



# regulatory focus

Issue 87

A synopsis of the Financial Conduct Authority's (FCA) latest news and publications issued in July 2015.

Welcome to Duff & Phelps' Kinetic Partners division's latest issue of *regulatory focus*, our regulatory newsletter for the financial services community.

## FCA published a Q&A document containing important information for AIFMD Annex IV transparency reporters

On 29 July 2015 the FCA published a further set of Q&As providing firms with further guidance on AIFMD Annex IV Reporting. The aim of the latest Q&As is to highlight misinterpretations and inconsistencies and also provide more information on GABRIEL functionality. We summarise below some key points:

- European Securities and Markets Authority ("ESMA") has already provided guidance on which fields are mandatory, conditional or optional. There has been some confusion as to whether firms need to answer those questions marked optional. FCA confirmed that these should be completed if the AIFM has information to report in relation to that particular question. This is also covered in ESMA's Q&As.
- FCA has provided tables confirming how firms should answer the questions on registration status, AIF reporting and filing content code (based on the ESMA guidance on these matters).
- Currency rates should be reported as base currency to one Euro.
- Leverage should be expressed as a percentage rather than a ratio.
- Nil returns to mandatory questions are permitted but may indicate that the AIFM is not in compliance with the Directive.

Finally the FCA states that it encourages firms to use the assumptions field, as this helps the FCA determine how firms are interpreting questions. The FCA will be reviewing the assumptions and will have discussions with ESMA should this be required. The FCA may also issue further Q&As on reporting and therefore firms should refer to the feedback provided by FCA on their website.

## ESMA's Advice on the extension of the AIFMD passport to non-EEA jurisdictions and Opinion on the functioning of the EEA AIFMD passport

On 30 July ESMA has published its Advice in relation to the application of the AIFMD passport to non-EEA AIFMs and AIFs and its Opinion on the functioning of the passport for EEA AIFMs and the national private placement regime ("NPPRs").

The Advice relates to the possible extension of the passport to non-EEA AIFMs and non-EEA AIFs which are currently subject to the NPPR rules. ESMA decided to conduct a country-by-country assessment and has assessed six jurisdictions so far: Guernsey, Hong Kong, Jersey, Singapore, Switzerland and the US. ESMA advised that these countries were selected based on a number of factors including the amount of activity already being carried out by entities from these countries under the NPPR rules.

The Advice concluded that there were no obstacles to extend the passport to Guernsey and Jersey, while Switzerland has been given conditional approval provided that it removes any remaining obstacles with the enactment of pending legislation. However, ESMA did not reach any definitive views with regards to the US, Singapore and Hong Kong, due to concerns related to competition, regulatory issues and a lack of sufficient evidence to properly assess the relevant criteria.

Despite the fact that the Cayman Islands have been working on creating an AIFMD compliant regime and despite data showing a significant number of Cayman AIFs being marketed into the UK, the Cayman Islands were not included in ESMA's first assessment. ESMA advised that it will carry on its assessment of others groups of non-EEA countries in the coming months and aims to finalise the assessment of Hong Kong, Singapore and the USA as soon as practicable.

In the Opinion, ESMA found that there is insufficient evidence to indicate any major issues with the EEA AIFMD passport in terms of the functioning and implementation of the AIFMD framework. ESMA also favours the preparation of a further opinion on the functioning of the EEA AIFMD passport at a later date.

## New definition of "Eligible complainant" following the implementation of the Alternative Dispute Resolution Directive

The FCA recently published a Policy Statement on improving complaints handling (PS 15/19) following the feedback received on its Consultation Paper 14/30. The FCA proposed to change the rules on complaints handlings and customers' access to the Financial Ombudsman Service (FOS). In this paper, the FCA suggested extending the definition of "eligible complainant" to include consumers as defined in the Alternative Dispute Resolution (ADR) Directive.

### OUR RECENT AWARDS

ONE STAR 'VERY GOOD'  
ACCREDITATION  
2015  
Best Companies UK

BEST OVERALL  
ADVISORY FIRM IN THE US  
2014  
HFMWeek

BEST ASIAN ADVISORY FIRM  
FOR REGULATION  
AND COMPLIANCE  
2014  
HFMWeek

BEST EUROPEAN ADVISORY  
FIRM FOR REGULATION  
AND COMPLIANCE  
2014  
HFMWeek

BEST ADVISORY FIRM  
REGULATION AND COMPLIANCE  
2014  
HFMWeek

BEST SEC REGISTRATION  
TEAM - HONG KONG  
2014  
Acquisition International

UCITS FUND ADVISOR OF  
THE YEAR - IRELAND  
2014  
Acquisition International

As a result, with effective date 9 July 2015, the “consumer” glossary definition has been broadened: professional clients and eligible counterparties, where the person is an individual acting for the purpose outside his trade, business, craft or profession, will be eligible complainants.

