

# This week at the UK regulators

## Thirty second guide: The week in overview

In a week without significant concluded enforcement action, the main development over the past week has been the release earlier today by the FCA and PRA of their Business Plans for 2018/19. The FCA has also issued separate statements warning general insurance firms that it will take action for failures to properly implement rules requiring them to encourage consumers to shop around at renewal time, reminding firms that authorisation is required for some activities relating to cryptocurrency derivatives and confirming that it has taken action in insolvency proceedings relating to a now inoperative peer-to-peer lending platform. In other developments, it has launched its latest set of advertisements featuring an animatronic Arnold Schwarzenegger instructing consumers to check whether they had payment protection insurance.

### Enforcement notices

In a Final Notice published on 4 April, the FCA has refused an application for permission to carry on various consumer credit related regulated activities made by Bouchers with Allansons Limited based on various failings, including record keeping and quality assurance deficiencies and failures to comply with client money rules.

<https://www.fca.org.uk/publication/final-notice/bouchers-with-allansons-2018.pdf>

### FCA and PRA publish 2018/19 Business Plans

On 9 April, the FCA and PRA published their respective business plans.

In addition to sector specific priorities, the FCA announced various cross-sector priorities in relation to:

- Culture and governance;
- Financial crime and AML;
- Data security, resilience and outsourcing;
- Innovation, big data, technology and competition;
- Treatment of existing customers;
- Long-term savings, pensions and intergenerational differences; and
- High-cost credit.

It also announced a number of new projects (some of which have already been trailed):

- Review of cryptocurrencies – assessment report expected Q2 2018/19
- Policy statement on unsuitable pension transfer advice – expected Q3 2018/19
- Occasional paper on savings adequacy – expected Q4 2018/19
- Report assessing claims inflation in General Insurance – expected Q4 2018/19
- Market Study on Credit Information – expected Q4 2018/19
- Report on money laundering in capital markets – expected Q1 2019/20
- Report for consultation on the FCA's approach to market integrity – expected Q4 2018/19

For its part, the PRA has set out a number of strategic goals for the year ahead, focusing on continually developing robust prudential standards, ensuring adequate levels of capital and liquidity, developing supervision of operational resilience, ensuring that appropriate plans are in place for resolution and to enable institutions to recover from stress events and facilitating effective competition.

Both regulators have also set out the steps they propose to take over the coming year in relation to the UK's withdrawal from the EU.

<https://www.fca.org.uk/news/press-releases/fca-publishes-its-business-plan-2018-19>

<https://www.bankofengland.co.uk/prudential-regulation/publication/2018/pra-business-plan-2018-19>

## FCA warns of action against insurance firms on renewal rules

On 3 April, the FCA issued a press release warning that it will take action against general insurance firms which fail to properly implement rules introduced in April 2017 to increase transparency and encourage consumers to shop around when renewing cover. These rules require firms to show a prominent, clear and straightforward message to consumers to encourage them to look at alternatives. The FCA has stated that it has found that firms are still not properly implementing the rules, notwithstanding its communication in October 2017 setting out four ways in which firms were failing – namely failing to implement the new rules for all products and customers, misstating previous premiums, leaving out the shopping around message or not presenting it in a way which draws the reader's attention and failing to properly identify all customers who needed renewal information.

<https://www.fca.org.uk/news/press-releases/insurance-firms-still-failing-meet-fca-general-insurance-renewal-rules>

## FCA clarifies authorisation requirement for cryptocurrency derivatives

On 6 April, the FCA published a statement confirming that, although cryptocurrencies are not currently regulated by the FCA (provided that they are not part of other regulated products or services), they are capable of being financial instruments under the Markets in Financial Instruments Directive (MiFID II). As such, dealing in, arranging transactions in, advising on or providing other services that amount to regulated activities in relation to derivatives referencing cryptocurrencies or tokens issued through an initial coin offering will require authorisation. The FCA has clarified that this includes cryptocurrency futures, cryptocurrency contracts for difference and cryptocurrency options and has reminded firms that it is their responsibility to ensure that they have the appropriate authorisations and permissions in place.

<https://www.fca.org.uk/news/statements/cryptocurrency-derivatives>

## FCA updates investors in the Collateral Companies

In a statement published on 4 April, the FCA has confirmed that it made applications to the High Court in Manchester on 16 March 2018 to appoint new administrators in respect of Collateral (UK) Limited, Collateral Sales Limited and Collateral Security Trustee Limited, which operated a peer-to-peer lending platform until they were challenged by the FCA in February 2018. The FCA took action as the companies were required to obtain the approval of the FCA when appointing an administrator, but did not do so. The proceedings have been adjourned and the FCA's applications will be heard on 27 April 2018.

