

This week at the UK regulators

Thirty second guide: The week in overview

In a week without significant formal enforcement action, the FCA announced that the credit card provider, NewDay, will refund over £4 million to customers following an internal review of its charging arrangements.

The FCA and the Australian Securities and Investments Commission signed a co-operation agreement to allow for the referral of innovative financial services businesses between their respective Innovation Hubs. The FCA also published near-final rules on the disclosures that non-ring-fenced bodies will be expected to make to consumers.

The PRA issued a number of draft rules, including changes to its Rulebook to implement aspects of MiFID II relating to passporting and algorithmic trading and changes to its rules on loan to income ratios in mortgage lending.

Credit card firm agrees to provide redress to customers for unfair charges

The FCA has announced (on 24 March) that the credit card provider, NewDay, has agreed to refund over £4 million to over 180,000 customers following disclosures made to the FCA about its charging model. In 2015, NewDay undertook a review of its business in preparation for the FCA's new regulatory regime for consumer credit and identified a small number of instances of default fees and other charges triggering additional charges in a way that it considered unfair. NewDay immediately proposed to make changes to its charging structure, to provide customers with tailored alerts and to provide redress to customers affected. The FCA will monitor the redress process and has encouraged firms to undertake similar initiatives where they identify "unfair overcharging".

<http://www.fca.org.uk/news/credit-card-provider-newday-to-provide-redress-to-customers>

Enforcement Notices

The FCA has (on 24 March) published a Final Notice refusing BN1 Cars Ltd's application for permission to carry on consumer credit related regulated activities based on failures by the applicant to provide information.

<http://www.fca.org.uk/static/documents/bn1-cars.pdf>

The FCA has (on 21 March) published a Final Notice cancelling JPB Audio Visual Limited's permission to carry on a regulated activity as a result of its failure to satisfy the Threshold Conditions by failure to submit required returns.

<http://www.fca.org.uk/static/fca/documents/final-notice/jpb-audio-visual-limited.pdf>

FCA and ASIC agree to co-operate to promote innovation in financial services

The FCA and ASIC have on (23 March) signed a Co-operation Agreement to provide a framework for co-operation and referrals between their "Innovation Hubs", which have been set up to seek to overcome regulatory barriers to entry to the financial services sector. The framework centres on a referral mechanism and also includes details of how the authorities propose to share and use information on innovation in their respective markets.

<http://www.fca.org.uk/static/fca/documents/mou/fca-asic-cooperation-agreement.pdf>

FCA publishes near-final rules on disclosures to consumers by non-ring-fenced bodies

The FCA has (on 24 March) published a policy statement containing near final rules governing the disclosures that a non-ring-fenced-body (NRF) must provide to individuals who hold an account with it, or apply to hold an account with it. The purpose of the disclosure is to help consumers make informed decisions about opening or maintaining an account with an NRFB.

NRFBs must provide consumers with a scene-setting narrative that helps them understand the implications of banking with an NRFB, this will include an explanation of the purpose of ring-fencing and the key risks to which an NRFB may be exposed, including an explanation that the significance of not being ring-fenced is to be allowed to run risks to which a ring-fenced-body is not allowed to expose itself. In addition, the NRFB must provide descriptions of

the excluded activities or prohibited actions taken by the NRFB.

<http://www.fca.org.uk/static/documents/ps16-9.pdf>

FCA warnings

Name of firm	Date of warning	Details
Prest & Grove Ltd t/a Prestgrove Ltd	24 March 2016	Not authorised http://www.fca.org.uk/news/warnings/prest-grove-ltd-ta-prestgrove-ltd
Always Finance	23 March 2016	Not authorised http://www.fca.org.uk/news/warnings/always-finance
Asia Pacific Limited	23 March 2016	Not authorised http://www.fca.org.uk/news/warnings/asia-pacific-limited
Little Cash Loans	22 March 2016	Not authorised http://www.fca.org.uk/news/warnings/little-cash-loans-cc
Launton Wealth	22 March 2016	Clone firm http://www.fca.org.uk/news/warnings/launton-wealth-clone
Crown Corporate Consultants	21 March 2016	Not authorised http://www.fca.org.uk/news/warnings/crown-corporate-consultants
Fortitude Gold Financial Planning	21 March 2016	Clone firm http://www.fca.org.uk/news/warnings/fortitude-gold-financial-planning-
Heston Group Global	21 March 2016	Not authorised http://www.fca.org.uk/news/warnings/heston-group-global

Policy developments

FCA		PRA	
Proposed developments			
		Deadline for responses	
Consultation papers			24 May 2016
			27 May 2016

The PRA has (on 24 March) issued a consultation paper which consults on proposals for the PRA's fees and levies for 2016/17.

<http://www.bankofengland.co.uk/pr/Documents/publications/cp/2016/cp1016.pdf>

The PRA has (on 24 March) issued its first consultation paper setting out proposals for rules to transpose MiFID II. The policy proposals included in the consultation paper are: (a) the extension of scope and harmonisation of the passporting regime; and (b) systems and controls for firms who undertake algorithmic trading and provide direct electronic access to trading venues. Notably, the PRA proposes creating a new Algorithmic Trading Part of the PRA Rulebook which will require firms who engage in algorithmic trading to have effective systems and risk controls; effective business continuity arrangements; and appropriate record keeping arrangements.

<http://www.bankofengland.co.uk/pr/Documents/publications/cp/2016/cp916.pdf>

Finalised Policy and guidance				
		Implementation/effective date		
Policy statements	<p>The FCA has (on 21 March) issued a policy statement (PS16/8) setting out changes to the handbook regarding the segregation of client money on loan-based crowdfunding platforms, the Innovative Finance ISA, and the regulated activity of advising on peer-to-peer agreements.</p> <p>http://www.fca.org.uk/static/fca/documents/policy-statements/ps16-08.pdf</p>	21 March and 6 April 2016	25 March 2016	<p>The PRA has (on 24 March) issued a policy statement setting out final rules intended to keep second and subsequent charge mortgage contracts excluded from the loan to income flow limit.</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/ps/2016/ps1116.pdf</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/ps/2016/ps1116app1.pdf</p>
	<p>The FCA has (on 24 March) issued a policy statement (PS16/9) on disclosures to consumers by non-ring-fenced bodies. See above for further details.</p> <p>http://www.fca.org.uk/static/documents/ps16-9.pdf</p>			

Further Afield

The Hong Kong Securities and Futures Commission has (on 23 March) announced the appointment of Thomas Atkinson as Executive Director of Enforcement for a three-year term effective from 3 May 2016. Mr Atkinson is currently the Director of the Enforcement Branch of Ontario Securities Commission, Canada.

<http://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=16PR28>

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