone
Ellis and Tate	06/10/17	Unauthorised firm https://www.fca.org.uk/news/warnings/ellis-and-tate

Policy developments

FCA		PRA		
Proposed developments				
		Deadline for responses		
Consultation papers	<p>The FCA has (on 3 October) published a joint consultation paper with the PRA (FCA CP17/34 and PRA CP18/17) 'Joint PRA and FCA form, PRA Rulebook, and FCA Handbook changes - MiFID II, IDD and BMR amendments' in relation to proposed changes to forms used by MiFID investment firms.</p> <p>https://www.fca.org.uk/publication/consultation/cp17-34.pdf</p>	3 November 2017	3 November 2017	<p>The PRA has (on 3 October) published a joint consultation paper with the FCA (FCA CP17/34 and PRA CP18/17) 'Joint PRA and FCA form, PRA Rulebook, and FCA Handbook changes - MiFID II, IDD and BMR amendments' in relation to proposed changes to forms used by MiFID investment firms.</p> <p>https://www.fca.org.uk/publication/consultation/cp17-34.pdf</p>
			4 January 2018	<p>The PRA has (on 3 October) published a consultation paper (CP19/17) 'Groups policy and double leverage' in relation to proposed changes to the groups policy framework, in order to ensure that it remains coherent and fit for purpose in light of post-crisis financial reforms.</p> <p>http://www.bankofengland.co.uk/p/ra/Documents/publications/cp/2017/cp1917.pdf</p>
			4 January 2018	<p>The PRA has (on 4 October) published a consultation paper (CP20/17) 'Changes to the PRA's large exposures framework' in relation to proposed changes and clarifications to requirements relating to intragroup transactions in the Large Exposures Part of the PRA Rulebook and related supervisory statement.</p>

				http://www.bankofengland.co.uk/p/ra/Documents/publications/cp/2017/cp2017.pdf
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Finalised Policy and guidance				
			Implementation/effective date	
Policy statements			3 October 2017	The PRA has published a policy statement (PS21/17) providing feedback to the responses to Consultation Paper 11/17 ' <i>Consultations by the Financial Policy Committee (FPC) and PRA on changes to the UK leverage ratio framework relating to the treatment of claims on central banks</i> '. http://www.bankofengland.co.uk/p/ra/Documents/publications/ps/2017/ps2117.pdf
			3 October 2017	The PRA has published a policy statement (PS22/17) providing feedback to responses to Consultation Paper 3/17 ' <i>Refining the PRA's Pillar 2A capital framework</i> '. http://www.bankofengland.co.uk/p/ra/Documents/publications/ps/2017/ps2217.pdf
			3 October 2017	The PRA has published a policy statement (PS23/17) providing feedback to responses to Consultation Paper 5/17 ' <i>Internal Ratings Based (IRB) approach: clarifying PRA expectations</i> '. http://www.bankofengland.co.uk/p/ra/Documents/publications/ps/2017/ps2317.pdf
			3 October	The PRA has published a policy statement (PS24/17) providing

			2017	<p>feedback to responses to Chapter 4 of Consultation Paper 8/17 '<i>Strengthening accountability in banking and insurance: optimisations to the SIMR, and changes to SMR forms</i>'.</p> <p>http://www.bankofengland.co.uk/pr/Documents/publications/ps/2017/ps2417.pdf</p>
			3 October 2017	<p>The PRA has published (on 3 October) an update to the supervisory statement (SS11/13) '<i>Internal Ratings Based (IRB) approaches</i>' which sets out expectations regarding firms' use of internal ratings based approaches.</p> <p>http://www.bankofengland.co.uk/pr/Documents/publications/ss/2017/ss1113update2.pdf</p>
			1 January 2018	<p>The PRA has published (on 3 October) an update to the supervisory statement (SS32/15) '<i>Pillar 2 reporting, including instructions for completing data items FSA071 to FSA082</i>' which sets out the PRA's expectations of firms and provides further clarity on Pillar 2 reporting.</p> <p>http://www.bankofengland.co.uk/pr/Documents/publications/ss/2017/ss3215update.pdf</p>
			1 January 2018 The parts relevant for ring-fenced	<p>The PRA has published (on 3 October) an update to the supervisory statement (SS31/15) '<i>The Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP)</i>' which provides further detail in relation to the high-level expectations outlined in 'The Prudential Regulation Authority's approach to banking supervision'.</p>

				http://www.bankofengland.co.uk/p/ra/Documents/publications/ss/2017/ss3115update2.pdf
			1 January 2018 The parts relevant for ring-fenced banks apply from 1 January 2019.	<p>The PRA has published (on 3 October) an update to the statement of policy 'The PRA's methodologies for setting Pillar 2 capital' which sets out the methodologies that the PRA uses to inform the setting of Pillar 2 capital for firms to which CRD IV applies.</p> <p>http://www.bankofengland.co.uk/p/ra/Documents/publications/sop/2017/p2methodologiesupdate2.pdf</p>

Further Afield

World Investor Week Brings Together Securities Regulators on Six Continents to Promote Investor Education and Protection

Between 2 and 8 October, the first World Investor Week, promoted by the International Organization of Securities Commissions, took place. Securities regulators on six continents joined together to highlight what it means to be a smart investor as well as ways to avoid fraud. In the US, the SEC's Office of Investor Education and Advocacy issued a joint investor bulletin with the Commodity Futures Trading Commission, Financial Industry Regulatory Authority, and the North American Securities Administrators Association to promote key messages about investor education and protection.

<http://www.worldinvestorweek.org/>

<https://investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-world-investor-week>

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