

# This week at the UK regulators

## Thirty second guide: The week in overview

In a week without any publicised enforcement outcomes, the PRA published details of its expectations in respect of the Solvency II group provisions and provided specific details on two changes introduced in March 2018 as part of its stress testing programme.

In other policy developments, the FCA has provided a policy statement relating to a series of Handbook amendments and new fees schedules to reflect the coming into force of the European Money Market Funds Regulation.

Further afield, the US Commodity Futures Trading Commission announced its largest ever whistleblower award of approximately USD 30 million whilst in Hong Kong, the Securities and Futures Commission amended its takeover rules and rules for prescribing professional investors

## FCA warnings

Name of firm	Date of warning	Details
David Charles Cars	10.07.2018	Unauthorised Firm <a href="https://www.fca.org.uk/news/warnings/david-charles-cars">https://www.fca.org.uk/news/warnings/david-charles-cars</a>
Trade WFX	10.07.2018	Unauthorised Firm <a href="https://www.fca.org.uk/news/warnings/trade-wfx">https://www.fca.org.uk/news/warnings/trade-wfx</a>
Leadernet OU t/a FXLeader	11.07.2018	Unauthorised Firm <a href="https://www.fca.org.uk/news/warnings/leadernet-ou-t-fxleader">https://www.fca.org.uk/news/warnings/leadernet-ou-t-fxleader</a>
McGarry Corporate Partners	11.07.2018	Unauthorised Firm <a href="https://www.fca.org.uk/news/warnings/mcgarry-corporate-partners">https://www.fca.org.uk/news/warnings/mcgarry-corporate-partners</a>
London Option Exchange	11.07.2018	Unauthorised Firm <a href="https://www.fca.org.uk/news/warnings/london-option-exchange">https://www.fca.org.uk/news/warnings/london-option-exchange</a>
Spot2trade Ltd	11.07.2018	Unauthorised Firm <a href="https://www.fca.org.uk/news/warnings/spot2trade-ltd">https://www.fca.org.uk/news/warnings/spot2trade-ltd</a>

LS Traders	11.07.2018	Unauthorised Firm <a href="https://www.fca.org.uk/news/warnings/ls-traders">https://www.fca.org.uk/news/warnings/ls-traders</a>
IvoryOption	11.07.2018	Unauthorised Firm <a href="https://www.fca.org.uk/news/warnings/ivoryoption">https://www.fca.org.uk/news/warnings/ivoryoption</a>
Rowlands Advisors LLC	12.07.2018	Unauthorised Firm <a href="https://www.fca.org.uk/news/warnings/rowlands-advisors-llc">https://www.fca.org.uk/news/warnings/rowlands-advisors-llc</a>
Fieldbase Investments Limited t/a Fieldbase Wealth	13.07.2018	Unauthorised Firm <a href="https://www.fca.org.uk/news/warnings/fieldbase-investments-limited-t-fieldbase-wealth">https://www.fca.org.uk/news/warnings/fieldbase-investments-limited-t-fieldbase-wealth</a>
My-PersonalLoan	13.07.2018	Clone of Authorised Firm <a href="https://www.fca.org.uk/news/warnings/my-personalloan-clone">https://www.fca.org.uk/news/warnings/my-personalloan-clone</a>

## Policy developments

FCA		PRA	
Proposed developments			
		Deadline for responses	
<b>Consultation papers</b>		12 November 2018	On 12 July 2018, the PRA set out its proposed approach in Consultation Paper 15/18 'Solvency II: Group own fund availability' to the determination of the availability of group own funds and its expectations on firms in presenting relevant analysis to the PRA. It is relevant to all insurance firms within the scope of the Solvency II Directive and to the Society of Lloyd's. <a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-">https://www.bankofengland.co.uk/-/media/boe/files/prudential-</a>

				<a href="https://www.bankofengland.co.uk/regulation/consultation-paper/2018/cp1518.pdf?la=en&amp;hash=8E52D2F3F0015672C067C45D56C71599A33BB8F2">regulation/consultation-paper/2018/cp1518.pdf?la=en&amp;hash=8E52D2F3F0015672C067C45D56C71599A33BB8F2</a>
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Finalised Policy and guidance				
		Implementation/effective date		
<b>Statements</b>			12 July 2018	<p>On 12 July 2018, the PRA published a statement further to the 'Key elements of the 2018 stress test' of March 2018, which noted its intention to change the way hurdle rates are calculated in the annual stress test in four ways. It provided specific details on two of the changes that were brought in in March 2018, namely:</p> <ul style="list-style-type: none"> <li>• hurdle rates will incorporate buffers to capture domestic systemic importance as well as global systemic importance; and</li> <li>• the calculation of minimum capital requirements incorporated in the hurdle rates will more accurately reflect how they would evolve in a real stress.</li> </ul> <p><a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/report/systemic-risk-buffers-and-pillar-2a-in-stress-test-hurdle-rates.pdf?la=en&amp;hash=8D9FED6AF73CBF33CCA6F825B29053D6DA45EBD3">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/report/systemic-risk-buffers-and-pillar-2a-in-stress-test-hurdle-rates.pdf?la=en&amp;hash=8D9FED6AF73CBF33CCA6F825B29053D6DA45EBD3</a></p>
<b>Policy statements</b>	On 11 July 2018, the FCA provided a policy statement which sets out the response to the	21 July 2018	12 July 2018	On 12 July 2018, the PRA issued a Policy Statement 17/18 'Solvency II: Group supervision'

