

# Regulation round-up

August 2015

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



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

Andrew Whyte, Director of Communications

*'...the Handbook is at the heart of how we regulate and a key tool for firms...'*

**Welcome to this month's edition of Regulation round-up. As Director of Communications, I'd like to talk about the launch of our new Handbook website on 29 August 2015.**

The Handbook is at the heart of how we regulate and a key tool for firms. We know how important it is to get the website right for our users so we have designed it based on your feedback.

The new site has:

- a cleaner layout and easier navigation
- a timeline so that you can see when rules change
- an option to add favourites and build your own tailored Handbook
- improved search functionality
- glossary definitions displayed in a pop-up window

The PRA will launch their own PRA Rulebook site on the same day as ours. We have been working together throughout the development of the websites to ensure we can make them easier for users to find what they want across the sites.

As this is a new website, some of the links from other FCA

systems will work differently - for example, they may not always link directly to a specific section of the Handbook, but be directed via the home page. Please bear with us as the changes take place - we will be monitoring the site closely to address any issues, but hope you will find it much improved.

We welcome your views on the new site, including ideas for future improvements. You can send feedback directly to [handbookproduction@fca.org.uk](mailto:handbookproduction@fca.org.uk) once the site goes live on 29 August.

From this date, you will be able to access the new Handbook website at the following address: *handbook.fca.org.uk*.

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I hope you find this month's round-up helpful, which includes an update on our recent complaints handling policy statement.



## Hot topic: Complaints handling

We have published our [final rules](#) on complaints handling. These rules sit side by side with the current good practice we expect to see amongst all firms; all complaints to be handled fairly.

In summary the changes:

- extend the 'next business day rule', where firms can handle complaints less formally without sending a final response letter, to the close of three business days
- require firms to report all complaints
- raise consumer awareness of the ombudsman service, by requiring firms to send a 'summary resolution communication'
- prevent firms from charging existing customers premium telephone rates

As part of the consultation process, we wanted to make sure that the rules were proportionate to smaller firms. For example, we included mobile phones within our definition of compliant numbers, recognising that these are used by some of the smallest firms, and we also simplified the complaints reporting form for firms which receive fewer complaints.

One of the main concerns was about the potential impact of more complaints being referred to the ombudsman service. While there is a risk that complaint numbers may rise, this is unlikely to be a significant increase. We believe that complainants are likely to refer only complaints which have a significant impact for them or where they remain dissatisfied with a firm's response.

We continue to expect firms to identify and categorise complaints, ensuring that responsible members of staff are engaged at the right stage. We expect all complaints to be handled fairly and will take appropriate action where this is not happening.

[Find out more](#)

## Banks & building societies

### **FS: Accountability: UK branches of foreign banks**

On 3 March 2015, the Treasury announced, following consultation, its intention to apply the new accountability regimes to incoming branches in a Written Ministerial Statement (WMS). We consulted on a regime for branches (CP15/10), which was based on the regime for UK deposit takers. The rules for incoming branches aim to address the inherent differences between incoming branches and UK relevant firms, while minimising the potential for arbitrage across the UK relevant firms and incoming branches, who can pose similar conduct risks to the UK market. This Feedback Statement provides near-final rules in anticipation of secondary legislation that will extend the statutory elements of the regime to incoming branches. The FCA will make final rules once the relevant secondary legislation has been made, however branches should start preparing for implementation now on the basis of the near-final rules.

### **TR: Unauthorised transactions**

Our thematic review found that firms are generally making good efforts to reach fair judgements when handling claims for unauthorised transactions. We

## Investment managers & stockbrokers (retail & wholesale)

### **TR: Benchmarks - oversight and controls**

Our review revealed that although firms have made a number of positive changes to improve their governance and controls, we identified a number of areas where firms needed to take further action to manage the risks relevant to their business. No firm had fully implemented changes across all benchmark activities as at the time of our review. Significant work is still needed to ensure that all of the risks are managed appropriately.

### **MiFID II Implementation Roundtable**

We have published the minutes of our roundtable with trade associations, which took place on 17 July 2015. It covers an update on the implementing measures, industry implementation issues, retail issues raised and ESMA Level 3 work.

### **Speech: Fair and Effective Markets Review**

Tracey McDermott's speech at the ICMA Public Issuers Forum focused on the Fair and Effective Market Review (FEMR) and the recommendations that impact the FCA.

expect firms to review our report and ensure they understand their legal and regulatory responsibilities for dealing with unauthorised transactions and to amend their approach, where appropriate, to deliver fair outcomes for consumers. We also commissioned independent [consumer research](#); the results of this may interest firms when thinking about unauthorised transactions from the perspective of consumers.

### **CP: Cash savings remedies**

In January 2015 we published the final findings of the [cash savings market study](#). Our Consultation Paper proposes a series of new rules that will force firms to provide clear information on the interest rates on their cash savings products as well as clearly alerting consumers to changes in interest rates or the end of an introductory rate for example.

