

Regulation round-up



September 2016

Banks & building societies // Investment managers & stockbrokers
Financial advisers // Wealth managers & private banks
Mortgage advisers // Insurers & insurance intermediaries
Consumer credit // Credit unions



Welcome to the September issue
of *Regulation round-up*

Andrew Bailey, Chief Executive

'...I want senior members of FCA staff, including myself, to hear directly from firms across the UK to help us to understand more about the work that you do...'

Welcome to the September edition of Regulation roundup.

As the FCA's new Chief Executive, I am extremely keen that our role is well understood by the firms we regulate.

Being open to receiving and acting on feedback from a range of stakeholders is key to our understanding of how the FCA is perceived. I have already met a number of you to discuss this and will continue to do so as we establish the FCA's Mission and embed it into business as usual.

As part of this, we need to ensure that we represent the whole of the UK and are not London centric. We have a programme of regional engagement - many of you will have attended our nationwide 'Live and Local' sessions - and heard directly from us on topics including advice, mortgages and consumer credit.

I want senior members of FCA staff, including myself, to hear directly from firms across the UK to help us to understand more about the work that you do.

So I will be starting a regional visit programme in the coming months. I am keen to hear directly from some of you about your experience of being regulated by the FCA and the

impact regulation has on your businesses. I want to hear from different sectors in different areas and look forward to meeting some of you to hear your views.



Hot topic: Ageing population

Demographic change offers a range of opportunities and challenges that both the industry and regulators need to address for the future. Older consumers have different needs, preferences and behaviours to other groups of consumers, and it is crucial that financial services are able to adapt to meet these needs.

In light of this, the FCA launched a programme of [work on the Ageing Population](#) in February 2016, with a [Discussion Paper](#).

Since launching the FCA's work in this area, the team have analysed responses to our Discussion Paper and designed a programme that looks holistically at the everyday issues facing older consumers as they engage with financial services. This includes analysis of how a range of products and services are designed and distributed, across a number of sectors including retail banking, financial advice, and mortgages.

We have published an [interim update](#), which provides some more information about the areas that we have chosen to showcase and explore further as part of our initial work. If you have questions about this work, or would like to get in touch with the team, please [email us](#).

[Find out more](#)



Hot topic:

Financially vulnerable mortgage customers

We have published our review into [mortgage lenders' strategies](#) to mitigate the impact of an interest rate rise on financially vulnerable customers - particularly those less able to cope with an increase in their monthly payment.

Since the recent cut in interest rates, we recognise that preparing for a rise may not seem like a high priority. Nevertheless, as part of our on-going focus on the [treatment of existing customers](#), we are sharing the results of our review to help firms and customers be prepared if interest rates do rise.

This work follows our 2014 [thematic report](#), which looked into mortgage lenders' arrears and forbearance policies and procedures.

[Find out more](#)

Banks & building societies

Senior Managers Regime: Breaches of Conduct Reporting

As part of the Senior Managers & Certification Regime, firms must submit annual data on breaches of our Conduct Rules linked to disciplinary action by conduct rules staff other than Senior Managers using 'Form H' (listed as REP008 in Gabriel).

We remind firms that the FCA notification of Conduct Rule breaches or 'Form H' (REP008) reporting window opened on 1 September 2016 and will close on 31 October 2016. It covers the timeframe from 7 March 2016 to 31 August 2016.

It is mandatory for these firms to submit Form H (REP008) via the Gabriel system, including nil returns.

You can [view the form](#) via the FCA Handbook.

Investment managers & stockbrokers

OP: Dark pools

This week, we published our latest [occasional paper](#), looking at the impact of stale pricing in UK dark pools – where prices are not aligned with the latest ones available on lit venues like the LSE. The authors found that although the economic impact of stale prices is low, at around £4.2m a year, high frequency traders are ending up on the winning side in essentially all of the stale trades they are involved in. Read an article by FCA economist Peter O'Neill, which explains the findings, on our [Insight pages](#).

MiFID II: Implementation roundtable minutes

On 3 August 2016, we held another MiFID II Trade Association roundtable and have published the minutes on our website. We discussed a number of topics, including MiFID II implementing measures, ESMA Level 3 guidance

Financial Crime Conference

We are holding our **Financial Crime Conference** in London on 10 November 2016, 9:30am to 4pm, for MLROs, senior management and compliance practitioners from regulated firms, and other interested parties.