	<p>feedback it received to Consultation Paper 18/5 relating to a series of Handbook amendments and new fees schedules to reflect the coming into force of the European Money Market Funds (MMF) Regulation.</p> <p><a href="https://www.fca.org.uk/publication/policy/ps18-17.pdf">https://www.fca.org.uk/publication/policy/ps18-17.pdf</a></p>			<p>which provides feedback and response to Consultation Paper 38/16 and Supervisory Statement 9/15. It is relevant to all UK insurance firms within the scope of the Solvency II Directive and to the Society of Lloyds.</p> <p><a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/policy-statement/2018/ps1718.pdf?la=en&amp;hash=8718BD0920658C78AF910EF6FECCFF22AF363B3C">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/policy-statement/2018/ps1718.pdf?la=en&amp;hash=8718BD0920658C78AF910EF6FECCFF22AF363B3C</a></p>
<b>Supervisory Statements</b>			12 July 2018	<p>On 12 July 2018, the PRA updated its Supervisory Statement 9/15 'Solvency II: Group supervision' following publication of Policy Statement 17/18. It sets out the PRA's expectations in respect of the Solvency II groups provisions and explains requirements regarding the following topics:</p> <ul style="list-style-type: none"> <li>• entities excluded from the scope of group supervision;</li> <li>• choice of calculation method;</li> <li>• group capital add-on;</li> <li>• centralised risk management;</li> <li>• single own risk and solvency assessment report;</li> <li>• single solvency and financial condition report;</li> <li>• responsibilities of the relevant insurance group undertaking; and</li> <li>• supervision in the absence of third-country equivalence.</li> </ul> <p><a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-">https://www.bankofengland.co.uk/-/media/boe/files/prudential-</a></p>

				<a href="https://www.sfc.gov.hk/edistributionWeb/gateway/EN/regulation/supervisory-statement/2018/ss915update.pdf?la=en&amp;hash=569211BF6AF554AFB92FCFE19CEF51D9587E9D2D">regulation/supervisory-statement/2018/ss915update.pdf?la=en&amp;hash=569211BF6AF554AFB92FCFE19CEF51D9587E9D2D</a>
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## Further Afield

### US Commodity Futures Trading Commission announces largest ever whistleblower award

On 12 July, the US Commodity Futures Trading Commission ("CFTC") released details of the fifth whistleblower award it has made, its largest to date at approximately USD 30 million (significantly higher than the previous record sum of approximately USD 10 million awarded by it). The CFTC has not provided any further specific details other than stating that the information provided led to a successful enforcement action.

<https://www.cftc.gov/PressRoom/PressReleases/7753-18>

### Hong Kong regulator amends takeover rules...

On 13 July, the Hong Kong Securities and Futures Commission released consultation conclusions on proposed amendments to the Codes on Takeovers and Mergers and Share Buy-backs (Codes). The amended Codes apply with immediate effect. Amongst the changes are the following:

- measures to enhance investor protection included empowering the Takeovers Panel to require compensation be paid to shareholders who have suffered as a result of a breach of the Codes as well as increasing the threshold for independent shareholder approval of a whitewash waiver to 75%; and
- amendments to clarify the power of the Takeovers Executive, the Takeovers Panel and the Takeovers Appeal Committee to issue compliance rulings and that persons dealing with them must do so in an open and cooperative manner.

<https://www.sfc.gov.hk/edistributionWeb/gateway/EN/new>

[s-and-announcements/news/doc?refNo=18PR83](https://www.sfc.gov.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=18PR83)

### ...and standardises rules for prescribing professional investors

Also on 13 July, the SFC announced a series of amendments to the Securities and Futures (Professional Investor) Rules (PI Rules). The amended PI Rules apply with immediate effect. Amongst the changes were the following:

- The categories of professional investors have been expanded to include holding companies which wholly own another corporation which is itself a qualified professional investor;
- Directors of holding companies should ensure that shareholders are properly informed when the company becomes a professional investor; and
- Intermediaries are required to obtain confirmations to ensure that shareholders are properly informed of a holding company's status before providing services to that holding company as a professional investor.

<https://www.sfc.gov.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=18PR82>



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