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### **Speech: Wholesale conduct risk**

Tracey McDermott's speech at the British Bankers' Association stressed that firms should be treating wholesale conduct risk as seriously as any other risk on their balance sheet, and managing it accordingly. Within her speech, Tracey sets out five conduct questions, which can be seen as a mechanism for helping firms ask themselves the hard questions that are needed, and to give firms a sense of what good looks like.

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### **Director of Supervision: Investment, Wholesale and Specialist**

Megan Butler will be joining the FCA on secondment from the Prudential Regulation Authority (PRA) to take the role of Director of Supervision - Investment, Wholesale and Specialist. Megan is currently Executive Director of International Banks Directorate at the PRA. Megan starts on 1 September and will be with the FCA for a year.

the ageing population, and over-indebtedness, and explore what these mean for the future of the mortgage market. By considering these complex issues, we aim to begin identifying how all market participants and consumers can respond to the challenges they pose. Full conference agenda is available on our website.

## Financial advisers

### **Financial Advice Market Review**

The FCA and HM Treasury have launched the Financial Advice Market Review (FAMR) which will examine how financial advice could work better for consumers. The [terms of reference](#) are available to review.

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Robert Shaw, former director of advisory firm TailorMade Independent Ltd (TMI), has been banned from senior positions in financial services and fined £165,900. We found that Mr Shaw failed to ensure that TMI assessed the suitability of investments made through self-invested personal pensions (SIPPs) for its customers, and failed to ensure that TMI identified and managed its conflicts of interests.

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## Insurers & insurance intermediaries

### **Approved Persons for Solvency II firms and non-directive firms**

We have set out the **final rules** for the reformed accountability framework for individuals working in Solvency II firms. These changes are an important part of our overall drive to raise standards of individual conduct across the financial services industry. The rules take into account the Banking Reform Act that applies to insurers. We are also **consulting** on proposals for reforming the accountability regime for small non-directive (NDFs).

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## Consumer credit

### **TR: Staff remuneration and incentives**

This thematic review focuses on staff remuneration and incentives, covering a broad range of consumer credit sectors and firms where consumer credit is secondary to their main business. The purpose of our review is to understand the nature of staff incentives, remuneration and performance

## Credit unions

### **CP: Reform of the legacy Credit Unions sourcebook**

In June we jointly published a Consultation Paper with the Prudential Regulation Authority (PRA) on the reform of the legacy Credit Unions Sourcebook (CREDS), one of the modules of the Handbook inherited by the two new regulators from the Financial Services Authority. The PRA

management arrangements in the consumer credit market.

### **TR: Early arrears management in unsecured lending**

In our Business Plan for 2015/16 we said we will examine the ways in which unsecured consumer credit debts are collected, and the extent to which firms involved in the recovery and collection process are following our rules, treating customers fairly and showing appropriate forbearance. Having conducted initial analysis we have decided to focus this work on the early stages of the collections process: how customers are treated by lenders when they first experience arrears and payment difficulties.

### **PS: Mortgage Credit Directive**

In February 2015 we published [our Consultation Paper](#) which set out proposed amendments to our Consumer Credit sourcebook (CONC) to implement the MCD. In general, respondents agreed with our proposed amendments and we are publishing final rules, the majority of which come into effect on 21 March 2016.

### **Cash Genie to provide £20m redress**

Ariste Holding Limited, trading as Cash Genie, has entered into an agreement with us to provide over £20 million of redress to more than 92,000 customers for unfair practices.

and FCA invites feedback on the proposals set out in this consultation before it closes on Wednesday 30 September 2015. Please address any comments or enquires to [CP22\\_15@bankofengland.co.uk](mailto:CP22_15@bankofengland.co.uk).



## August news round-up

### **Martin Wheatley to stand down as FCA Chief Executive**

Martin Wheatley is to stand down as Chief Executive with effect from September 12 2015. He will continue to act as an adviser to the FCA Board until January 31 2016 with a

## Events & publications

### **Annual Public Meeting webcast**

A webcast is available of our Annual Public Meeting which took place on 22 July 2015.

### **FG: Performance Management**

We have finalised our guidance to help firms

particular emphasis on the implementation of the Fair and Effective Markets Review, which he co-chaired.

### **Christopher Woolard appointed to FCA Board**

Christopher Woolard, Director of Strategy and Competition, has been appointed to the FCA Board. The appointment, made by HM Treasury, is for a three year term starting 1 August 2015.

### **New Chair of the Practitioner Panel**

Antonio Simoes, Chief Executive Officer for HSBC in the UK, becomes Chair of the FCA Practitioner Panel from 1 August 2015. He has been a member of the Practitioner Panel for two years.

### **Co-operative Bank public censure**

We have issued a public censure against Co-op Bank for breaching the Listing Rules.

manage their performance management risks, including identifying where poor performance management practice may be leading to undue pressure, increasing the risk of mis-selling. The guidance is for all firms with staff who deal directly with retail customers. Firms need to manage this risk and should pay particular attention to identifying poor practices that may create an undue level of pressure on staff, which is likely to further increase the risk of mis-selling.

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