

This week at the UK regulators

Thirty second guide: The week in overview

In a week without significant concluded enforcement outcomes, the FCA has reported back on its review of access to insurance and has issued separate updates on the work it is carrying out alongside the UK Government in preparation for Brexit and on its strategic review of business banking models. The FCA has issued consultation papers on proposed changes to complaints handling rules to encompass payment service providers in cases involving authorised push payment fraud and on proposed measures emerging from its Retirement Outcomes Review. The PRA has published finalised rules and updated guidance relating to the large exposures framework.

Further afield, the Hong Kong Securities and Futures Commission has published statistics illustrating the increase in the numbers of cases pursued as part of its early intervention enforcement policy.

Enforcement notices

In separate cases, the FCA has cancelled the permissions granted to the following firms and individuals. In all cases, the cancellations were imposed for failures to be open and cooperative with the FCA.

- Mr Ian Murray
- Mr Gary Lea Whitlock
- Col Smith Car Sales
- Uvenco Limited
- Ms Danielle Ambrose
- JMS Vehicle Leasing Ltd
- Cars by John Munro Ltd

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

<https://www.fca.org.uk/publication/final-notice/gary-lea-whitlock-2018.pdf>

<https://www.fca.org.uk/publication/final-notice/col-smith-car-sales-2018.pdf>

<https://www.fca.org.uk/publication/final-notice/uvenco-limited-2018.pdf>

<https://www.fca.org.uk/publication/final-notice/danielle-ambrose-final-notice-2018.pdf>

<https://www.fca.org.uk/publication/final-notice/jms-vehicle-leasing-ltd-final-notice-2018.pdf>

<https://www.fca.org.uk/publication/final-notice/cars-by-john-munro-ltd-final-notice-2018.pdf>

FCA reports back on access to insurance

In June 2017, the FCA published a call for inputs seeking views on access to insurance. It has now reported back on the views it received during that exercise. The feedback reveals that it has found a general lack of understanding amongst consumers and firms, a lack of transparency and insufficient quality information available to consumers in relation to insurance terms and details, particularly for those consumers with pre-existing medical conditions. The FCA has indicated that it is concerned that consumers will experience difficulties accessing specialist travel insurance markets, but has stated that it will work together with key industry stakeholders to create a new service redirecting customers to specialist providers.

<https://www.fca.org.uk/news/press-releases/fca-challenges-industry-improve-access-insurance-people-pre-existing-medical-conditions>

FCA publishes update on its strategic review of banking business models

On 27 June, the FCA published an update on its Strategic Review of Retail Banking Business Models, which included a review of how personal current accounts are paid for. In particular, the review confirmed that consumers typically turn to their current bank in the first instance for financial products other than personal current accounts, giving the banks a considerable competitive advantage.

The FCA has now elaborated on its initial findings, identifying that major banks have retained market share in recent years largely as the result of extensive branch networks and personal current accounts, which have

yielded specific benefits including a funding cost advantage, significant additional income from fees and charges (in particular from overdraft charges) and the ability to cross-sell. It has indicated that it now intends to continue its review by looking at the impact of future change scenarios on business models and consumers. The FCA has invited responses to the update and its proposals by 7 September 2018.

<https://www.fca.org.uk/news/press-releases/fca-publishes-update-wide-ranging-review-retail-banking-sector>

FCA's role in preparing for Brexit

On 27 June, the FCA released a statement providing an update on the work it is doing to prepare for Brexit. In its statement, it confirmed that it is continuing to plan for a range of factual scenarios and will be working in parallel with the legislative changes being made by the UK Government to update its Handbook and onshore binding technical standards as necessary. It has indicated that it intends to consult on amending binding technical standards and the Handbook in Autumn 2018, but that the timing and content of the consultation is dependent on the overall progress of legislative preparations for Brexit, which are

being handled by HM Treasury.

The FCA has confirmed that many of its priorities identified in, for example, its Business Plan, will be unaffected by its Brexit preparations (such as its High-Cost Credit Review and implementation of the extended Senior Managers and Certification Regime) but that the timing of some others (such as its work on illiquid assets and the remit of Independent Governance Committees) may be affected.

It has stated that it will consult as necessary on the temporary permissions regime announced by the UK Government as the means by which EEA firms will be able to continue to operate in the UK for a time-limited period after the UK has left the EU if no deal is reached.

