

REGULATION NEWS

ISSUE 32

May 2017



Welcome to the latest edition of Gem Compliance's monthly regulation newsletter. The aim of the newsletter is to present industry news in an easily digestible format. As such, not all sources of industry information and FCA publications (and no PRA publications unless specified) will be covered. Therefore, clients and associates of Gem Compliance should periodically check the FCA's and PRA's websites for regulatory developments.

This month has been fairly in terms of FCA publications in comparison to recent months, possibly due to the period of purdah ahead of the general election on 8th June 2017.

The FCA issued a [statement](#) about fake emails after a fresh wave of them on 9th May from fcafees@fca.org.uk with subject 'Overdue balance'. The FCA also launched a new [feature](#) for searching the Handbook website.

Following the widespread ransomware attack the FCA issued a [statement](#) advising firms to review the National Cyber Security Centre's [guidance](#). The FCA also launched a new [webpage on cyber resilience](#) to help firms become better at withstanding and recovering quickly from cyber attacks.

MiFID II/MiFIR implementation plans continue and Gem Compliance will be issuing briefing notes on MiFID II in Q2 of this year. In the meantime, please visit the FCA's dedicated [webpage](#) for the latest developments.

The May edition of the FCA's [Regulation Round up](#) has been issued and the FCA's [Policy Development Update](#) webpage was updated on 5th May 2017.

A number of Bills received Royal Assent including the [Pension Schemes Bill](#) and the Criminal Finances Bill - the latter is summarised in this edition of the newsletter.

The Information Commissioner published the [May edition](#) of its newsletter, which includes reference to General Data Protection Regulation ([GDPR updates](#)).

We hope you find this newsletter useful and should you have any compliance queries or require advice on any of these topics, please do not hesitate to contact us.

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Main features

- * The Assessing Suitability Review - Results
- * PS17/10: Remuneration in CRD IV firms
- * Criminal Finances Act 2017
- * FCA Speech: "Expect the unexpected" - cyber security - 2017 and beyond – by Nausicaa Delfas, Executive Director at the FCA
- * Industry News
- * Enforcement Actions and Prosecutions
- * Other FCA Publications, Press Releases and Speeches

Industry News

UK Government consults on future legal framework for imposing and implementing sanctions after leaving the EU. [Click here for consultation.](#)

UK could face €2bn fine from EU for VAT fraud relating to the UK's alleged failure to prevent VAT evasion by criminals from the systematic undervaluing of goods at British ports. [Click here for article.](#)

Lenders told to compensate thousands of mortgage borrowers who may have been unfairly charged on mortgage repayments. Some lenders have been including arrears balances when recalculating monthly repayment instalments, so customers have effectively paid twice, as firms have also been pursuing the shortfall from customers separately. [Click here for article.](#)

Treasury Committee Chair, Andrew Tyrie, announces he will not stand for re-election. [Click here for article.](#)

EC Vice President, Valdis Dombrovskis, gives speech in which he considers the implications from Brexit on equivalence and supervisory convergence. [Click here for speech.](#)

ESMA issues Opinion on accepted market practices on liquidity contracts under the Market Abuse Regulation (MAR). [Click here for Opinion.](#)

Offices of football clubs in south east and north east of England have been raided by HMRC as part of an investigation into suspected tax and national insurance fraud. The French authorities are assisting with the investigation and arrests have been made on both sides of the Channel. [Click here for article.](#)

FCA told by Complaints Commissioner to "review the information it publishes about its relationship with FOS and the way it monitors the ombudsman's performance". [Click here for article.](#)

DWP announces changes to rules governing the transfer of contracted-out pension liabilities to allow members of failing schemes to transfer into a new scheme. [Click here for article.](#)

Deutsche Bank warns that, depending on how negotiations go, up to 4,000 UK jobs could move to the continent post-Brexit. [Click here for article.](#)

FSB publishes thematic peer review report on corporate governance. [Click here for review.](#)

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The FCA began this review in April 2016 after recognising suitability of advice as a priority area in its 2016/17 Business Plan. The purpose of the review is to assess the suitability of advice and quality of disclosure in the sector as a whole by reviewing a large sample of advice files – 1,142 separate pieces of advice by 656 firms – against the relevant rules in COBS. The disclosure assessment looked at a firm's initial disclosure, the product disclosure and the disclosure in the suitability report.

