

# This week at the UK regulators

## Thirty second guide: The week in overview

The main enforcement development last week was the conclusion of action against a former trader for misconduct relating to bench mark submissions. In other developments, the FCA published a list of firms providing unauthorised binary trading and followed up its recent thematic review on contracts for difference products with a letter to firms reminding them of their obligations, whilst the PRA wrote to firms it regulates about compliance with particular financial reporting standards.

There were no consultation papers or other policy or guidance publications by the FCA, but the PRA issued consultation papers on aspects of resolution planning and changes in insurance reporting requirements.

## FCA fines and bans former trader

The FCA has (on 8 January) confirmed that it has imposed a financial penalty of £250,000 on Mr Neil Danziger, a former interest rates derivatives trader, and prohibited him from performing any function in relation to any regulated activity. The FCA found that he was knowingly concerned in a breach of Principle 5 (market conduct) of the Principles for Businesses by RBS (his then employer) through making various requests to bench mark rate submitters, taking trading positions into account when acting as a substitute submitter and obtaining assistance to attempt to manipulate submissions of other banks. The FCA also found that he entered into a number of wash trades to make or facilitate brokerage payments to two firms of brokers in recognition of personal hospitality he had received. The FCA found that he acted recklessly and without integrity. The Warning Notice in relation to the action had been issued to Mr Danziger in June 2014 but proceedings were stayed due to an ongoing linked criminal investigation by the Serious Fraud Office.

<https://www.fca.org.uk/news/press-releases/fca-fines-and-bans-former-rbs-trader-neil-danziger>

## Other enforcement notices

On 10 and 11 January, in separate cases, the FCA imposed cancellations on a number of individuals and corporate entities operating in the consumer credit sector for failures to be open and cooperative.

- Mick Dwane Car Sales Limited (10 January)

<https://www.fca.org.uk/publication/final-notices/mick-dwane-car-sales-ltd-2018.pdf>

- Ian Hodgkinson (10 January)

<https://www.fca.org.uk/publication/final-notices/ian-hodgkinson-2018.pdf>

- Equigon LLP (11 January)

<https://www.fca.org.uk/publication/final-notices/equigon-llp-2018.pdf>

- East End Motor Company (11 January)

<https://www.fca.org.uk/publication/final-notices/east-end-motor-company-2018.pdf>

- Centre for Dentistry Limited (11 January)

<https://www.fca.org.uk/publication/final-notices/centre-for-dentistry-limited-2018.pdf>

- De Luxe Drinks Limited (11 January)

<https://www.fca.org.uk/publication/final-notices/de-luxe-drinks-ltd-2018.pdf>

- Kenneth Brown (11 January)

<https://www.fca.org.uk/publication/final-notices/kenneth-brown-2018.pdf>

## FCA keeps spotlight on CFD providers and distributors

The FCA has (on 10 January) published a Dear CEO letter sent to providers and distributors of contracts (CFDs) for difference products. The letter follows a thematic review that gave rise to serious concerns about areas including the identification of target markets, communication, monitoring, challenge and due diligence processes of providers in

relation to distributors, conflict of interest management, management information, remuneration arrangements and client categorisation processes.

The letter draws attention to providers' and distributors' obligations under both the FCA's Handbook and MiFID II. It confirms that the FCA intends to take further action against one provider and warns that the FCA will be carrying out further work in this area, which may include the commencement of investigations if breaches of rules are identified. It also points out that the European Securities and Markets Authority is considering the use of product intervention powers to prohibit or restrict the marketing, distribution or sale of CFDs to retail clients.

<https://www.fca.org.uk/publication/correspondence/dear-ceo-letter-cfd-review-findings.pdf>

### FCA issues list of unauthorised binary options providers

The FCA has (on 12 January) published a list of 94 firms without authorisation that it understands to be offering binary options trading to UK customers. Since 3 January 2018, the activity has required authorisation. It has stated that most consumers typically lose money on binary options trading and has that it is examining each of the firms on the list to determine whether they are genuinely operating from within the UK in order to assess whether it can take enforcement action to prevent illegal activity.

<https://www.fca.org.uk/consumers/binary-options/unauthorised-firms>

### PRA updates on financial reporting expectations

The PRA has (on 8 January) published a Dear CFO letter setting out its expectations in relation to the implementation of International Financial Reporting Standard 9's expected credit loss accounting requirements. The letter follows correspondence on the same issue with CEOs and non-executive directors.

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/letter/2017/letter-to-firms-on-ifs9-transition-disclosures-january-2018.pdf?la=en&hash=3AF99C8E366CBFC4F55FB40A783AAEDF02B004E2>

### FCA warnings

Name of firm	Date of warning	Details
EasyPro Loans	12 January 2018	Not authorised <a href="https://www.fca.org.uk/news/warnings/easypro-loans">https://www.fca.org.uk/news/warnings/easypro-loans</a>

## Policy developments

FCA		PRA	
Proposed developments			
		Deadline for responses	
Consultation papers		9 April 2018	<p><b>Resolution Planning: MREL reporting</b></p> <p>The PRA has (on 8 January) published a consultation paper (CP1/18) setting out its proposed expectations for reporting on the minimum requirement for own funds and eligible liabilities (MREL) through updates to Supervisory Statement 19/13 on resolution planning.</p> <p><a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2018/cp118.pdf?la=en&amp;has=h=F46D1D73A889524707AAE3B767EDD7D0D9855900">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2018/cp118.pdf?la=en&amp;has=h=F46D1D73A889524707AAE3B767EDD7D0D9855900</a></p> <p><a href="https://www.bankofengland.co.uk/prudential-regulation/publication/2013/resolution-planning-ss">https://www.bankofengland.co.uk/prudential-regulation/publication/2013/resolution-planning-ss</a></p>
		13 April 2018	<p><b>Changes in insurance reporting requirements</b></p> <p>The PRA has (on 11 January) published a consultation paper (CP 2/18) proposing a number of adjustments to regulatory reporting arrangements aimed at reducing the burden for Solvency II firms and mutuals.</p> <p><a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2018/cp218.pdf?la=en&amp;has=h=358F7BE3427F156A5A7E67858A24C2F40C0E09B8">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2018/cp218.pdf?la=en&amp;has=h=358F7BE3427F156A5A7E67858A24C2F40C0E09B8</a></p>

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