

# This week at the UK regulators

## Thirty second guide: The week in overview

The main enforcement development last week was the confirmation of the cancellation of the interim permission of a debt management firm based on the FCA's concerns about treatment of customers. It has commenced a customer contact exercise.

The FCA also published a discussion paper on the client money distribution rules, as well as an occasional paper on "Economics for Effective Regulation", a feedback statement following its "Call for Input" on regulatory barriers to innovation in digital and mobile solutions, and a report on how the FCA itself intends to implement the Senior Managers Regime.

Also last week, the FCA and the Bank of England published Mortgage Lenders and Administrators Return statistics for March 2016. The Treasury Committee published a report on re-appointments to the Financial Policy Committee.

Further afield, the Hong Kong Securities and Futures Commission has decided to implement voluntary Principles of Responsible Ownership following a consultation. In the UK, a firm suspended its compliance officer following comments made by an English High Court judge.

## FCA contacts 16,000 debt management customers after cancelling firm's interim permissions

The FCA has (on 10 March 2016) issued a Final Notice refusing an application by PDHL Limited ("**PDHL**") of Part 4A permission to carry on the regulated activities of debt adjusting and debt counselling. The FCA determined that it could not ensure that, if the Application were granted, PDHL would satisfy, and continue to satisfy, threshold conditions 2D (appropriate resources) and 2E (suitability) because PDHL lacks various appropriate human resources including senior management, debt advisers and members of staff capable of dealing with vulnerable consumers has other inappropriate non-financial resources and needs to effectively implement its new, policies and procedures so as to demonstrate that it is compliant with the relevant regulatory requirements.

The action follows unsuccessful attempts by PDHL to challenge the FCA's decision in the Upper Tribunal (see judgements dated 28 January 2016 on substantive and privacy issues and dated 5 February on other issues). Following its action, the FCA has indicated that it is contacting 16,000 customers of PDHL to inform them that PDHL's permission has lapsed and that they can obtain free and impartial debt advice.

<http://www.fca.org.uk/your-fca/documents/final-notices/2016/pdhl-limited>

<http://www.tribunals.gov.uk/financeandtax/Documents/decisions/PDHL-v-FCA-Decision28Jan2016.pdf>

<http://www.tribunals.gov.uk/financeandtax/Documents/decisions/PDHL-v-FCA-other-decision-28Jan16.pdf>

<http://www.tribunals.gov.uk/financeandtax/Documents/decisions/PDHL-v-FCA-5Feb16.pdf>

<http://www.fca.org.uk/news/fca-contacting-16000-customers-of-debt-management-firm-pdhl>

## Other enforcement notices

The FCA has (on 8 March 2016), issued Final Notices cancelling the Part 4A permission of three insurance firms who each failed to meet the regulatory requirement to submit a Retail Mediation Activities Return ("**RMAR**"). The FCA determined that Cga Insurance Services Limited, Yswiriant Celtic Insurance and Marlborough Isleworth Motors Limited were not fit and proper persons as they each failed to submit a RMAR for the period ended 30 June 2015 and also failed to respond adequately to the FCA's repeated requests to submit a RMAR.

<http://www.fca.org.uk/your-fca/documents/final-notices/2016/cga-insurance-services-limited>

<http://www.fca.org.uk/static/documents/final-notices/yswiriant-celtic-insurance.pdf>

<http://www.fca.org.uk/your-fca/documents/final-notices/2016/marlborough-isleworth-motors-limited>

In addition, the FCA has (on 8 March 2016) issued Final Notices prohibiting two individuals, Mr Peter Charles Bottomley and Mr Geoffrey Harold Arthur, from performing any function in relation to any regulated activity carried on or by any authorised person, exempt person or exempt professional firm, pursuant to section 56 of the Financial Services and Markets Act 2000. The FCA determined that neither Mr Bottomley nor Mr Arthur is a fit and proper person to perform any function in relation to any regulated activity as their conduct demonstrates a clear and serious lack of honesty, integrity and reputation. Mr Bottomley was convicted on 9 July 2015 of eight counts of dishonesty/financial crime offences, whilst Mr Arthur was convicted of 22 financial crime offences on 25 September 2014 and of a further six offences on 9 April 2015. Both individuals received custodial sentences.

<http://www.fca.org.uk/your-fca/documents/final-notices/2016/peter-charles-bottomley>

<http://www.fca.org.uk/your-fca/documents/final-notices/2016/geoffrey-harold-arthur-fincher>

### **FCA publishes Occasional Paper on Economics for Effective Regulation**

The FCA has (on 10 March 2016) published an occasional paper (No. 13) on "Economics for Effective Regulation" ("EFER"). This paper discusses how EFER, as a methodology for regulatory economic analysis, can help the FCA meet its strategic objective to "make the relevant markets work well". This approach, which builds on methodologies for economic analysis used by the Financial Services Authority and other regulators, seeks to improve understanding of the variety and interconnectedness of root causes of problems in markets and the channels through which regulatory interventions affect market outcomes.

<http://www.fca.org.uk/your-fca/documents/occasional-papers/occasional-paper-13>

### **FCA feeds back on regulatory barriers to innovation in digital and mobile solutions**

The FCA has (on 9 March 2016) published a feedback statement (FS16/2) regarding the response to its June 2015 "Call for Input" on regulatory barriers to innovation in digital and mobile solutions. The statement summarises the feedback received and sets out the FCA's response to the feedback. It also explains the next steps for this work in the context of the FCA's wider agenda.

