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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.


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
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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 debit. 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

<table>
<thead>
<tr>
<th>Name of firm</th>
<th>Date of warning</th>
<th>Details</th>
</tr>
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<tbody>
<tr>
<td>Callpoint Ltd s.r.l t/a Utrade</td>
<td>24 July 2018</td>
<td>Unauthorised</td>
</tr>
<tr>
<td>BCG Wealth Group</td>
<td>24 July 2018</td>
<td>Unauthorised</td>
</tr>
<tr>
<td>Company</td>
<td>Date</td>
<td>Status</td>
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### Policy developments

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<th>FCA</th>
<th>PRA</th>
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<tr>
<td>Proposed developments</td>
<td>Deadline for responses</td>
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<tr>
<td>Finalised policy and guidance</td>
<td>Implementation/effective date</td>
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#### 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
  - **Implementation/effective date:**
    - Loan-based platforms: 27 October 2018
    - Investment-based platforms: 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.
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<table>
<thead>
<tr>
<th>Discussion papers</th>
<th>Price discrimination in the cash savings market (<a href="https://www.fca.org.uk/publication/consultation/cp18-20.pdf">DP18/6</a>)</th>
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<tbody>
<tr>
<td></td>
<td>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</td>
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<td></td>
<td>On 27 July, the PRA issued a Consultation Paper setting out its proposed approach to the implementation of the European Banking Authority's (&quot;EBA&quot;) 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. The PRA intends to publish a second Consultation Paper on the proposed implementation of the remaining aspects of the EBA roadmap of regulatory products.</td>
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Existing marketing restrictions for investment-based crowdfunding platforms to loan-based platforms, and proposals concerning governance, orderly business practices and transparent and robust systems.

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<table>
<thead>
<tr>
<th>Policy Statements</th>
<th>31 December 2018</th>
<th>Solvency II: Changes to reporting format (PS21/18)</th>
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<tr>
<td>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. 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. <a href="https://www.fca.org.uk/publication/discussion/dp18-06.pdf">https://www.fca.org.uk/publication/discussion/dp18-06.pdf</a></td>
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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. The Policy Statement is relevant to UK Solvency II firms, and to the Society of Lloyd's and its managing agents. Changes to the reporting format will be effective for submissions of year-end 2018 information, from 31 December 2018 onwards. [https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/policy-statement/2018/ps2118.pdf?la=en&hash=3CDFF9E19CE988D5FE15DE679C52942200C6402A](https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/policy-statement/2018/ps2118.pdf?la=en&hash=3CDFF9E19CE988D5FE15DE679C52942200C6402A)
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