The conference will be introduced by our CEO, Andrew Bailey, with panels led by Megan Butler, Executive Director and Nausicaa Delfas, Director of Specialist Division. It will also include top speakers from the financial crime community in keynote speeches and panel sessions.

and UK implementation.

Financial advisers

Live & Local: Investment events, East Anglia

We will be travelling to **East Anglia** in October. Positive Compliance will be on 4 and 5 October in Norwich, supervisory workshop on professional governance on 18 October in Stansted, a roundtable with a panel of FCA and industry representatives on 20 October in Peterborough and 1-2-1 surgery sessions on 25 October in Newmarket. Register for these sessions on our **East Anglia webpage**. Follow our **LinkedIn** and **Twitter** pages #fcaliveandlocal

CP: Pension Wise Standards

This Consultation Paper seeks views on proposed changes to the standards which apply to Pension Wise designated guidance providers. These changes are required as a result of the Government's decision to extend access to Pension Wise to individuals considering selling their annuity income and to their contingent beneficiaries.

Wealth managers & private banks

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Advising on P2P agreements

A reminder that firms who wish to remove the Advising on P2P agreements regulated activity can

Fine and ban for financial adviser

We have banned Elizabeth Anne Parry from performing any function in relation to any regulated financial activity and fined her £109,400 for lying repeatedly to the regulator when asked about her qualification status.

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Pension arrangements with Guaranteed Income Benefits

Since the introduction of pension freedoms we have seen an increase in customers with guaranteed income benefits in their pension arrangements giving them up to take alternative benefits. We are concerned that customers may not fully understand the nature and value of the guarantees they are giving up. So we have decided to conduct a small piece of work to review how adequate firms' customer communications in non-advised sales propositions and oversight activity are. We will also look into what communications firms have made to customers with guaranteed income benefits ahead of the proposed introduction of the secondary annuities market.

Advising on P2P agreements

A reminder that firms who wish to remove the Advising on P2P agreements regulated activity can continue to apply through the simplified **short form** process during October. This process will then be closed down and all future applications will be submitted via a Variation of Permission application through CONNECT.

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Mortgage advisers

Live & Local: Mortgage event, East Anglia

We will be travelling to **East Anglia** in October. The Positive Compliance - Mortgage Session will be on 4 October in Norwich. Register for this session on our **East Anglia webpage**. Follow our **Linkedin** and **Twitter** pages #fcaliveandlocal

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Mortgage Business Expo

We will be at the **Mortgage Business Expo** in London on 13 October 2016. Come and see us on stand number D5.

Insurers & insurance intermediaries

Live & Local: General insurance events, East Anglia

We will be travelling to **East Anglia** in October. The culture and governance presentation will be on 6 October in Norwich, a supervisory workshop on delivering fair customer outcomes on 19 October in Stansted and a roundtable with a panel of FCA and industry representatives on 20 October in Peterborough. Firms in the East Anglia region can also book a 30 minute telephone conversation with one of our supervisors. Register for the East Anglia sessions on our **webpage**. Follow our **Linkedin** and **Twitter** pages #fcaliveandlocal

Principals and their appointed representatives video

We held an event with principal firms within the general insurance sector to set out our findings and expectations following our **Thematic Review**. We recorded the event, which you can now watch. The recording is broken down into separate chapters for ease of viewing.

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Credit unions

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Credit Unions are encouraged to submit Form H via the Gabriel system (where it is listed as REP008) but can also submit by email or post.

For firms not using Gabriel, you

can [access the form](#) via the FCA Handbook

Credit Union Governance webinar

We recently ran a webinar on Credit Union Governance – you can now watch it in the dedicated **Credit Union section** of our website. The webinar aims to help improve standards of governance in credit unions by giving practical examples from our work.

People who have already registered and viewed the webinar have asked for downloadable slides. These are now available to download in PDF form in the 'Resource List' section of the **webinar page**. The slides are available to both new and previously registered viewers.



Events & Publications

Live & Local: East Anglia

Throughout October, Live & Local events will take place across **East Anglia** with sessions for investment, general insurance and mortgage firms. They include Positive Compliance sessions for investment and mortgage advisers focusing on the advice process and a presentation on culture and governance specifically for GI firms. Supervisory workshops, one-to-one sessions with our supervisors, and roundtables with a panel of FCA and industry representatives are also **open for registration**. For other regions, including **West Midlands in November**, visit our **webpage**.

FCA Financial Crime Conference

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CP: Fees

Quarterly Consultation paper

Policy Development Update

PPI figures

Review of FCA's appropriate qualification exam standards



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