CLYDE&CO

Update

Weekly Financial Services Regulatory Update

Week to 06.07.12

This weekly update from Clyde & Co's Financial Services Regulatory Team summarises new developments as reported by the FSA, the UKLA, the Upper Tribunal, the Financial Ombudsman Service and the London Stock Exchange over the past week, with links to the full documents where these are available.

We hope that you will find this update useful. If you have any queries about any of the information in this update or financial services regulatory matters generally, please contact one of the individuals listed in the 'Contacts' section of this publication.

If you have any comments on the content or format of the update or if you no longer wish to receive it, or have a colleague who would like to receive it, please email financial.services@clydeco.com.

Consultation papers:
No new developments this week.

Discussion papers:
No new developments this week.

Policy statements:
No new developments this week.

Press releases:
No new developments this week.

Speeches:
3 June: Annual Public Meeting – Chairman's Speech. The FSA has published a speech by Lord Turner, Chairman of the FSA, given at the FSA Annual Public Meeting. Lord Turner outlines the progress made by the FSA between April 2011 and March 2012 in the context of the banking crisis and includes mention of the RBS report published in December 2011 which identified key areas for significant change, including in the areas of banking liquidity and reserves, and the level of regulatory supervision. Lord Turner also comments on the recent LIBOR scandal and its effect upon the public's trust in the banking industry, stating that this will certainly be an issue that is addressed in a FCA approach document due for publication in the autumn. He ends by looking towards the future and the last few hurdles that must be overcome before the twin peaks model is in place, thanking those who have assisted in bringing it to this point so far.

http://www.fsa.gov.uk/library/communication/speeches/2012/0703-at.shtml

2 July: The FCA – our vision for enforcement. The FSA has published a speech given by Martin Wheatley, CEO Designate of the FCA, at the FSA's Enforcement Conference in London. In his speech, Wheatley outlines the background to the reforms before focusing on how the FCA intends to put consumers to the forefront of the approach that will be adopted and explains that it will be ensuring that it puts credible deterrence at the heart of its enforcement agenda.

http://www.fsa.gov.uk/library/communication/speeches/2012/0702-mw.shtml

2 July: Credible deterrence: here to stay. The FSA has published a speech given by Tracey McDermott, acting director of the Enforcement and Financial Crime Division, at the FSA's Enforcement Conference in London. McDermott's talk continues on from Martin Wheatley's and begins by explaining how enforcement has developed within the FSA over the past two years, highlighting how issues affecting consumers have had a greater focus. Following this, she outlines the FCA's plans for the future of enforcement, including the importance of maintaining the integrity of the markets and how it intends to tackle financial crime and unauthorised business with the ultimate aim of restoring consumers' trust in the financial system.

http://www.fsa.gov.uk/library/communication/speeches/2012/0702-tm.shtml

Bulletins and newsletters:

29 June: Credit Union Newsletter Issue 15. The FSA has published the June issue of the Credit Union Newsletter. This issue focuses on the following:

- Regulatory reform
- The Legislative Reform Order
- Lending limits and subordinated loans
- Single customer view reporting requirement

http://www.fsa.gov.uk/static/pubs/newsletters/cu_newsletter15.pdf

Final notices:

No new developments this week.

Application refusals:

No new developments this week.

Approved person refusals:

No new developments this week.

Research publications:

No new developments this week.

Consumer research:

2No new developments this week.

Other FSA publications:

5 July: List of Banks as compiled by the FSA on 30 June 2012. The FSA has published an updated list of banks. Since 31 May 2012, the list has been amended with the additions of Bank of Cyprus UK Limited and Cambridge & Counties Bank Limited.

http://www.fsa.gov.uk/static/pubs/list_banks/2012/jun12.pdf

5 July: FG12/16 – Assessing Suitability: Replacement business and centralised investment propositions. The FSA has published finalised guidance on replacement business and centralised investment propositions (CIPs) in relation to the Retail Distribution Review (RDR). The guidance considers the issues firms should consider when recommending switching a client's investment, and the steps firms should take when assessing the suitability of CIPs. It also provides examples of good and poor practice. The guidance applies to firms regardless of whether they provide an independent or a restricted advice model post-RDR.

http://www.fsa.gov.uk/static/pubs/guidance/fg12-16.pdf

5 July: Internal Model Approval Process. The FSA has published a webpage providing information for firms about the FSA's intended approach to the review of technical provisions as part of the Internal Model Approval Process in which it states that it intends to align its review approach with that of the Society of Lloyd's.