<https://www.fca.org.uk/news/statements/fca-role-preparing-for-brexit>

FCA warnings

Name of firm	Date of warning	Details
Greenwood Capital Management	26.06.2018	Clone of Authorised Firm https://www.fca.org.uk/news/warnings/greenwood-capital-management-clone-fca-authorised-firm
BlueCrest Capital UK Ltd	26.06.2018	Clone of Authorised Firm https://www.fca.org.uk/news/warnings/bluecrest-capital-uk-ltd-clone-fca-authorised-firm
Evefx	26.06.2018	Clone of Authorised Firm https://www.fca.org.uk/news/warnings/evefx-clone-fca-authorised-firm
Prime Coins Trading	26.06.2018	Unauthorised Firm https://www.fca.org.uk/news/warnings/prime-coins-trading

CFD Corporate	26.06.2018	Unauthorised Firm https://www.fca.org.uk/news/warnings/cfd-corporate
Crown Finance	27.06.2018	Clone of Authorised Firm https://www.fca.org.uk/news/warnings/crown-finance-clone-fca-authorized-firm
Everett Capital Partners	27.06.2018	Unauthorised Firm https://www.fca.org.uk/news/warnings/everett-capital-partners
CFD Royal	28.06.2018	Clone of Authorised Firm https://www.fca.org.uk/news/warnings/cfd-royal-clone-fca-authorized-firm
Nomura and Partners	28.06.2018	Clone of Authorised Firm https://www.fca.org.uk/news/warnings/nomura-and-partners-clone
UK Loans Ltd	28.06.2018	Unauthorised Firm https://www.fca.org.uk/news/warnings/uk-loans-ltd
Central Trust	02.07.2018	Clone of Authorised Firm https://www.fca.org.uk/news/warnings/central-trust-clone-clone-fca-authorized-firm
World Class Group Consultants Inc	02.07.2018	Unauthorised Firm https://www.fca.org.uk/news/warnings/world-class-group-consultants-inc

Policy developments

FCA		PRA	
Proposed developments			
		Deadline for responses	
Consultation papers	<p>On 27 June 2018, the FCA set out proposed changes to its complaints handling rules to reduce the harm experienced by victims of authorised push payment (APP) fraud (CP18/16). These measures include requiring payment service providers (PSPs) to handle complaints about alleged fraud relating to funds they have received as a result of APPs in line with the DISP sourcebook and allowing eligible complainants access to Financial Ombudsman Service.</p> <p>https://www.fca.org.uk/publications/consultation-papers/cp18-16-authorized-push-payment-fraud-extending-jurisdiction-financial-ombudsman-service</p>	26 September 2018	
	<p>On 28 June 2018, the FCA set out proposed package of remedies from the Retirement Outcomes Review. (CP18/17), with the aim of balancing protecting consumer interests and increasing market competition with allowing the market to develop and innovate further.</p> <p>Key measures include i) "wake-up" packs prior to consumers accessing their pension savings, ii) providers offering "investment pathways" to consumers at the point of entering drawdown or buying an annuity; and iii) providers sending information to</p>	<p>9 August 2018 (questions 1-33 and 47-49)</p> <p>6 September 2018 (questions 34-46)</p>	

	<p>their customers in drawdown annually, whether or not they are currently drawing an income from their pot.</p> <p>https://www.fca.org.uk/publications/consultation-papers/cp18-17-retirement-outcomes-review</p>			
--	---	--	--	--

Finalised Policy and guidance				
		Implementation/effective date		
<p>Policy statements</p>	<p>On 29 June 2018, the FCA provided a policy statement which concludes the FCA's review of the regulatory fees regime for the Payment Systems Regulator (PSR) (PS18/12).</p> <p>https://www.fca.org.uk/publications/policy-statements/ps18-12-psr-regulatory-fees</p>	<p>2018/2019</p>	<p>28 June 2019</p>	<p>On 28 June 2018, the PRA provided a policy statement (PS13/18) with responses to Consultation Paper (CP7/18) 'Regulated fees and levies: rates proposals 2018/19'. The PS provides:</p> <ul style="list-style-type: none"> • final fee rates and rules to recover the PRA's Annual Funding Requirement (AFR) for the financial period 1 March 2018 to 28 February 2019; • ring-fencing implementation fee (RFIF) for the financial period 1 March 2018 to 28 February 2019; and • final rules to implement changes to the Fees part of the rulebook (Appendix). <p>This applies to firms currently paying PRA fees or expecting to do so within the 2018/19 fee year.</p> <p>https://www.bankofengland.co.uk/prudential-regulation/publication/2018/regulated-fees-and-levies-rates-proposals-2018-19</p>

