

# Regulation Round Up

## February 2017

Key developments in February 2017:

### 1 February

The FCA and PRA announced changes to [enforcement process](#) with the aim of strengthening the transparency and effectiveness of enforcement decision-making processes. Some of the changes have already come into force, the rest will come into force on 1 March 2017.

The FCA published a [review report](#) on the acquisition of clients from one advisory firm to another. Although the report did not detail any significant failings the FCA did identify areas that could have been improved upon; these include: the detail of communications to clients by the acquiring firm, disclosure of the new firm's charging structure and the measures taken to obtain the client's agreement to the new arrangements.

### 3 February

ESMA published a [practical guide](#) on National rules on notifications of major holdings under the Transparency Directive.

### 7 February

The Treasury Select Committee has published a [letter](#) on European Commission Prudential reform proposals. The letter responds to the PRA's letter, which sets out the PRA's view on aspects of the European Commission's legislative proposals to amend EU prudential requirements for banks and investment firms.

### 8 February

The FCA published a [discussion paper](#) on open-ended funds investing in illiquid assets and regulatory approaches. The purpose being for the FCA to gather more evidence to decide whether more (or different) rules and guidance are needed to support market stability and protect consumers, without preventing them from having access to a diversified range of investment opportunities which would include illiquid assets, such as open-ended property funds.

9 February

PRA imposed a [financial penalty](#) of £17.8 million on The Bank of Tokyo-Mitsubishi UFJ Limited and a financial penalty on MUFG Securities EMEA PLC of £8.9 million, for failing to be open and co-operative with the PRA. This related to the failure of these entities to notify the PRA of enforcement action being taken by the New York Department of Financial Services during 2014. The fine is a reminder to all regulated UK firms to put in place systems and controls to ensure that all relevant information is notified to the regulator at the appropriate time.

14 February

The FCA published a [discussion paper](#) which seeks feedback on how the UK primary capital markets can most effectively meet the needs of issuers and investors.

The FCA published a [consultation paper](#) on particular technical enhancements to the Listing Rules. The proposed changes cover: listing eligibility requirements, the classification of transactions by premium listed issuers, and the FCA's approach to suspending an issuer's listing when a reverse takeover has been announced or leaked.

15 February

The 15th February marked the [deadline for submission](#) of comments to the Article 29 Working Party (WP29) on various issues relating to the implementation of the General Data Protection Regulation (GDPR), including the role of the Data Protection Officer (DPO), identifying the lead supervisory authority when an organisation is carrying out “cross-border processing of personal data” and the new right to data portability. The GDPR will come into force in May 2018 and significantly changes existing data protection legislation in the UK and EU.

17 February

Lloyd's Market Association has published [guidance](#) on how own risk and solvency assessment (ORSA) reports.

20 February

The ECB published a [letter](#) to significant institutions on the start of a multi-year plan on Single Supervisory Mechanism Guides on IOCAAP and ILAAP.

The Joint Committee of the European Supervisory Authorities (ESAs) (that is, the EBA, EIOPA and ESMA) [published an opinion](#) on the risks of money laundering and terrorist financing affecting the EU's financial sector. One of the purposes of the Opinion is to assist Member States' competent authorities in their application of the risk-based approach to anti-money laundering supervision. There are several initiatives underway that seek to address the risks identified in the Opinion- these include proposed amendments to the Fourth Money Laundering Directive (which will be effective from 26 June 2017).

21 February

David Bailey, Director of Financial Market Infrastructure at the Bank of England, gave a [speech](#) on “The future for UK payments policy – infrastructure, regulation and consumer priorities”.

Andrea Enria, EBA Chairman, made a [speech](#) on PSD2 outlining some of the solutions the EBA has adopted to address the challenges presented by the competing objectives of PSD2.

David Rule, Executive Director of Insurance Supervision at the BoE, gave a [speech](#) covering the first year of regulation under Solvency II.

The EIOPA published three new sets of [Q&As](#) relating to Solvency II, covering: templates for the submission of information to the supervisory authorities, procedures, formats and templates of the solvency and financial condition report and guidelines on the loss-absorbing capacity of technical provisions and deferred taxes.

22 February

The FCA confirmed on its website that it [plans to consult](#) on the extension of the SM&CR to all firms authorised under the Financial Services and Markets Act 2000 (FSMA) during the second quarter of 2017.

23 February

The EBA published a [report](#) setting out its final draft regulatory technical standards (RTS) on strong customer authentication and common and secure communication under Article 98 of PSD2.

The Payment Systems Regulator published a [speech](#) by the Managing Director of the PSR, setting out the regulatory challenges ahead for the sector.

24 February

The PRA issued a [consultation paper](#) on refining its Pillar 2A capital framework. The deadline for responses to the Consultation Paper is 31 May 2017. The proposed implementation date for the updated Pillar 2A capital framework is 1 January 2018.

Looking ahead, the new rules on regulatory references, which form part of the senior managers and certification regime, come into force on 7 March 2017. These new rules will apply to banks, building societies, credit unions and PRA-designated investment firms and branches of foreign banks as well as large insurance and reinsurance firms. In essence, firms covered by the regime will be required to take reasonable steps to obtain references from former employers of individuals applying for regulated roles with them. The references should cover the candidate's employment in the previous six years and must be requested from all types of employers, regardless of their regulated status. The [new rules](#) can be found in the FCA's PS 16/22.

#### [Related Professionals](#)

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- **John Verwey**  
Partner
- **Andrew Wingfield**  
Partner