<https://www.fca.org.uk/news/news-stories/information-investors-collateral-companies>

## Arnie returns to raise PPI deadline awareness

On 4 April, the FCA unveiled its latest advertisements featuring an animatronic Arnold Schwarzenegger, reminding consumers (quite aggressively) to check whether they had payment protection insurance (PPI) and decide whether to make a complaint before the deadline on 29 August 2019. Separate 1990s and 2000s themed advertisements have been launched to seek to encourage consumers who may not realise that they have PPI purchased in connection with financial products taken out at those times. The FCA reports that it has received nearly 17,000 calls and almost 900,000 people have visited its campaign website since its first wave of Arnie adverts were rolled out in August 2017.

<https://www.fca.org.uk/news/press-releases/animatronic-arnie-returns-raise-awareness-ppi-deadline>

## FCA warnings

Name of firm	Date of warning	Details
Linq Capital National Bank	5 April 2018	Not authorised <a href="https://www.fca.org.uk/news/warnings/linq-capital-national-bank">https://www.fca.org.uk/news/warnings/linq-capital-national-bank</a>
Bee Loans	5 April 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/bee-loans-clone">https://www.fca.org.uk/news/warnings/bee-loans-clone</a>
Lily Loans	5 April 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/lily-loans-clone">https://www.fca.org.uk/news/warnings/lily-loans-clone</a>
FXC Markets	5 April 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/fxc-markets-clone">https://www.fca.org.uk/news/warnings/fxc-markets-clone</a>
Absolute Capital Returns	5 April 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/absolute-capital-returns-clone">https://www.fca.org.uk/news/warnings/absolute-capital-returns-clone</a>
Proinvest Solutions	3 April 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/proinvest-solutions-clone-eea-authorised-firm">https://www.fca.org.uk/news/warnings/proinvest-solutions-clone-eea-authorised-firm</a>
The Castlebrook Properties HMO Properties Bond /	3 April 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/castlebrook-properties-hmo-properties-bond-clone">https://www.fca.org.uk/news/warnings/castlebrook-properties-hmo-properties-bond-clone</a>

## Policy developments

FCA		PRA		
Proposed developments				
		Deadline for responses		
Consultation papers	<p>On 5 April, the FCA published a second consultation paper (CP 18/9) on remedies following its asset management market study. The proposals are aimed at increasing levels of clarity in relation to fund objectives and consistent and appropriate presentation of fund benchmarks.</p> <p><a href="https://www.fca.org.uk/publications/consultation-papers/cp18-9-second-consultation-remedies-following-asset-management-market-study">https://www.fca.org.uk/publications/consultation-papers/cp18-9-second-consultation-remedies-following-asset-management-market-study</a></p>	5 July 2018		
	<p>On 9 April, the FCA published a consultation paper (CP 18/10) setting out its rates proposals for 2018/19.</p> <p><a href="https://www.fca.org.uk/publications/consultation-papers/cp18-10-fca-regulated-fees-and-levies-rates-proposals-2018-19">https://www.fca.org.uk/publications/consultation-papers/cp18-10-fca-regulated-fees-and-levies-rates-proposals-2018-19</a></p>	1 June 2018	21 May 2018	<p>On 9 April, the PRA published a consultation paper (CP 7/18) setting out its rates proposals for 2018/19.</p> <p><a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2018/cp718.pdf?la=en&amp;hash=01054C232B56D2A6946D48E4EBE55BEF561DFE1A">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2018/cp718.pdf?la=en&amp;hash=01054C232B56D2A6946D48E4EBE55BEF561DFE1A</a></p>
Discussion paper	<p>On 9 April, the FCA published a discussion paper (DP 18/3 ) on its approach to ex post evaluations of its interventions.</p> <p><a href="https://www.fca.org.uk/publication/discussion/dp18-03.pdf">https://www.fca.org.uk/publication/discussion/dp18-03.pdf</a></p>	9 July 2018		

Finalised Policy and guidance				
		Implementation/effective date		
<b>Policy statements</b>	On 5 April, the FCA published a policy statement (PS 18/8) setting out feedback from consultation paper 17/18 in relation to remedies and changes to the Handbook arising from its asset management market study. <a href="https://www.fca.org.uk/publication/policy/ps18-08.pdf">https://www.fca.org.uk/publication/policy/ps18-08.pdf</a>	1 April 2019/30 September 2019		
<b>Finalised guidance</b>	On 5 April, the FCA published finalised guidance (FG 18/3) on changing clients to post-RDR unit classes. <a href="https://www.fca.org.uk/publication/finalised-guidance/fg18-03.pdf">https://www.fca.org.uk/publication/finalised-guidance/fg18-03.pdf</a>	5 April 2018		

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