This new disposition is unlikely to affect too many firms, however we recommend that firms who are currently FOS exempt for the purposes of fees should consider whether the change impacts their exempt status and whether notification to the FCA is required. Amendments to Firms’ compliance documentation may also be requested to reflect such change.

**Regulatory highlights this month include:**

- FCA publishes final rules confirming the approach to improving individual accountability in the banking sector and consult on the extension of the Certification Regime to wholesale market activities
- Martin Wheatley to stand down as FCA’s Chief Executive
- FCA bans former Rabobank trader; Lee Stewart, following LIBOR fraud
- FCA publishes new criteria for enforcement investigations
- Fair and effective markets review – speech by Tracey McDermott

**Regulatory Update**

We also provide regulatory updates on key developments as and when these arise. For further information, including recent updates, please visit [here](#).

- [Mortgage and Advice Distribution - a Brave New World](#)
- [FCA & PRA - Improving individual accountability in the banking sector](#)
- [UK Summer Budget 2015 - 8 July 2015](#)
- [Valuation of Greek Assets as of June 30](#)

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### Policy Documents

**FCA publishes final rules confirming the approach to improving individual accountability in the banking sector and consult on extending the Certification Regime to wholesale market activities in CP 15/22**

**7 July**

On 7 July the FCA published the final rules setting out its approach to improving accountability in the banking sector: The final rules comprise three elements: the Senior Managers Regime; the Certification Regime; and new Conduct Rules. A long standing item on the FCA agenda, the published rules aim to promote a culture shift in the banking industry. For banks, building societies, credit unions and PRA designated investment firms the Approved Persons Regime will be replaced by the final rules published on 7 July. The net effect is increased personal accountability for any senior manager misconduct that falls within such managers’ areas of responsibility. The Certification Regime and Conduct Rules in turn outline measures to hold individuals working at all levels to appropriate standards of conduct.

On the same day the FCA published Consultation Paper 15/22, which includes consultation on extending the Certification Regime to wholesale market activities. Under the final rules the Certification Regime lists individuals holding Significant Management functions, prop traders, managers of certified persons (under the new regime) and material risk takers as categories of significant harm functions i.e. functions where the relevant person can pose a risk of "significant harm" to the firm or its customers. The wholesale consultation proposes to extend the listed categories of individuals affected by the Certification regime to individuals involved in wholesale activities.

The FCA further proposes to add two new categories of significant harm functions; individuals dealing with clients and individuals involved in algorithmic trading activity.

The first new category has potential to include not just those staff members currently holding the CF30 designation but any individual dealing with clients, including retail and professional clients as well as eligible counterparties; in effect any person with which the firm conducts or is looking to conduct business. "Dealing with clients" is broadly defined as having contact with clients.

The second category is proposed to extend to staff members approving either the deployment of, or material amendment to algorithms. This function will also include staff responsible for all algorithms capable of trading including non-operational algorithms.

Much like the significant harm functions applicable to banks and PRA designated investment firms, the two new categories will apply to staff based in the UK or dealing with UK clients.

The FCA is running briefing events for industry participants on the final rules. During the workshops FCA staff acknowledge that the transition from the Approved Persons Regime to the newly published rules will be a challenging process. The FCA, while confirming it is open to dialog with industry participants, further suggests firms ought to start revisiting governance arrangements and scheduling training for staff who are affected by the final rules.

It is clear that firms and staff covered by the final rules will be looking to ensure that the degree and extent of responsibility for given roles is sufficiently formalised and clearly delineated. It remains to be seen how the final rules will interface with legal concepts such as vicarious liability and elements of employment law. To assist firms further the FCA has confirmed that it will be providing briefing notes and presentations on the final rules as time progresses.

The FCA is inviting comments from those firms affected by the changes; submissions can be made via the [online response form](#) by 7 September 2015.

## FCA publishes final guidance on concurrent competition powers

15 July

The FCA published the final guidance on its concurrent competition powers together with a policy statement setting out its responses received following an earlier consultation. The new powers were introduced on 1st April 2015 and allow the FCA to enforce against infringements of competition law as well as providing it with additional powers to carry out market studies and to refer markets to the Competition and Markets Authority (CMA) for in-depth investigation with regard to financial services. The CMA can also exercise these powers.

Christopher Woolard, director of strategy and competition at the FCA, said:

"The FCA's concurrent powers are an important part of our toolkit. They benefit all consumers of financial services by encouraging competition amongst firms and deterring and punishing any anti-competitive behaviour."