Key suitability findings are as follows:

- * In 93.1% of cases, the sector provides suitable advice.
- * In 4.3% of cases, the sector provides unsuitable advice.
- * In 2.5% of cases, the sector provides unclear advice.

Key disclosure findings are as follows:

- * In 52.9% of cases, acceptable disclosure provided
- * In 41.7% of cases, unacceptable disclosure provided
- * In 5.4% of cases, uncertain disclosure provided
- * Some suitability reports were too long and/or complex
- * The highest level of unacceptable disclosure concerns firms' initial disclosure. Issues include: a wide range of charging structures; lack of clarity regarding hourly charging rates; and failing to provide an indication of the number of hours for the provision of each service.

The FCA expects firms to consider the results and make improvements where they can.

The report signifies the beginning of a communication programme that will run over the course of 2017 and into 2018 and will include examples of good and poor practice. The FCA will also build these findings into future Live and Local events.

The FCA intends to repeat this review in 2019 on advice provided in 2018, after MiFID II and PRIIPs come into force, and the findings will be compared to the 2016 review.

Since the review, the FCA has confirmed it would not be changing its rules in light of its suitability review findings. The FCA has also confirmed that no enforcement action has been taken or is planned.

[Click here for review results.](#)

PS17/10: Remuneration in CRD IV firms

This PS will affect all firms who are required to comply with the FCA's Remuneration Code under SYSC 19A and 19D. It also affects firms subject to SYSC 19C. The remuneration requirements under CRD IV – remuneration policies should promote sound and effective management, not provide excessive risk taking, and be aligned with the long-term interests of the firm - were implemented in SYSC 19A and 19D of the FCA's Handbook.

The EBA issued subsequent guidance, which the FCA consulted on in September '16 (CP16/28) and this PS sets out the response to that consultation and the final rules and guidance.

Some key points include:

- * The new guidance in the form of Frequently Asked Questions (FAQs) was welcomed.
- * Additional clarification in some areas, such as the requirement to establish a separate remuneration committee for a subsidiary, when a group-level committee already existed, was requested.
- * The FCA would expect to see individual performance considered both at the point of granting the award, and in the period prior to vesting, irrespective of whether the future performance measures are linked to firm level or division targets and measures.
- * The FCA agrees that 'retention awards' are different from guaranteed variable remuneration.

Upper Tribunal refuses to hear case against FCA from former financial adviser, Anthony Badaloo, who had his permissions cancelled after he was convicted of trespassing and theft. The Upper Tribunal ruled that hearing the case would amount to an abuse of process because it would allow Badaloo to argue against his conviction. Badaloo's case was also considered to lack form and substance. The case dates back to January '15 when Badaloo, whose company traded as Church Hill Finance, informed the FCA that because of a dispute with firm Kleinwort Benson ('KB') he had temporarily moved his office but would return to it several months later. In March '15 the FCA received a letter from KB informing it that it had obtained a possession order for Badaloo's office but Badaloo had repeatedly refused to empty the property of its contents – including his client records. During April and May the FCA tried to contact Badaloo to check his place of business, financial resources and record keeping compliance. In May '15 KB informed the FCA that Badaloo had been arrested and charged with trespass and criminal damage.

[Click here for article](#), and [here for final decision](#).

A letter from the EBA to the EC's Vice President was published relating to the EC's proposals for a Regulation amending the CRR and for a Directive amending CRD IV. The letter comments on the Net Stable Funding Ratio, the Leverage Ratio and remuneration.

[Click here for letter](#).

Digital Economy Bill receives Royal Assent. The provisions include, inter alia, enabling stronger enforcement of direct marketing laws.

[Click here for summary of the Bill](#).

European Parliament's Committee on Economic and Monetary Affairs (ECON) announces that it has voted to adopt a draft report on FinTech.

[Click here for draft report](#).

Association for Financial Markets in Europe (AFME) published a questionnaire providing a standardised set of questions that can be sent bilaterally by MiFID II investment firms to trading venues.

[Click here for questionnaire](#).

ESMA publishes Opinion on points of convergence in relation to accepted market practices under MAR.

[Click here for Opinion](#).

CAP (Committees of Advertising Practice) Executive publishes guidance on the presentation of Ts and Cs for promotional marketing.

