

## THIS WEEK AT THE UK REGULATORS 29 OCTOBER 2018

### **PRA update to firms of the Bank's regulatory approach, and firm preparations, for EU withdrawal**

The PRA CEO and Deputy Governor for Prudential Regulation, Sam Woods, has written a letter to CEOs of PRA-regulated firms regarding the updates published in relation to EU withdrawal (see table below). The letter draws attention to two particular aspects of the publications relevant to banks and insurance firms: (i) the proposed approach to onshoring financial services legislation under the European (Withdrawal) Act; and (ii) the temporary permissions regime for EEA firms currently passporting into the UK, requiring authorisation from the PRA for continuing passporting post-withdrawal.

<https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/letter/2018/update-to-firms-on-the-boes-regulatory-approach-and-firm-preparations-for-eu-withdrawal.pdf?la=en&hash=3E85FCA4466E0AF2ED240B4466A719300D8FCC80>

### **Good cop/Bad cop - Speech by Sam Woods**

The PRA produced a News Release on 25 October 2018, following Sam Woods' speech at the Mansion House City Banquet about the two different roles the regulator often finds itself playing. According to the News Release, Mr Woods set out what firms should expect to see from the PRA across both areas where there is tension between the PRA's interest and that of firms, and those areas where there is no inherent conflict.

<https://www.bankofengland.co.uk/-/media/boe/files/news/2018/october/good-cop-bad-cop-speech-by-sam-woods.pdf>

### **FCA publishes Handbook Notice 59**

On 26 October 2018, the FCA published Handbook Notice 59, which describes certain changes to the Handbook and other material made by the FCA Board under its legislative and other statutory powers on 27 September 2018. These are the changes made following CP 18/7 in March 2018.

<https://www.fca.org.uk/publication/handbook/handbook-notice-59.pdf>

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

The PRA published three Consultation Papers, one of which set out the deficiencies in the PRA Handbook and other material arising from the UK withdrawal from the EU. Sam Woods published a letter regarding the PRA's approach in this regard and also made a speech about the PRA's different roles.

Further afield the SEC had a busier week, suspending trading of securities in a company for making false cryptocurrency-related claims about SEC Regulation and Registration and also announcing a \$25 million settlement with a self-proclaimed "Frack Master".

**FCA warnings**

Name of firm	Date of warning	Details
First 4 London t/a Blue Sky Loans	23 October 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/first-4-london-t-blue-sky-loans-clone">https://www.fca.org.uk/news/warnings/first-4-london-t-blue-sky-loans-clone</a>
Dartalon Ltd t/a Greenfields Capital and GFCInvestment	23 October 2018	Unauthorised firm <a href="https://www.fca.org.uk/news/warnings/dartalon-ltd-t-greenfields-capital-and-gfcinvestment">https://www.fca.org.uk/news/warnings/dartalon-ltd-t-greenfields-capital-and-gfcinvestment</a>
SCBCUSGROUPS.COM (Clone)	23 October 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/scbcusgroupscom-clone">https://www.fca.org.uk/news/warnings/scbcusgroupscom-clone</a>
AMP Trading Group	23 October 2018	Unauthorised firm <a href="https://www.fca.org.uk/news/warnings/amp-trading-group">https://www.fca.org.uk/news/warnings/amp-trading-group</a>
Lisk Finance	23 October 2018	Unauthorised firm <a href="https://www.fca.org.uk/news/warnings/lisk-finance">https://www.fca.org.uk/news/warnings/lisk-finance</a>
Consero Capital Investments Limited	24 October 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/consero-capital-investments-limited-clone-authorized-firm">https://www.fca.org.uk/news/warnings/consero-capital-investments-limited-clone-authorized-firm</a>
Prime by ADS Securities	24 October 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/prime-ads-securities-clone-fca-authorized-firm">https://www.fca.org.uk/news/warnings/prime-ads-securities-clone-fca-authorized-firm</a>
TRSystem t/a CFDS100	24 October 2018	Unauthorised firm <a href="https://www.fca.org.uk/news/warnings/trsystem-t-cfds100">https://www.fca.org.uk/news/warnings/trsystem-t-cfds100</a>
Financial Insolvency Group t/a Overtone Financial	25 October 2018	Unauthorised firm <a href="https://www.fca.org.uk/news/warnings/financial-insolvency-group-t-overtone-financial">https://www.fca.org.uk/news/warnings/financial-insolvency-group-t-overtone-financial</a>
Royal London Asset Management	25 October 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/royal-london-asset-management-clone">https://www.fca.org.uk/news/warnings/royal-london-asset-management-clone</a>
Seveninvest Management Limited	25 October 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/seveninvest-management-limited-clone">https://www.fca.org.uk/news/warnings/seveninvest-management-limited-clone</a>
K & R Partners Limited	25 October 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/k-r-partners-limited-clone">https://www.fca.org.uk/news/warnings/k-r-partners-limited-clone</a>