The concurrent powers support the FCA's engagement at a European level to address any potential cross-border competition issues. The FCA handbook amendments will take effect from 1 August 2015.

For the full press release please click [here](#).

## FG15/10 Risks to customers from performance management at firms

27 July

Following its March 2015 consultation, the FCA has now published its finalised guidance on how performance management at firms can lead to poor outcomes for clients. Although aimed at firms with retail clients, the guidance on performance management sits alongside the FCA's conduct risk agenda and is another indication of the FCA focusing upon conflicts of interest which can arise through inappropriate pay and reward structures of performance management techniques.

Whilst acknowledging that firms set performance targets, and that sales figures will inevitably be a part of that, the FCA says that follow-up work on whistleblowing reports has led it to conclude that, increasingly, sales staff are coming under increasing pressure to meet sales targets leading to a raised risk of poor advice and mis-selling. The FCA says that this pressure is particularly apparent at middle management layers and below. Practices such as requirements to report sales figures many times per day; staff facing fear of humiliation or discrimination when reporting sales figures in front of peers and staff being denied holiday leave or promotion are cited as examples of practices which can lead to undue pressure, especially when sales results are the main consideration without sufficient consideration of other factors like consumer outcomes.

The FCA suggests that all firms which deal with retail clients should review performance management practices in order to identify poor practice and ensure that adequate controls are in place. In particular, firms should set objectives for sales staff that take into account consumer outcomes and not solely sales figures; firm's should monitor internal procedures, such as appraisals and one-to-one discussions, to look for signs demonstrating of undue pressure; and firm's should use other intelligence to pro-actively create a risk map of where undue pressure on staff might be occurring.

The finalised guidance can be found [here](#).

**The FCA Consultation Paper also proposes to extend the listed categories of individuals affected by the new Certification Regime to individuals involved in wholesale activities.**

**Although aimed at firms with retail clients, the guidance on performance management sits alongside the FCA's conduct risk agenda and is another indication of the FCA focusing upon conflicts of interest.**

Currently 14 warnings linked to interest rate benchmarks have been given out by the FCA alongside a search regarding the conduct of individuals in relation to LIBOR.

Georgina Philippou, the acting director of enforcement and market oversight at the FCA, said that “firms and the public will now have a clearer understanding of the questions we ask ourselves before we start a formal investigation”.

## Enforcement Matters

### FCA bans former Rabobank trader, Lee Stewart, following LIBOR fraud 30 July

Lee Stewart has been banned from the UK financial industry by the FCA following a criminal investigation into Mr Stewart's honesty and integrity and conviction for fraud in the US. Mr Stewart was found guilty of being part of a conspiracy to influence Rabobank's US LIBOR submissions.

Georgina Philippou (director of enforcement and market oversight) said:

“This ban further reinforces our expectation that individuals and firms take responsibility for ensuring market integrity and reminds them of the consequences if they fall short of our standards.”

This comes soon after the ban of Paul Robson, another trader at Rabobank, for his part in influencing LIBOR. Currently 14 warnings linked to interest rate benchmarks have been given out by the FCA alongside a search regarding the conduct of individuals in relation to LIBOR.

The Press Release can be found [here](#).

### FCA publishes new criteria for enforcement investigations

10 July

On 10 July 2015, the FCA published new referral criteria for enforcement investigations. The publication of the updated criteria follows a review of the enforcement decision making process at the FCA and the PRA that was published by HM Treasury in December 2014. The FCA has numerous measures at its disposal including fines, bans and suspensions, when the misconduct of an individual or firm is proven. The Regulator has committed to publishing updated referral criteria in light of the review. Commenting on the publication, Georgina Philippou, the acting director of enforcement and market oversight at the FCA, said that “firms and the public will now have a clearer understanding of the questions we ask ourselves before we start a formal investigation”. When deciding whether to refer a firm or individual to its enforcement division for a formal investigation, the FCA considers the three overarching questions:

1. Is an enforcement investigation likely to further the FCA's aims and statutory objectives?
2. What is the strength of the evidence and is an enforcement investigation likely to be proportionate?
3. What purpose or goal would be served if the FCA were to take enforcement action in this case?

In addition to the publication of the new referral criteria, the FCA also provided additional detail on how it determines which regulatory response is most suitable for a given case. The FCA highlighted that its determination process involves considering whether a referral for an enforcement action is appropriate prior to a final decision being made by senior staff.

The FCA also clarified that opening an investigation does not mean that it has decided that a breach has been committed or that it has determined what type of enforcement action, if any, should be taken if a breach did occur.

The Press Release can be found [here](#).