[Click here for guidance](#).

Towry told to refund fees by FOS for failing to meet terms of service agreement.

[Click here for article](#).

Newcastle disc jockey sentenced to 22 months in prison for submitting fraudulent insurance claims to Zurich and Aviva and for abusive communications to staff in an attempt to get his bogus claims resolved quickly.

[Click here for article](#).

The Scottish tax authority, Revenue Scotland, has clarified its tax approach to SIPP property transfers.

[Click here for article](#).

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PS17/10: Remuneration in CRD IV firms

(continued from page 2)

- * The FCA believes it is proportionate to continue to allow smaller and non-complex firms to disapply the bonus cap where this is appropriate and justified.
- * All firms that meet the Level 1 and Level 2 criteria of the FCA's proportionality guidance have no discretion to disapply the bonus cap.

The EBA guidance came into force on 1st January 2017 therefore the changes outlined in this PS take immediate effect.

[Click here for policy statement.](#)

Criminal Finances Act 2017

On 27/04/17 the Criminal Finances Bill received Royal Assent. The Act comprises four parts:

- * Part 1 – deals with proceeds of crime, money laundering, civil recovery, enforcement powers and related offences. It also creates a range of new powers for law enforcement agencies.
- * Part 2 – ensures relevant money laundering and asset recovery powers will be extended to investigations under the Terrorism Act 2000 and the Proceeds of Crime Act (POCA) 2002.
- * Part 3 – creates two new corporate offences of failure to prevent facilitation of tax evasion in the UK and abroad.
- * Part 4 - contains minor and consequential amendments to POCA and other legislation.

Key provisions include:

- * The creation of Unexplained Wealth Orders (UWOs) with a reverse burden of proof for non-UK PEPs or those suspected, or connected to someone that is suspected, of a serious crime, where the total value of the asset(s) in question, which do not need to be situated in the UK, is greater than £50k. The Order would require individuals to explain, orally or in writing, at the request of an authorised officer from an appropriate supervisory authority (e.g. NCA, FCA, HMRC) the:
 - ➔ nature/extent of the respondent's interest in the property;
 - ➔ how the property was acquired and how costs in obtaining it were met;
 - ➔ where relevant, the details of the settlement as specified by the trust deed; and
 - ➔ any other such information that may be specified.

In the absence of a satisfactory explanation the property could be subject to a non-conviction based forfeiture.

- * Allowing an authorised officer of the NCA to require any person within the regulated sector to provide more information in relation to a disclosure by way of a 'further information notice'. If it is not complied with the Court may grant a 'further information order'.
- * Enabling the seizure and forfeiture of proceeds of crime and terrorist money stored in bank accounts and identified personal or moveable items, including gaming vouchers and fixed-value casino tokens.
- * New account freezing provision for suspected funds of £1,000 or more.
- * Extension of the moratorium period to investigate suspicious transactions, when the Court is satisfied that certain conditions are met, for up to 31 days and up to a maximum of 186 days (in total).
- * Statutory legal protections for the sharing of information between regulated companies if certain conditions are met and which includes notifying the NCA of your intention to make a disclosure. This will allow the submitting of joint (or 'super') SARs comprising information on suspected money laundering from two or more regulated sector businesses.
- * An extension of disclosure orders to cover money laundering and terrorist financing investigations and a widening of those who can apply for a disclosure order to an appropriate officer rather than a prosecutor.

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Industry News continued

Scottish Widows urges HMRC to issue "more clarity on the inheritance tax treatment of pension transfers between schemes where both sets of administrators/trustees have the discretion over who the death benefits are paid to and/or the form of payment". The request comes after HMRC lost an appeal in a case where the application of its chargeable lifetime transfer rules was overturned in court.

[Click here for article.](#)

Liquidators for the Ethical Forestry investment scheme, which is currently being investigated by the SFO and FCA, are encouraging investors, who invested in the scheme via their SIPPs, to make mis-selling compensation claims against their advisers for mis-selling.

[Click here for article.](#)

Employees of a pension introducer that was the subject of a critical Panorama documentary in 2016, which resulted in a successful petition of the government to ban pensions and investment cold calling, have reappeared at a new unregulated introducer.

