

This week at the UK regulators

Thirty second guide: The week in overview

The main enforcement development last week was the imposition of bans on four former directors found to have demonstrated a lack of honesty and integrity. In other developments, the FCA and the Practitioner Panel published a report indicating an improvement in firms' perceptions of the FCA's performance against its operational objectives but also identifying areas for improvement. The FCA published an update on the temporary permissions regime intended to operate when the UK leaves the EU, and issued a call for input regarding PRIIPs Regulation. Consultation papers issued by the FCA and PRA related to loan-based and investment-based crowdfunding platforms, and regulatory reporting respectively. In addition, the FCA released a discussion paper on price discrimination in the cash savings market, whilst the PRA issued a policy statement on aspects of Solvency II reporting.

FCA bans four former directors for misleading customers

On 25 July, the FCA issued [Final Notices](#) banning [David James Carter Mullins](#), [Edward John Booth](#), [Christopher Paul Brotherton](#) and [Mark Robert Kennedy](#), the former directors and shareholders of Secure My Money Limited (now dissolved). The firm was found to have taken fees of over £7.2 million from online customers by making them believe they had been approved for short term loans, and the FCA found that between November 2013 and July 2014 all four individuals demonstrated a lack of honesty and integrity by deliberately misleading customers. The bans are of unlimited duration, subject to individuals' rights to apply for them to be lifted at a later date. The FCA noted that such bans are the strongest sanction available in this case as the conduct took place before the FCA had the power to individuals within consumer credit firms.

<https://www.fca.org.uk/news/press-releases/four-former-directors-online-consumer-credit-broker-banned-misleading-customers>

Enforcement Notices

On 25 July, in separate cases, the FCA issued Final Notices to the following firms and individual. In all cases, cancellations of permissions were imposed for failures to be open and cooperative.

- [BGR Musical Instruments](#)
- [The Proper Brand Limited](#)
- [Ryan Francis \(trading as Faringdon Car Company\)](#)

FCA and Practitioner Panel publish report from joint survey

On [23 July](#), the FCA and the Practitioner Panel [published a report](#) from their 2018 joint survey of FCA-regulated firms. The survey, carried out by Kantar Public, was sent to a sample of firms, its purpose being to monitor perception of the FCA and the extent to which the FCA is meeting its objectives. The results indicate an improvement in firms' perceptions of the FCA's performance against its operational objectives: (1) securing an appropriate degree of protection for consumers; (2) protecting and enhancing the integrity of the UK financial system; and (3) promoting effective competition in the interest of

consumers. However, the report also identifies areas for improvement, including facilitating innovation within UK financial services, transparency of regulation and more forward-looking regulation. Transparency and more forward-looking regulation were both identified as areas for improvement in 2016 and the report suggests that more work still needs to be done in these areas.

FCA publishes update on the temporary permissions regime

On [25 July](#), the FCA published an [update](#) setting out more detail on how the temporary permissions regime for inbound passporting EEA firms and funds will operate, following the publication by the Government on 24 July of the draft Statutory Instrument that will form the legislative basis of the regime. The FCA's update includes initial views on the rules it proposes will apply to firms while in the regime. It also explains which firms and funds will be able to use the regime and the notification process to enter the regime and obtain a temporary permission. The FCA's proposals will be the subject of formal consultation in Autumn 2018.

FCA issues Call for Input regarding PRIIPs Regulation

On 26 July, the [FCA published](#) a [Call for Input](#) in relation to firms and consumers initial experiences of the requirements introduced by the Packaged Retail and Insurance-based Investment Products ("PRIIPs") Regulation, which requires certain firms to prepare and provide investors with standardised key information documents. The Call for Input asks for feedback in relation to the scope of the PRIIPs Regulation and the content of key information documents. The deadline for any comments is 28 September 2018.

FCA publishes outcome of research relating to repayment of credit card debt

On 26 July, [the FCA published](#) a [research note](#) concerning the repayment of credit card debt. The FCA is considering consulting on changing rules and guidance to mandate the removal of the minimum repayment anchor, which they believe has the potential to increase consumers' credit card repayments where they can afford to do so (while retaining the flexibility of credit cards). The FCA does not propose to mandate an increase to the level of minimum repayments at this time.

