

## THIS WEEK AT THE UK REGULATORS 15 OCTOBER 2018

### **FCA and SFC sign MoU on United Kingdom-Hong Kong Mutual Recognition of Funds**

On 8 October, the FCA and the Securities and Futures Commission (SFC) entered into a Memorandum of Understanding on Mutual Recognition of Funds (MoU), which will allow eligible Hong Kong public funds and United Kingdom retail funds to be distributed in each other's market through a streamlined process. The MoU also establishes a framework for exchange of information and regular dialogue as well as regulatory cooperation in relation to the cross-border offering of eligible Hong Kong public funds and United Kingdom retail funds.

<https://www.fca.org.uk/news/press-releases/fca-sfc-sign-mou-united-kingdom-hong-kong-mutual-recognition-funds>

### **Enforcement notices**

On 9 October, in separate cases, the FCA cancelled the permissions previously granted to each of the firms listed below. Action was taken following failures to be open and cooperative with the FCA and failure to meet the suitability threshold conditions:

- Showcase Greens Ltd
- First Call Trade Services Limited

<https://www.fca.org.uk/publication/final-notices/showcase-greens-ltd-2018.pdf>

<https://www.fca.org.uk/publication/final-notices/first-call-trade-services-limited-2018.pdf>

### **Thirty second guide: The week in overview**

This week, the FCA and the Securities and Futures Commission (SFC) entered into a Memorandum of Understanding on Mutual Recognition of Funds (MoU), which will allow eligible Hong Kong public funds and United Kingdom retail funds to be distributed in each other's market through a streamlined process.

Significant policy developments this week included the FCA's publication of two consultation papers setting out its proposals in the event the UK leaves the European Union on 29 March 2019 without an implementation period and a third consultation paper on new rules to improve the approach to open-ended funds investing in illiquid assets.

## FCA warnings

| Name of firm                         | Date of warning | Details   |
|--------------------------------------|-----------------|---|
| Digital Worldwide OU t/a Royal CFDs  | 08.10.2018      | Unauthorised Firm<br><a href="https://www.fca.org.uk/news/warnings/digital-worldwide-ou-royal-cfds">https://www.fca.org.uk/news/warnings/digital-worldwide-ou-royal-cfds</a>  |
| DTX Markets                          | 10.10.2018      | Unauthorised Firm<br><a href="https://www.fca.org.uk/news/warnings/dtx-markets">https://www.fca.org.uk/news/warnings/dtx-markets</a>  |
| Gerber and Partners                  | 11.10.2018      | Unauthorised Firm<br><a href="https://www.fca.org.uk/news/warnings/gerber-and-partners">https://www.fca.org.uk/news/warnings/gerber-and-partners</a>  |
| Capital Assets UK (Asset Management) | 12.10.2018      | Clone of Authorised Firm<br><a href="https://www.fca.org.uk/news/warnings/capital-assets-uk-asset-management-clone-fca-authorized-firm">https://www.fca.org.uk/news/warnings/capital-assets-uk-asset-management-clone-fca-authorized-firm</a> |
| Deutsche Capital Management Ltd      | 12.10.2018      | Clone of Authorised Firm<br><a href="https://www.fca.org.uk/news/warnings/deutsche-capital-management-ltd-clone">https://www.fca.org.uk/news/warnings/deutsche-capital-management-ltd-clone</a>   |

## Policy developments

|                            | FCA  | PRA   |
|----------------------------|--|---|
|                            | <b>Proposed developments</b>   |   |
| <b>Consultation papers</b> | <p>On 8 October, the FCA published a consultation paper (CP 18/27) on proposals to reduce the potential for harm to retail investors in funds that hold illiquid assets, particularly under stressed market conditions.</p> <p><b><i>Deadline for responses: 25 January 2019</i></b></p> | <p>On 12 October, the PRA published a consultation paper (CP 22/18) proposing to delay terminating the existing 'daily flows' and 'enhanced mismatch' liquidity reports (FSA047 and FSA048) for a limited period. The purpose of the proposed change is to mitigate risks to the supervision of liquidity in the initial period following the introduction of the new</p> |

| FCA   | PRA  |
|---|--|
| <a href="https://www.fca.org.uk/publication/consultation/cp18-27.pdf">https://www.fca.org.uk/publication/consultation/cp18-27.pdf</a>   | PRA110 report on Monday 1 July 2019.<br><b>Deadline for responses: 12 November 2018</b><br><a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2018/cp2218.pdf?la=en&amp;hash=99F5C38C89B82D4A4475FE6F6FC7E1D3550A9C3B">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2018/cp2218.pdf?la=en&amp;hash=99F5C38C89B82D4A4475FE6F6FC7E1D3550A9C3B</a> |
| <p>On 10 October, the FCA published a consultation paper (CP 18/28) on proposed changes to the FCA Handbook and EU derived binding technical standards, and the FCA's proposed approach to EU non-legislative material, in the event the UK leaves the EU without an implementation period in place.</p> <p><b>Deadline for responses: 7 December 2018</b></p> <p><a href="https://www.fca.org.uk/publication/consultation/cp18-28.pdf">https://www.fca.org.uk/publication/consultation/cp18-28.pdf</a></p>   |  |
| <p>On 12 October, the FCA published a consultation paper (CP 18/30) on proposed amendments to the Decision Procedures and Penalties Manual (DEPP) and Enforcement Guide (EG) to reflect the changes introduced by the EU Securitisation Regulation and by HM Treasury intending to lay an implementing statutory instrument before Parliament.</p> <p><b>Deadline for responses: 2 November 2018</b></p> <p><a href="https://www.fca.org.uk/publication/consultation/cp18-30.pdf">https://www.fca.org.uk/publication/consultation/cp18-30.pdf</a></p> |  |
| <p><b>Guidance Consultations</b></p> <p>On 11 October, the FCA published a guidance consultation paper (GC 18/4) setting out proposed guidance for FCA solo-regulated firms preparing for the Senior Managers and Certification Regime (SM&amp;CR), which is being extended to all FSMA authorised firms on 9 December 2019.</p> <p><b>Deadline for responses: 8 December 2018</b></p> <p><a href="https://www.fca.org.uk/publication/guidance-consultation/gc18-04.pdf">https://www.fca.org.uk/publication/guidance-consultation/gc18-04.pdf</a></p> |  |

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