[Click here for article.](#)

FCA postpones its review into independent governance committees of workplace personal pension schemes to enable it to focus on other priorities.

[Click here for article.](#)

Advocate General Wahl of the European Court of Justice (ECJ) gives opinion on fairness of terms in consumer loan agreement after borrowers allege the term requiring repayment in the same currency as the advance currency was unfair. The Advocate General considers the term to be related to the main subject matter, so as long as it was in plain and intelligible language it would be exempt from the fairness requirement under the Unfair Terms Directive. The Advocate General also considered that the fairness test must be applied by reference to the circumstances reasonably known to the parties at the time the contract was concluded – a term cannot later become unfair because of a change of circumstances. The case awaits a ruling by the ECJ. In UK courts the prominence of a term would also need to be considered.

[Click here for Opinion.](#)

EC publishes adopted legislative proposal amending EMIR along with an impact assessment and factsheet/Q&A regarding the proposal.

[Click here for press release.](#)

Complaints Commissioner (CC) asks FCA to "ensure that all significant meetings are adequately recorded in electronic form as soon as possible after they have occurred" following a complaint from a firm's non-executive chairman after the individual was removed by the firm's board. Part of the chairman's complaint alleged the FCA was overly reliant on "off the record" meetings with the CEO. The CC stated in his response that the record of one such meeting was in handwritten form in notebooks and was only typed up when the details were requested by the CC, as part of his review into the complaint, because the notes were hard to decipher.

[Click here for article.](#)

CityUK commissioned a report on the impact of Brexit on the financial services industry.

[Click here for report.](#)

SIPP provider, James Hay, is facing a £1.8m tax bill from HMRC for investments in an unregulated biofuel scheme.

[Click here for article.](#)

- * There are three elements to the commission of the offence of corporate failure to prevent tax evasion:
 - ➔ Criminal tax evasion by the taxpayer;
 - ➔ Criminal facilitation – aiding, abetting counselling or procuring – of this offence by a person acting on behalf of the corporation;
 - ➔ The corporate's failure to take reasonable steps to prevent those acting on its behalf (including associated persons) from committing the criminal act outlined above.
- HMRC is required to publish guidance on what are considered to be reasonable prevention procedures and this is likely to include: proportionality; top-level commitment; risk assessment; due diligence; communication and training; monitoring and review.

The key aspects of the Act are expected to come into force in September 2017.

[Click here for background to and the full text of the Act.](#)

FCA Speech: "Expect the unexpected" - cyber security - 2017 and beyond – by Nausicaa Delfas, Executive Director at the FCA

The speech covered the 'threat' landscape, what firms can and should do to manage/mitigate threats and the FCA's expectations of regulated firms. Ms Delfas also looks at how culture impacts cyber risk.

Key points - environment:

- * SMART devices are now being exploited to form botnets (a network of private computers infected with malicious software and controlled as a group without the owners' knowledge), without the owner's knowledge.
- * Increases in broadband speed and bandwidth mean these devices could be capable of being compromised and directed at financial institutions and markets.
- * In Feb '17 the Polish Financial Supervision Authority's systems were compromised in an attempt to introduce malware into Polish banks.
- * In some rare cases ransomware has destroyed the backups of the targeted firm and when all possible recovery channels are removed it leaves only two options: pay or lose the data. The FCA says this demonstrates the importance of a decent backup strategy.
- * Some firms have set up bitcoin accounts to pay ransoms but this is seen to encourage more criminality and there is no guarantee the data will be released on payment.
- * Numbers of reports about cyber attacks to the FCA from regulated firms: 5 in 2014, 27 in 2015 and 89 in 2016.
- * The stronger the devices of some institutions the more likely it is the attackers will target firms with weaker controls.

Key points – strategies and expectations

- * The [Verizon Data Breach Investigations Report](#) found that of those incidents/reports it analysed across 61 countries:
 - ➔ ten vulnerabilities accounted for 85% of successful breaches; and
 - ➔ the vast majority of vulnerabilities were well known and had fixes available.
- * Strict patch management is key.
- * The [Cyber Essentials Scheme](#) and the [10 steps to Cyber Security](#) are considered by the UK Government and FCA/PRA to articulate what good 'cyber hygiene' looks like.
- * The FCA sees the following as critical capabilities for firms: effective risk management; good basic controls; user education and awareness; and incident management procedures.
- * The FCA wants firms need to consider specific cyber risks and to carry out a risk assessment on the impact of a distributed denial of service attack on their systems.