			29 June 2019	<p>On 28 June 2018, the PRA provided a policy statement (PS14/18) responding to Consultation Paper (CP20/17) 'Changes to the PRA's large exposures framework'. The PS provides updates to:</p> <ul style="list-style-type: none"> • PRA rules on Large Exposures and Regulatory Reporting (Appendix 1); • Supervisory Statement (SS) 16/13 'Large exposures' (Appendix 2); and • SS34/15 'Guidelines for completing regulatory reports' (Appendix 3). <p>https://www.bankofengland.co.uk/prudential-regulation/publication/2017/changes-to-the-pras-large-exposures-framework</p>
Supervisory Statement			29 June 2019	<p>The PRA has updated its supervisory statement (SS16/13) was updated following publication of Policy Statement 14/18 'Changes to the PRA's large exposures framework' (see above). Specifically, Paragraph 1.1 has been updated to include reference to the resolution exemption. It also provides additional guidance to firms on CUG and NCLEP permissions.</p> <p>https://www.bankofengland.co.uk/prudential-regulation/publication/2013/large-exposures-ss</p>
			29 June 2019	<p>The PRA has updated SS34/15 following Policy Statement 14/18 (see above) 'Changes to the PRA's large exposures framework' to remove the requirement to submit data item</p>

				FSA018. https://www.bankofengland.co.uk/prudential-regulation/publication/2015/guidelines-for-completing-regulatory-reports-ss
--	--	--	--	--

Further Afield

Hong Kong regulator lauds early intervention policy

The Hong Kong Securities and Futures Commission (SFC) has published its Annual Report for 2017-18. Amongst the enforcement highlights noted, the SFC has indicated that it conducted 301 on-site inspections of intermediaries, made 8,461 requests for trading and account records from intermediaries as a result of market surveillance and took disciplinary action against 31 licensed corporations and individuals with total fines amounting to HK\$483 million. It has held these statistics up as examples of its policy of early enforcement intervention in action. The number of licensees and registrants increased to 44,358 while the number of licensed corporations rose to 2,702, both record highs.

<https://www.sfc.hk/web/EN/published-resources/corporate-publications/annual-reports/>

Contacts

Roger Best
Partner

E: roger.best
@cliffordchance.com

Helen Carty
Partner

E: helen.carty
@cliffordchance.com

Carlos Conceicao
Partner

E: carlos.conceicao
@cliffordchance.com

Dorian Drew
Partner

E: dorian.drew
@cliffordchance.com

Jeremy Kosky
Partner

E: jeremy.kosky
@cliffordchance.com

Rae Lindsay
Partner

E: rae.lindsay
@cliffordchance.com

Michael Lyons
Partner

E: michael.lyons
@cliffordchance.com

Matthew Newick
Partner

E: matthew.newick
@cliffordchance.com

Kelwin Nicholls
Partner

E: kelwin.nicholls
@cliffordchance.com

Luke Tolaini
Partner

E: luke.tolaini
@cliffordchance.com

Editors

Chris Stott
Lawyer

E: chris.stott
@cliffordchance.com

Hyo Jeong Kwon
Lawyer

E: hj.kwon
@cliffordchance.com

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

www.cliffordchance.com

Clifford Chance, 10 Upper Bank Street, London, E14 5JJ
© Clifford Chance 2018

Clifford Chance LLP is a limited liability partnership registered in England and Wales under number OC323571

Registered office: 10 Upper Bank Street, London, E14 5JJ

We use the word 'partner' to refer to a member of Clifford Chance LLP, or an employee or consultant with equivalent standing and qualifications

If you do not wish to receive further information from Clifford Chance about events or legal developments which we believe may be of interest to you, please either send an email to nomorecontact@cliffordchance.com or by post at Clifford Chance LLP, 10 Upper Bank Street, Canary Wharf, London E14 5JJ

Abu Dhabi • Amsterdam • Barcelona • Beijing • Brussels • Bucharest • Casablanca • Dubai • Düsseldorf • Frankfurt • Hong Kong • Istanbul • London • Luxembourg • Madrid • Milan • Moscow • Munich • Newcastle • New York • Paris • Perth • Prague • Rome • São Paulo • Seoul • Shanghai • Singapore • Sydney • Tokyo • Warsaw • Washington, D.C.

Clifford Chance has a co-operation agreement with Abuhimed Alsheikh Alhagbani Law Firm in Riyadh.

Clifford Chance has a best friends relationship with Redcliffe Partners in Ukraine.