Proskauer

# Regulation Round Up

**September 2018**

## 3 September

The Prudential Regulation Authority ("**PRA**") published its Regulatory Digest for August 2018 in which it highlighted key regulatory news including reference to a new insurer start-up unit ("**NISU**") that the PRA and the Financial Conduct Authority ("**FCA**") launched jointly. The NISU has been launched as part of the regulators' work to improve the authorisation process for new insurers in the UK. Accordingly, the PRA and FCA have together published a NISU guide containing information on becoming an insurer in the UK.

The European Central Bank ("**ECB**") published an opinion on the European Commission's legislative proposal for a Regulation amending the Regulation on cross-border payments (924/2009) in relation to certain charges on cross-border payments in the EU and currency conversion charges.

## 4 September

A prosecution by the FCA resulted in five defendants being convicted and sentenced to a total of 17.5 years' imprisonment at Southwark Crown Court for their roles in a share fraud carried out through a series of boiler room companies which led to the loss of more than £2.8 million of investors' money. A sixth defendant was later sentenced on 17 September 2018.

## 5 September

The Joint Committee of the European Supervisory Authorities (ESAs) published a report setting out the results of its second monitoring exercise on the evolution of automation in financial advice in the securities, banking and insurance sectors over the past two years.

The FCA announced its appointment of Sheldon Mills as its new Director of Competition. She is expected to be a central figure in relation to the FCA's objective to promote competition in consumer interests.

A draft version of the EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018, together with an explanatory memorandum, were published by the UK government.

## 6 September

HM Treasury published draft versions of the Payments and Electronic Money (Amendment) (EU Exit) Regulations 2018 and the Credit Transfers and Direct Debits in Euro (Amendment) (EU Exit) Regulations 2018, together with an explanatory note.

## 7 September

The FCA updated its policy development update (PDU) webpage which sets out information on recent and future FCA publications.

The FCA published its twenty-second quarterly consultation paper (CP 18/24) in which it invites comments in relation to proposed amendments to the FCA's rules.

The ECB published for consultation a draft version of the risk-type-specific chapters of its guide to internal models under the single supervisory mechanism. The ECB seeks views on draft chapters to the guide setting out its understanding of the applicable regulations relating to credit risk, market risk and counterparty credit risk.

The European Securities and Markets Authority ("**ESMA**") published a press release announcing that its register of administrators and third country benchmarks, which it is required to establish and maintain under Article 36 of the Benchmarks Regulation ((EU) 2016/1011) ("**BMR**"), has moved to the ESMA registers database.

## 11 September

The FCA published a speech by Andrew Bailey, FCA Chief Executive, at its annual public meeting. Amongst other things, the FCA's guiding principles on Brexit were reiterated, including cross-border market access, support for consistent global standards and co-operation between regulatory authorities.

HM Treasury published a press release announcing that Mark Carney, Governor of the Bank of England (BoE), will remain as governor until 31 January 2020.

The Joint Committee of the European Supervisory Authorities published a report on the risks and vulnerabilities in the EU financial system (JC 2018 34), which sets out recommendations for policy action.

## 12 September

The PRA published a consultation paper (CP19/18) proposing amendments to its regulatory reporting requirements.

The Creditworthiness Assessment Bill 2017-19 was presented to, and had its first reading in, the House of Commons. If enacted, the Bill would insert a new section 64A(1A) to the Financial Services and Markets Act 2000 ("**FSMA**") to require that the FCA, in making rules under section 64 of FSMA, ensure firms carrying on credit-related regulated activities and connected activities, and those entering into or varying a regulated mortgage contract or home purchase plan, take into account rental payment history and council tax payment history when assessing a borrower's creditworthiness.

## 13 September

The UK government has published notices setting out how merger review and competition investigations would be affected if the UK leaves the EU without a deal.

## 14 September

The ECB announced in a press release the launch of a consultation on part 2 of its guide to assessments of licence applications.

The FCA published a direction clarifying how an EEA market operator can make an application to become a recognised overseas investment exchange (ROIE).

## 17 September

The PRA published a consultation paper on strengthening accountability and implementing the extension of the senior managers and certification regime (SM&CR) to insurers (part 2) (CP20/18).

The FCA published a consultation paper on its approach to final regulatory technical standards (RTS) and EBA guidelines under the revised Directive on payment services (EU/2015/2366) ("**PSD2**") (CP18/25).

The FCA published a speech by Andrew Bailey, FCA Chief Executive, on pensions: a view from the FCA.

The Bank of England published a press release announcing that its money markets committee has launched a public register.

## 18 September

The US-UK financial regulatory working group issued a joint statement following its first meeting, in London, which was held on 12 September 2018. Discussions at the meeting focused on:

- the outlook for financial regulatory reforms and future priorities, including possible areas for deeper regulatory co-operation to facilitate further financial services activity between US and UK markets.
- the implications of Brexit on financial stability and cross-border financial regulation. A particular concern related to contract continuity, including servicing existing financial contracts post-Brexit. Participants noted the importance of reducing potential cliff-edge risks for business and consumers; and
- US-UK financial regulatory issues resulting from Brexit. Participants recognised the importance of maintaining the bilateral activity of US and UK financial services firms.

## 19 September

FCA published a press release announcing that it has closed its remaining investigations into certain life insurance firms, following its thematic review into the fair treatment of long-standing customers in the life insurance sector.

The House of Commons Treasury Committee published its twenty-second report of the 2017-19 session, on crypto-assets.

The FCA and PRA published the Dear CEO letters they have jointly sent to the chief executive officers of major banks and insurers supervised in the UK regarding their preparations for the transition from the London Interbank Offered Rate to alternative risk-free rates.

## 20 September

The FCA published a consultation paper setting out draft rules and guidance to extend the senior managers and certification regime to claims management companies ( CP18/26).

The FCA published its Regulation round-up newsletter for September 2018.

## 21 September

The European Parliament's Economic and Monetary Affairs Committee published:

- Draft report (PE627.813v01-00) on the proposal for a Directive on the cross-border distribution of collective investment funds; and
- Draft report (PE627.812v01-00) on the proposal for a Regulation on facilitating cross-border distribution of collective investment funds.

## 24 September

The FCA published a new webpage on baseline tracking relating to the Financial Advice Market Review.

The FCA published issue 56 of Market Watch, its newsletter on market conduct and transaction reporting issues.

## 26 September

The PRA published a report on the impact of climate change on the UK banking sector. The purpose of the report, amongst other things, is to assess how banks are responding to and managing the financial risks from climate change.

## 27 September

FCA published a report (TR18/2) following its thematic review of the impact of credit broking remuneration models at the point of sale.

The Bank of England published a speech by David Rule, Executive Director of Insurance Supervision, on current issues in insurance supervision.


**Related Professionals**

- **Andrew Wingfield**
  Partner

- **Richard Bull**
  Partner
- **John Verwey**
  Partner