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Industry News continued

A Freedom of Information request reveals FCA spent over £66k revamping its logo using top advertising firm, Saatchi and Saatchi. An additional £8.8k was spent on designing the templates for the new brand and trademarking the logo.

[Click here for article.](#)

Adviser Alliance for mortgage brokers to be launched to give members greater power in their lender relationships. Membership is to be capped at 250 and registration is expected to open in a few weeks.

[Click here for article.](#)

Standard Life Aberdeen's board line-up announced.

[Click here for article.](#)

JMLSG consults on revisions to Parts II and III of its guidance.

[Click here for revised guidance.](#)

Wealth Management Association to merge with Association of Professional Financial Advisers.

[Click here for announcement.](#)

Record of the FPC (Financial Policy Committee) meeting held on 27th April 2017 published.

[Click here for record.](#)

Press release from the Legal Entity Identifier (LEI) Regulatory Oversight Committee (ROC) for the Global Legal Entity Identifier (LEI) system regarding the launch of data collection on parent entities in the global LEI system.

[Click here for press release.](#)

FCA admits, under a Freedom of Information request, that no centralised records exist regarding criminal convictions for approved individuals because of data protection restrictions.

[Click here for article.](#)

Approximately 800 roles could disappear from the total global headcount of the combined entity, Standard Life Aberdeen.

[Click here for article.](#)

Zurich faces criticism after stopping commission payments to an adviser, with which it had a longstanding relationship, who failed to provide Zurich with financial information relating to him as an individual and his firm.

[Click here for article.](#)

In advance of his re-election to the Board, Barclays CEO, Jes Staley, has apologised to shareholders for his mistakes regarding a recent whistleblowing case.

[Click here for article.](#)

Little interest in Pension Advice Allowance reported by pension providers a month after launch.

[Click here for article.](#)

Firm calls on FCA to clarify pension transfer rules.

[Click here for article.](#)

Social investment training course and manual from Worthstone launched with CISI endorsement for which 18 hours of structured CPD can apparently be claimed.

[Click here for article.](#)

Defaqto research reveals 15,000 advisers rank quality of staff as the most important aspect of the service provided by discretionary fund managers.

[Click here for article.](#)

FCA Speech: "Expect the unexpected" - cyber security - 2017 and beyond

(Continued from page 4)

- * The FCA supports mitigation solutions but it is alert to concentration risk, and wants firms to also consider this. However, it admits that a degree of concentration is inevitable (with iCloud for example).
- * Due diligence on third party suppliers should include a review of their cyber resilience and enable swift recognition of an attack in a third party provider quick resolution that minimises undesirable outcomes.

Key Points – Culture:

- * Instead of telling staff what to do through a policy, which often has little meaning to the front-line, staff should be given the tools to help them realise for themselves why security is so important to them professionally and personally, as this will empower them to make the right decisions.
- * It is important to recognise that individuals will take action if the perceived benefit outweighs the cost associated with the action.
- * Examples of ways to help individuals become security focussed include: introducing fake phishing schemes; educating staff who click on them; reward those who avoid/spot attacks; and take action against persistent failure to spot/avoid attacks.
- * Some firms have taken the time to find out which of their employees have an outside/personal interest in coding, etc. and have provided them with the opportunity to move into an information security focused role where they have flourished.
- * Use of relevant KPIs and success criteria help firms to track and quantify improvements and recognise issues/trends.
- * The FCA referred to guidance from the UK Government in 2014 and this month from the [Institute of Directors](#) for NEDs to help them understand and meet their responsibilities.

The FCA has established a number of Cyber Coordination Groups to achieve better collective cyber capability and is using data from 175 firms to provide an informed picture of how cyber risk crystallises.

[Click here for speech.](#)

Other FCA Speeches

The FCA's regional FinTech engagement - by Christopher Woolard, Executive Director of Strategy and Competition at the FCA.

[Click here for speech.](#)

Competition and innovation in financial services: the regulator's perspective – by Christopher Woolard, Executive Director of Strategy and Competition at the FCA

[Click here for speech.](#)

FCA Press Releases

FCA appoints two new members to the Regulatory Decisions Committee.