<http://www.fca.org.uk/your-fca/documents/feedback-statements/fs16-02>

### **FCA and PRA apply the principles of the Senior Management Regime to themselves**

The FCA and PRA have (on 7 March 2016) indicated how they are applying principles of the Senior Managers Regime to their own senior managers, including members of their Board, Executive Committees and those carrying out Senior Management Functions. They have noted that they are not formally subject to the Senior Managers Regime but that, in order to uphold the highest professional values, it had decided to apply the fundamental principles of the regime to its senior staff.

<http://www.fca.org.uk/your-fca/documents/reports/applying-the-principles-of-the-smr-to-the-fca>

<http://www.bankofengland.co.uk/pr/ Documents/authorisations/smr/prasmrinternal.pdf>

### **FCA and the Bank of England publish March 2016 MLAR Statistics**

The FCA and the Bank of England have (on 8 March 2016) published Mortgage Lenders and Administrators Return ("MLAR") Statistics for March 2016. These figures show that the overall value of residential loan amounts outstanding in Q4 2015 was £1,291.4 billion, an increase of 0.7% compared with Q3 2015.

<http://www.fca.org.uk/your-fca/documents/mlar-statistics-march-2016-commentary>

<http://www.fca.org.uk/your-fca/documents/mlar-statistics-march-2016-detailed-tables>

<http://www.fca.org.uk/your-fca/documents/mlar-statistics-march-2016-summary-tables>

### **Treasury Committee publishes report on re-appointments to the Financial Policy Committee**

The Treasury Committee has (on 11 March 2016) published its report on the re-appointments of Dame Clara Furse DBE and Richard Sharp to the Bank of England's Financial Policy Committee. The Committee concluded that it remains content that both Dame Clara and Mr Sharp have the professional competence and personal independence to remain external members of the Financial Policy Committee.

<http://www.publications.parliament.uk/pa/cm201516/cmselect/cmtreasy/895/895.pdf>

## FCA warnings

Name of firm	Date of warning	Details
My UK Loans	11 March 2016	Not authorised <a href="http://www.fca.org.uk/news/warnings/my-uk-loans">http://www.fca.org.uk/news/warnings/my-uk-loans</a>
Intervention Loan Firm	11 March 2016	Not authorised <a href="http://www.fca.org.uk/news/warnings/intervention-loan-firm">http://www.fca.org.uk/news/warnings/intervention-loan-firm</a>
Metro Group t/a Metro Credit Service	11 March 2016	Not authorised <a href="http://www.fca.org.uk/news/warnings/metro-group-ta-metro-credit-service">http://www.fca.org.uk/news/warnings/metro-group-ta-metro-credit-service</a>
Fund Bird	11 March 2016	Not authorised <a href="http://www.fca.org.uk/news/warnings/fund-bird">http://www.fca.org.uk/news/warnings/fund-bird</a>
Golden Green FX Limited	8 March 2016	Not authorised <a href="http://www.fca.org.uk/news/warnings/golden-green-fx-limited">http://www.fca.org.uk/news/warnings/golden-green-fx-limited</a>
Finance Centre Ltd / Finance Center Ltd	7 March 2016	Not authorised <a href="http://www.fca.org.uk/news/warnings/finance-centre-ltd-finance-center-ltd">http://www.fca.org.uk/news/warnings/finance-centre-ltd-finance-center-ltd</a>
MT Capital Partners trading as Justrader	7 March 2016	Not authorised <a href="http://www.fca.org.uk/news/warnings/mt-capital-partners-trading-as-justtrader">http://www.fca.org.uk/news/warnings/mt-capital-partners-trading-as-justtrader</a>
Payeer Corp t/a Akkord Welt LP	7 March 2016	Not authorised <a href="http://www.fca.org.uk/news/warnings/payeer-corp-ta-akkord-welt-lp">http://www.fca.org.uk/news/warnings/payeer-corp-ta-akkord-welt-lp</a>
Hostsave Investments Limited	7 March 2016	Not authorised <a href="http://www.fca.org.uk/news/warnings/hostsave-investments-limited">http://www.fca.org.uk/news/warnings/hostsave-investments-limited</a>

Silver Gate Index Limited	7 March 2016	Not authorised <a href="http://www.fca.org.uk/news/warnings/silver-gate-index-limited">http://www.fca.org.uk/news/warnings/silver-gate-index-limited</a>
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## Policy developments

FCA		PRA	
Proposed developments			
		Deadline for responses	
<b>Discussion papers</b>	<p>The FCA has (on 9 March 2016) published a discussion paper (DP16/2) containing feedback on a number of aspects of the client assets regime, in particular regarding the client money distribution rules (CASS 7A) and their interaction with the Special Administration Regime (SAR).</p> <p><a href="http://www.fca.org.uk/your-fca/documents/discussion-papers/dp16-02">http://www.fca.org.uk/your-fca/documents/discussion-papers/dp16-02</a></p>	9 May 2016	

## Further Afield

### Hong Kong Securities and Futures Commission releases consultation conclusions on Principles of Responsible Ownership

The Hong Kong Securities and Futures Commission ("**SFC**") has (on 7 March 2016) released its conclusions following a consultation on the voluntary Principles of Responsible Ownership, which aim to provide guidance on how investors should fulfil their ownership responsibilities in relation to investments in Hong Kong listed companies. Following consideration of the respondents' comments, the SFC has decided to introduce the proposed principles with

minor changes, namely the removal of references to individual and retail investors from the principles.

<http://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=16PR23>

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