Name of firm	Date of warning	Details
Youcompareinsurance	25 October 2018	Unauthorised firm <a href="https://www.fca.org.uk/news/warnings/youcompareinsurance">https://www.fca.org.uk/news/warnings/youcompareinsurance</a>
Starwood Asset Management Fund	26 October 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/starwood-asset-management-fund-clone-authorized-firm">https://www.fca.org.uk/news/warnings/starwood-asset-management-fund-clone-authorized-firm</a>

## Policy developments

	FCA	PRA
	<b>Proposed developments</b>	
<b>Consultation papers</b>		<p>On 22 October 2018 the PRA published Consultation Paper 24/18. The CP sets out proposed changes to PRA Rulebook Parts, supervisory statements (SS), statements of policy (SoP) and forms. CP 24/18 is relevant to all PRA-authorized firms and the full proposed changes, including changes to the Reporting (chapter 2) and Ring-Fencing (chapter 3) chapters.</p> <p><b>Deadline for responses: 22 November 2018 for Chapter 2 and 22 January for Chapters 3, 4, 5, 6 and 7.</b></p> <p><a href="https://www.bankofengland.co.uk/prudential-regulation/publication/2018/occasional-consultation-paper">https://www.bankofengland.co.uk/prudential-regulation/publication/2018/occasional-consultation-paper</a></p>
		<p>On 25 October 2018 the PRA published Consultation Paper 25/18 jointly with the Bank of England. The CP sets out the Bank of England's approach to amending financial services legislation under the European Union (Withdrawal) Act 2018. The PRA says that the proposed changes are to ensure that there is a functioning legal framework for UK financial regulation when the UK leaves the EU. They do not reflect any change in Bank or PRA policy, except to reflect the UK's withdrawal from the EU.</p> <p><b>Deadline for responses: 2 January 2019</b></p> <p><a href="https://www.bankofengland.co.uk/paper/2018/the-boes-approach-to-amending-financial-services-legislation-under-the-eu-withdrawal-act-2018">https://www.bankofengland.co.uk/paper/2018/the-boes-approach-to-amending-financial-services-legislation-under-the-eu-withdrawal-act-2018</a></p>
		<p>On 25 October 2018 the PRA published Consultation Paper 26/18. The CP sets out the PRA's proposals to fix deficiencies arising from the UK's withdrawal from the EU in the PRA Rulebook,</p>

FCA	PRA
	<p>and in relation to Binding Technical Standards (BTS) within the PRA's remit that will be converted, or 'onshored', into UK law. It also sets out the PRA's proposals on how existing non-binding PRA materials, including SS, SoP, and the PRA approach documents should be read by firms when the UK leaves the EU. The PRA states that the changes proposed in this CP are amendments to ensure an operable legal framework after the UK leaves the EU.</p> <p><b>Deadline for responses: 2 January 2019</b></p> <p><a href="https://www.bankofengland.co.uk/prudential-regulation/publication/2018/uk-withdrawal-from-the-eu-changes-to-pra-rulebook-and-onshored-bts">https://www.bankofengland.co.uk/prudential-regulation/publication/2018/uk-withdrawal-from-the-eu-changes-to-pra-rulebook-and-onshored-bts</a></p>

**FURTHER AFIELD**

**SEC suspends trading of company for false claims regarding SEC Regulation and Registration**

On 22 October 2018 the SEC suspended trading in the securities of American Retail Group, Inc, also known as Simex, Inc, amid questions surrounding its statements about partnering with a claimed SEC-qualified custodian for use with cryptocurrency transactions and a purportedly registered public offering of preferred stock.

<https://www.sec.gov/news/press-release/2018-242>

**SEC announces \$25 million settlement with a self-proclaimed "Frack Master"**

On 23 October 2018 the SEC agreed a settlement with Christopher A Faulkner - the self-proclaimed "Frack Master" - in connection with his wide-ranging securities fraud scheme that raised over \$80 million from hundreds of investors nationwide. Faulkner simultaneously entered into a plea agreement relating to the same misconduct under which he will serve 12 years in federal prison for securities fraud, money laundering, and tax evasion charges filed by the US Attorney's Office in the Northern District of Texas.

<https://www.sec.gov/news/press-release/2018-243>

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