

Regulation round-up



February 2016

Banks & building societies // Investment managers & stockbrokers
Financial advisers // Wealth managers & private banks
Mortgage brokers // General insurance & insurers
Consumer credit // Credit unions



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

Andrew Whyte, Director of Communications

'...we are keen to create a dialogue with you and develop a clearer understanding of what matters to you...'

Welcome to February's edition of Regulation round-up. This month I am delighted to announce the launch of 'FCA: Live & Local', our regional engagement programme.

Over the next 12 months, we will be aiming to give you greater clarity on how to comply with our regulatory requirements, and to hear at first hand the questions you have for us.

In each region we visit, we will host events focused on the investments, mortgages and general insurance sectors. Currently, GI sessions can only be booked up to June, but we will be adding further GI sessions for other regions in the near future.

Our core programme includes Positive Compliance sessions, roundtables, one-to-one surgeries, supervisory workshops, as well as opportunities to meet with our Chairman, John Griffith-Jones, and our senior management.

From next month, we will be holding events up and down the country, including Northern Ireland in April, Scotland in September and then London just before Christmas. Our programme continues into 2017, and in the New Year we will meet firms in Yorkshire, before travelling to South East England in February. We will tie everything up in the North

West in March next year, having visited twelve regions across the UK.

Through the programme, we are keen to create a dialogue with you and develop a clearer understanding of what matters to you. By working in partnership, we are better able to deliver competitive and fair financial services that both work for our firms, and meet customer needs.

If you would like to find out more, please visit our [FCA: Live & Local webpage](#) or watch our explanatory video below.



We also have an [interactive map](#) available online, which will show you when we will be in each region and each of the events available in that region.

Our programme kick offs in the South West in March. We will be hosting events in Bournemouth, Bristol, Bodmin and Exeter. If you would like to book on one of the sessions, please visit our [FCA: Live & Local – South West](#) webpage.

We look forward to seeing you there.



Hot topic:

Senior Managers & Certification Regime

On 7 March 2016, new rules will come into force to strengthen individual's accountability in the [banking sector](#) and [insurance sector](#). The rules aim to restore trust in financial services firms. They include the Senior Managers Regime, the Certification Regime and Conduct Rules for deposit takers, and the Senior Insurance Managers Regime for insurance companies.

We have carried out a wide ranging engagement programme to help firms understand the regimes, submit their grandfathering notifications and prepare for the regimes to start. Relevant firms should have now submitted their

grandfathering notifications, and we will be checking the quality of submissions in a sample of firms over the coming months.

Firms should make sure they're embedding the rules, including:

- ensuring that senior managers and certified staff understand what accountability means for them
- making preparations to certify the fitness and propriety of certified staff before 7 March 2017
- making sure that other financial services staff are aware of the Conduct Rules and how these will apply to their jobs from 7 March 2017

The accountability rules will make it easier for firms and regulators to be clear about who is responsible for what. Clear individual accountability should focus minds, drive up standards and make firms easier to run and supervise. The rules also mean that if things go wrong, senior managers can be held to account where they are at fault for misconduct within their area of responsibility.

The Conduct Rules will require individuals working at all levels within relevant firms to meet appropriate standards of conduct.

[Find out more](#)

Banks & building societies

EU Benchmarks Regulation

The European Union is developing new legislation which will affect how benchmarks given in variable rate mortgage and consumer credit contracts (e.g., LIBOR) are produced and used. The legislation will introduce a common framework on benchmarks which will apply across the European Union. The Regulation could affect you and your firm if you:

- provide a benchmark
- contribute input data to a benchmark in the EU
- use a benchmark provided in the EU or in a third country

For more information and to keep up to date on our work to implement the

Investment managers & stockbrokers (retail & wholesale)

PS: UCITS V

We set out the final rules for managers of non-UCITS retail schemes (NURS) we consulted on in Part I of [CP15/27](#). We also outline some final guidance for depositaries of AIFs.

Speech: Independence, confidence and fairness

Tracey McDermott, Acting Chief Executive, delivered a speech at Bloomberg and focused on the wholesale strategy and MiFID II.

Recovery and Resolution Directive (RRD)

GABRIEL is now live to receive your RRD submissions due in 2016 onwards. For submissions due in March 2016,

Regulation, please sign up to our dedicated mailing list by completing this [short form](#).

PS: Fair, reasonable and non-discriminatory access to regulated benchmarks

The Benchmark industry is changing significantly, and we see merit in FRAND access requirements covering the full range of benchmark users. However, after careful consideration, we have decided to await finalisation of the EU Benchmarks Regulation before applying a FRAND provision that applies to all users. So, initially, we will align the scope of users covered by our proposals with MiFIR Article 37. This will allow us to ensure appropriate consistency between our rules and the longer-term regulatory requirements which will apply to each set of users.