http://www.fsa.gov.uk/about/what/international/solvency/implementation/imap

3 July: Smaller Firms – Payment Protection Insurance: The FSA has published a series of webpages for smaller firms on how to handle payment protection insurance (PPI) complaints.

http://www.fsa.gov.uk/smallfirms/your_firm_type/gi/ppi/index.shtml

3 July: Adviser network goes into administration. The FSA has published news that Sage Financial Services Ltd (based in Macclesfield) and Burns-Anderson Limited (based in Bristol) have gone into administration. The two firms ran a network of financial advisers, a list of which is provided here by the FSA. The FSA provides brief guidance to persons who may be affected.

http://www.fsa.gov.uk/consumerinformation/firmnews/2012/sage-ba.shtml

2 July: Ewa Karczewska. The FSA has published a decision notice, dated 7 February 2012, objecting to the acquisition of at least 70% of the issued share capital of Think Finance.com by Ewa Karczewska. The reason for the objection is due to the FSA's concerns about the reputation of the s.178 notice-giver, Ms Karczewska (for reasons including a lack of honesty and integrity), the reputation and experience of the person who will direct the business as a result of the proposed acquisition, and whether the UK authorised person would be able to comply with its prudential requirements.

http://www.fsa.gov.uk/static/pubs/decisions/think-finance.pdf

29 June: Policy Development Update No.148. The FSA has published a Policy Development Update newsletter setting out the publications that have been released since the last issue, information about updates and developments relating to the Handbook and an updated timetable for forthcoming publications.

http://www.fsa.gov.uk/static/pubs/newsletters/pdu-newsletter-june12.pdf

UKLA publications:

No new developments this week.

Upper Tribunal (Tax and Chancery Chamber) (formerly Financial Services and Markets Tribunal (FSMT)):
No new developments this week.

Financial Ombudsman Service (FOS):
4 July: Ombudsman news issue 103. The FOS has published Ombudsman news issue 103 which includes an analysis of complaints involving whole-of-life policies with case studies about how these types of complaint are handled by the FOS, a snapshot of the ombudsman's first quarter 2012 statistics, an analysis of mortgage difficulties including case studies on how the FOS handles complaints in this area, and a Q&A section on how the FOS can assist consumers to cancel "continuous payment authorities", for which neither the company they gave the authority to nor their card provider or bank will accept responsibility.

http://www.financial-ombudsman.org.uk/publications/ombudsman-news/103/103.pdf

London Stock Exchange (LSE):
4 July: Monthly Market Report – June 2012. The LSE has published the monthly market report for June. It states that 30.1 million trades were carried out in June, totalling £153.1 billion, down 24 per cent on June 2011. The press release also provides a more in-depth breakdown of the individual order books.

http://www.londonstockexchange.com/about-the-exchange/media-relations/press-releases/2012/marketreportjune2012.htm

2 July: UK's largest private investor show launches 26 October. The LSE will this year be hosting the London Investor Show at Olympia which is the largest private investor exhibition and conference in the UK.

http://www.londonstockexchange.com/about-the-exchange/media-relations/press-releases/2012/londoninvestorshowlaunch.htm

UK Contacts

Contentious

James Cooper
Partner
Professional & Commercial Disputes
T: +44 (0)20 7876 6388
E: james.cooper@clydeco.com

Laura Cooke
Partner
Professional & Commercial Disputes
T: +44 (0)20 7876 6387
E: laura.cooke@clydeco.com

Julian Connerty
Partner
Dispute Resolution Group
T: +44 (0)20 7876 4503
E: julian.connerty@clydeco.com

Non-contentious

Nick Dent
Partner
Employment & Pensions
(contentious and non-contentious)
T: +44 (0)20 7876 6208
E: nick.dent@clydeco.com

Geraldine Quirk
Partner
Corporate Insurance
T: +44 (0)20 7876 4258
E: geraldine.quirk@clydeco.com

Further information
If you would like further information on any issue raised in this update please contact:

Financial Services Team
financial.services@clydeco.com

Clyde & Co LLP
The St Botolph Building
138 Houndsditch
London EC3A 7AR

T: +44 (0) 20 7876 5000
F: +44 (0) 20 7876 5111

Further advice should be taken before relying on the contents of this summary.