[Click here for press release.](#)

FCA publishes first set of complaints data since new complaints rules came into force.

[Click here for press release.](#)

FCA announces strategic review of retail business banking models.

[Click here for press release.](#)

The Financial Conduct Authority (FCA) today entered into a co-operation agreement with the Securities and Futures Commission (SFC) in Hong Kong.

[Click here for press release.](#)

Industry News continued

Survey of 220 advisers reveals 44% have experienced cyber attacks at home or at work. The research also found that 82% of consumers would no longer do business with an adviser if they became aware the company had been hacked.

[Click here for article.](#)

ID scanning solution used by second charge broker prevents £40k loan advance to customer who presented a fake driving licence as ID. The licence is reported to have passed standard checks but was flagged as a fake when scanned using the software.

[Click here for article.](#)

Pension provider, Phoenix Group, reveals it has prevented over 1,000 pension transfer scams since April 2013 with a total value of £29.14m. The Group believes the ban on cold calling should be extended to all forms of electronic communications.

[Click here for article.](#)

Lloyds Banking Group is now back in private ownership after the government sold its final stake in the group recouping more than it had originally invested.

[Click here for article.](#)

EBA publishes consultation paper setting out draft recommendations on outsourcing to cloud-based service providers.

[Click here for consultation.](#)

ESMA speech on the adoption of RegTech in the financial services industry.

[Click here for speech.](#)

Bank of England publishes an FAQ on its FinTech Accelerator.

[Click here for FAQ.](#)

Following a query raised by the City of London Law Society (CLLS) regarding delegation of functions under Annex 1 of the AIFMD by an AIFM, ESMA has confirmed that the functions should be seen as delegated by the AIFM and therefore the AIFM retains responsibility for ensuring compliance with the relevant requirements. However, the CLLS has written a letter to the FCA stating this is at odds with the approach taken by UK fund managers/practitioners and the FCA's Handbook (FUND and PERG). Therefore the CLLS is asking the FCA to resolve this inconsistency in approach.

[Click here for the CLLS's letter to the FCA.](#)

Enforcement Actions and Prosecutions

The Pensions Regulator has banned John Garry Williams (also known as Garry John Williams) and Susan Lynn Huxley, the trustees of 5G Futures Pension scheme, after they invested millions of pounds of investors' money in dubious overseas investments, which resulted in scheme members losing more than 90% of their original investments. TPR's executive director of frontline regulation, Nicola Parish, warned pension savers, trustees and administrators to "beware of the dangers of transferring out of reputable pension schemes to access unrealistically high returns often associated with exotic sounding investment opportunities. If an offer seems too good to be true, it almost certainly is".

[Click here for article.](#)

Barclays agrees with SEC to pay, on a 'no admit, no deny' basis, \$97m to settle a dispute regarding three sets of violations that resulted in US clients being overcharged by almost \$50m.

[Click here for article.](#)

Other FCA Publications

FG17/4: The fair treatment of mortgage customers in payment shortfall: impact of automatic capitalisations - The framework is intended to set out a proportionate, practical and fair approach for remediation. Use of the framework is not mandatory, but firms are expected to determine a remediation approach to achieve fair outcomes for affected customers.

Minutes of FCA's Mission press conference – Inter alia, the FCA provides an overview of each of the 5 recently published corporate documents and confirms extension of SMR will come into force in 2018 but a date on when a consultation paper would be issued was not provided.

PS17/6: Disclosure rules following application of PRIIPs Regulation - This PS summarises the responses to CP16/18, sets out how disclosure requirements will change to reflect the introduction of the KID, and sets out final rules and guidance. PRIIPs regulation will apply from 1st January 2018.

PS17/7: Whistleblowing in UK branches of foreign banks, response to Consultation Paper 16/25 - this PS contains final rules for the extension of the regime to UK branches and overseas banks.

PS17/8: Applying our conduct rules to non-executive directors in the banking and insurance sectors - This Policy Statement (PS) introduces final rules to extend the conduct rules in the Code of Conduct sourcebook (COCON) to standard non-executive directors (NEDs) in banks, building societies, credit unions and dual-regulated investment firms ("banks") and insurance firms.