CP: Extension of the Certification Regime to wholesale market activities

We have published final rules confirming our approach to improving individual accountability for those carrying out wholesale activities, such as algorithmic and high-frequency trading.

SMR: Statement on general counsels

We are aware that there is uncertainty as to whether an individual in charge of a firm's legal function requires approval under our Senior Managers regime. The statement:

- describes our plans to consult on this area
- makes clear that firms that have sought to make decisions in good faith about whether or not approval is needed, on the basis of our published rules and other communications, should not need to change their approach in the interim.

CP: Innovative Finance ISA (IFISA)

In April 2016, the Government will introduce the IFISA. This will allow for peer-to-peer (P2P) agreements to be included within an ISA tax wrapper. Our Consultation paper proposes changes to our rules and guidance on disclosure and advice about P2P agreements.

Call for Input: The FCA's approach to the current payment services regime

please [check your schedule](#); remaining time periods are subject to the rollout process. The RRD Submissions mailbox will be closed at the end of February.

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European Commission proposes extending MiFID II application date by one year

We welcome the Commission's proposal to delay the application date for MiFID II to 3 January 2018. Despite the delay, firms need to continue to press ahead with their implementation work as there is still a lot for them to do to be ready in time for the new implementation date.

Handbook: updates to IPRU-INV and EG

We have converted the Interim Prudential Sourcebook for Investment Businesses (IPRU-INV) and the Enforcement Guide (EG) from PDF content to HTML web pages. If you would like to send us your feedback on this, please email handbook.feedback@fca.org.uk. The Enforcement Guide (EG) will be renumbered in the February Administration Instrument and added to the site on 1 March 2016.

The

Revised Payment Services Directive comes into force in the UK in January 2018. It makes changes to the way we regulate payment services. We will need to reflect these changes in the guidance we provide to firms. Before we begin to update our guidance, we are seeking views on whether the current documents have kept pace with market developments and growth in payment services, so that we can take this into account when we update them.

PS: Strengthening accountability in banking

We have set out final rules for the new accountability framework for individuals working in banks, building societies and credit unions who perform certain wholesale market activities. We also provide initial feedback on **CP15/31**, as well as our final rules on an interim regime for referencing. If your firm is affected by the Senior Managers and Certification Regime, you will need to ensure that you are ready for when it comes into force on **7 March 2016**.

Financial advisers

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Wealth managers & private banks

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General insurance & insurers

There are no updates to report in the Insurance sector this month.

Please visit [our website](#) to keep up to date on recent announcements in this area, and we will be back with the latest developments in next month's Regulation round-up.

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Self-cert mortgages from firms not based in the UK

Recent media coverage has highlighted a firm outside the UK relying on the European Electronic Commerce Directive (ECD) to provide mortgages to customers in the UK without the protections offered by the UK's mortgage regime. In light of this, we have explained to consumers what this means for them.

Consumer credit

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Call for input: review of the Consumer Credit Act retained provisions

We are seeking input on the planning phase of the review of retained provisions of the Consumer Credit Act (CCA). In particular we are looking for views from stakeholders on priorities, timings and conduct of the review.

Credit unions

PS: Reform of the Legacy Credit Unions

Our Policy Statement set out our final rules and guidance in response to CP15/21, with the rules coming into effect from 3 February 2016. This paper also sets out the changes to our Credit Unions Sourcebook (CREDS) resulting from CP14/31 and our new accountability regime. These rules will come into effect on 7 March 2016. Credit unions will need to consider what changes they may need to make as a result of these rules, particularly :

- the requirement for credit unions in Great Britain to submit audited accounts to us (as well as to the PRA)
- the increased expectations on all United Kingdom credit unions' governing bodies to review relevant policies and procedures
- the need to update compliance, policies and procedures manuals as appropriate

Credit unions should also note that they must inform us of any changes to their complaints contact.

PS: Strengthening accountability in banking

Please use our [online form](#) to submit responses by 18 May 2016.

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February news round-up

Andrew Bailey appointed as FCA Chief Executive

Investigations into HBOS senior managers

Publications

Policy Development Update

CP: Complaints against the Regulators

Handbook Notice 29

Data Bulletin No.5

Our latest edition provides insight into a range of areas, including:

- highlights from our report on Retirement Income Market Data
- an update on attestations and skilled person reports
- an update on our work regarding financial promotions
- an update on the Consumer Credit authorisations process so far



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