FCA warnings

Name of firm	Date of warning	Details
Callpoint Ltd s.r.l t/a Utrade	24 July 2018	Unauthorised https://www.fca.org.uk/news/warnings/callpoint-ltd-srl-utrade
BCG Wealth Group	24 July 2018	Unauthorised https://www.fca.org.uk/news/warnings/bcg-wealth-group

Monaco Finance	25 July 2018	Unauthorised https://www.fca.org.uk/news/warnings/monaco-finance
Moneyfall	26 July 2018	Clone https://www.fca.org.uk/news/warnings/moneyfall-clone
Linmand Group	27 July 2018	Unauthorised https://www.fca.org.uk/news/warnings/lindmand-group

Policy developments

FCA		PRA	
Proposed developments			
		Deadline for responses	
Finalised policy and guidance			
		Implementation/effective date	
Consultation papers	Loan-based ('peer-to-peer') and investment-based crowdfunding platforms (CP18/20) On 27 July, the FCA issued a Consultation Paper summarising findings from its 2016 post-implementation review of regulation of the crowdfunding sector and consulting on proposed new rules and guidance for loan-based crowdfunding platforms. It includes proposals to extend	27 October 2018	23 October 2018 Regulatory reporting: occasional consultation paper (CP16/18) On 23 July, the PRA issued a Consultation Paper setting out proposals for regulatory reporting amendments. The proposed amendments include changes to PRA reporting instructions to align with updated EBA requirements, amendments to ring-fencing reporting requirements and update of the notification form relating to reporting on an Account Reference Date basis. https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2018/cp1618.pdf?la=en&hash=9018634E53B955A79662983C74C285295C6D5845

	<p>existing marketing restrictions for investment-based crowdfunding platforms to loan-based platforms, and proposals concerning governance, orderly business practices and transparent and robust systems.</p> <p>https://www.fca.org.uk/publication/consultation/cp18-20.pdf</p>			
			<p>29 October 2018</p>	<p>Credit risk: the definition of default (CP17/18)</p> <p>On 27 July, the PRA issued a Consultation Paper setting out its proposed approach to the implementation of the European Banking Authority's ("EBA") recent regulatory products relating to the definition of default in the Capital Requirements Regulation (575/2013). The proposals are relevant to UK banks, building societies and PRA-designated UK investments firms.</p> <p>The PRA intends to publish a second Consultation Paper on the proposed implementation of the remaining aspects of the EBA roadmap of regulatory products.</p> <p>https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2018/cp1718.pdf?la=en&hash=C274852EB4D43C96C0C042058D820B1832D52F3F</p>
<p>Discussion papers</p>	<p>Price discrimination in the cash savings market (DP18/6)</p> <p>On 25 July, the FCA published a Discussion Paper on price discrimination in the cash savings market, setting out potential options to address harm to longstanding customers caused by price discrimination. One such option is the</p>			

	<p>introduction of a basic savings rate. The FCA's concern is that competition is not working well in the cash savings market, particularly for longstanding customers. In general, interest rates longstanding customers receive on easy access cash savings products are lower than those received by customers who shop around.</p> <p>The Discussion Paper seeks to gather input on the harm caused by price discrimination in the cash savings market and feedback on the viability of the options under consideration.</p> <p>https://www.fca.org.uk/publication/discussion/dp18-06.pdf</p>			
<p>Policy Statements</p>			<p>31 December 2018</p>	<p>Solvency II: Changes to reporting format (PS21/18)</p> <p>On 26 July, the PRA issued a Policy Statement (PS21/18) 'Solvency II: Changes to reporting format', which sets out feedback to responses to Consultation Paper 11/18 'Solvency II: Changes to reporting format' and final policy, for example, on amendments to the Reporting Part of the PRA Rulebook.</p> <p>The Policy Statement is relevant to UK Solvency II firms, and to the Society of Lloyd's and its managing agents.</p> <p>Changes to the reporting format will be effective for submissions of year-end 2018 information, from 31 December 2018 onwards.</p> <p>https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/policy-statement/2018/ps2118.pdf?la=en&hash=3CDFF9E19CE9BBD5FE15DE679C5DB4220DC64D2A</p>

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

Kathryn Williams
Lawyer

E: Kathryn.williams
@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 • Bangkok • Barcelona • Beijing • Brussels • Bucharest • Casablanca • Dubai • Düsseldorf • Frankfurt • Hong Kong • Istanbul • London • Luxembourg • Madrid • Milan • Moscow • Munich • New York • Paris • Perth • Prague • Rome • São Paulo • Seoul • Shanghai • Singapore • Sydney • Tokyo • Warsaw • Washington, D.C.