PS17/9: Guidance on the duty of responsibility: final amendments (including feedback on CP16/26) to the Decision Procedure and Penalties Manual - in this paper the FCA sets out amendments to the Decision Procedure and Penalties Manual (DEPP) to explain how it will enforce the duty of responsibility.

PS17/11: Review of the FCA's appropriate qualification exam standards - This policy statement provides feedback on responses to CP16/24. It also sets out the final, updated appropriate exam standards (AES) for appropriate qualifications listed in the FCA's Training and Competence (TC) sourcebook.

Minutes of March FCA Board Meeting held on 29th and 30th March

GC17/5: Proposed guidance on the FCA's approach to the review of Part VII insurance business transfer - The Prudential Regulation Authority (PRA) leads the Part VII process (particularly for specific regulatory functions such as providing certificates), the FCA also has an active role. In particular, under section 110 of FSMA, the FCA has a right to be heard on applications to sanction a Part VII Transfer.

GABRIEL change log published, which notes new versions of RMA-D1 and REP008, and minor changes to CCR-Complaints, FIN069 and REP005.

FCA Hospitality and Gifts Log for Jan-Mar 2017 published for Andrew Bailey (CEO of FCA), John Griffiths Jones (FCA Chairman) and Christopher Woolard (executive FCA Board member and Director of Strategy and Competition).

PRIIPs webpage - FCA updates its PRIIPs webpage covering:

- * who the changes affect;
- * the definition of a PRIIP;
- * products that are and are not PRIIPs;
- * UCITS schemes and EEA UCITS schemes;
- * KIDs;
- * Disclosure requirements - planned changes; and
- * Next steps.

Enforcement Actions and Prosecutions continued

David Vaughan Jones, a struck-off solicitor turned financial adviser and tax consultant, although he never qualified as such, has been jailed for 6 years after defrauding 12 clients of £1.5m. During his trial Jones claimed he had money in the Channel Islands that would compensate everyone but the money never materialised. The Solicitors Disciplinary Tribunal described him as "a dishonest man who was a stranger to the truth".

[Click here for article.](#)

After continuing to fail at its auto-enrolment duties following a £400 fine, Johnsons Shoes Company has now received a fine of £40k (plus £2k in court costs) from the Pensions Regulator. The Regulator warned the firm that if it remained non-compliant the firm would face a new fine, which would increase by £2.5k per day – this is how the fine reached £40k. The case ended up in court because initially the firm refused to pay the second fine.

[Click here for article.](#)

Times article reports that Lloyds may need to pay millions of pounds of compensation to more than 7,000 investors for the mis-selling of low risk investment products. The products in question were advertised as low-risk but they were in fact highly complex and performed poorly.

[Click here for article.](#)

FCA decision on the investigation regarding £7.3bn of fundraising in Qatar and Abu Dhabi by Barclays in 2008 is delayed following the discovery, by the law firm acting for Barclays, of thousands of previously undisclosed documents. Barclays is also the subject of a criminal investigation by the SFO in relation to the fundraising.

[Click here for article.](#)

Firms failing to comply with auto-enrolment requirements are being named and shamed in The Pensions Regulator's quarterly compliance and enforcement bulletin.

[Click here for article.](#)

Trial begins against former financial adviser, Martin Rigney of Topps Rogers Financial Management, accused of forging signatures so he could invest clients' money into a high-risk fund for his own benefit. Rigney's clients were mainly retirees and some have since passed away.

[Click here for article.](#)

A husband and wife have both been found guilty of a £1.7m property fraud after the longest trial in UK criminal history. The trial started in September 2015 and evidence was heard for 320 days. The husband, Edwin McLaren, who had previously worked as a financial adviser, conned victims into signing forms that transferred the title deeds of their homes. The homes were then sold to third parties and the sale proceeds paid into an account controlled by McLaren. Mortgage advances were also raised against the homes. The Police report the victims have been left distraught and some also penniless and homeless.

[Click here for article.](#)

Facebook has been fined £95m by the EC for providing incorrect and misleading information during its purchase of WhatsApp in 2014. The EC said in a statement that "contrary to Facebook's statements in the 2014 merger review process, the technical possibility of automatically matching Facebook and WhatsApp users' identities already existed in 2014, and that Facebook staff were aware of such a possibility."

[Click here for article.](#)