## Supervision Matters

### Fair and effective markets review (“FEMR”) - speech by Tracey McDermott

15 July

On 24 June 2015 Tracey McDermott, director of supervision, investment, wholesale and specialists at the FCA, delivered a speech at the International Capital Market Association (“ICMA”) Public Sector Issues Forum.

Ms McDermott set out that FEMR was launched in response to manipulation of LIBOR and FX markets which happened mostly in the unregulated space of the Fixed Income, Currency and Commodity (“FICC”) markets. FEMR was a joint year-long review carried out by the FCA, Bank of England and HM Treasury. It investigated how these markets operated, identified the factors which led to misconduct and suggested ways in which similar situations could be avoided in future. The review also aimed to restore confidence in these markets and shape the debate surrounding the design of future practices.

#### Findings:

- Overall, the markets work well and fulfil their function of facilitating the sale of sovereign and municipal securities to investors. They also allow investors, borrowers and those wishing to mitigate their financial risks to have their needs met in most circumstances.
- Tight pricing and deep liquidity are offered by these markets for lots of liquid instruments. Further, there is good customisation for bespoke products in less liquid markets. These features have been consistent even in light of increased trading volume and market stress.

However, the impact of misconduct has meant that there is a lack of trust and confidence in these markets. The review concluded that the causes of misconduct fell into six categories:

1. Market structures presented opportunities for abuse;
2. There was an absence of well understood standards;
3. Governance systems and controls were not top-down and senior management did not take responsibility for identifying and managing business risks;
4. Competition was not fostered;
5. Remuneration and incentive structures were not effectively designed; and
6. A 'culture of impunity' existed in some areas of the market which led to 'ethical drift'.

FEMR made 21 recommendations and the three general themes which run through the recommendations are as follows: individual accountability; collective responsibility for maintaining high market standards; and continuing to maintain deterrence mechanisms in the event of a fall in standards. Furthermore, as the markets are global, it is important for changes to occur globally which is why FEMR made several recommendations directly to international bodies.

As part of the focus on individual responsibility it was recommended that the Senior Managers Regime (intended to raise accountability standards in Banks, Building Societies and certain Investment Banks) was extended to at least all firms active in FICC markets in order to address the misconduct which occurred. The extension would ensure that FCA firms engaging in these particular wholesale markets would be captured by this regime i.e. asset managers, interdealer brokers and others. The FCA will consult on this matter following primary legislation being passed.

FEMR recommended that a new FICC Markets Standards Board ("FMSB") should be created to provide a communication forum for the market. It will liaise with other authorities in the UK and elsewhere to raise standards and pinpoint trends and risks in the market. The forum will provide materials such as case studies to assist with the interpretation of rules and highlight those firms which have developed good practices.

It was decided that the structural changes being implemented as a result of MiFID II, in conjunction with technological innovation, will be sufficient for the purposes of addressing a fairer and more effective market structure.

#### The Future

At present the FCA rules remain. However, changes will start to become apparent over the next few years once certain steps have been taken: UK parliament passing primary legislation; FCA consultation on rules; the industry establishing the FMSB; and regulators liaising at international level to agree work plans.

The FCA will monitor the progress of changes brought about by FEMR and will provide a report to the Chancellor and Governor of the Bank of England in a year's time.

The Regulator is also encouraging a dialogue through industry events and roundtables which begin in summer 2015.

Ms McDermott made it clear that changes will be a challenge but they will also present an opportunity. However, if the industry does not "step up" and "seize this opportunity it will not get another".

For the full transcript of the Speech please see [here](#).

#### Wholesale Conduct risk - speech by Tracey McDermott

24 July

In this speech delivered at the British Bankers' Association Conference 'Wholesale Markets and Risk: FEMR and beyond' in London, Tracey McDermott, who will take over as acting chief executive of the FCA in September, spoke of why the FCA thinks conduct matters and said that firms should be "treating conduct risk as seriously as any other risk on your balance sheet, and manage it accordingly".

Ms McDermott expressed her view that scandals such as LIBOR and more recently those relating to FX had damaged the reputation of the wholesale market and stressed the importance for firms to take a new approach to wholesale conduct risk, take more responsibility for their own behaviour and take measures to improve conduct. She focused on three areas; how the regulator needs to work with the industry on solutions to restore reputation and embed cultural change; firms to consider five hard questions about how they identify and manage conduct risk, and lastly; how to create a system in which firms and individuals can be held accountable for their actions.

#### Regulators and the industry

The FCA acknowledges that the way it has carried out business model analysis in the wholesale sector is resource intensive and its supervisors have been exploring new ways of streamlining the process and getting more 'real-time' quantitative analysis of the revenues of the sector; using information firms already use for themselves. This is expected to lead to more efficient, current, consistent and comparable data analysis of the major firms in the sector.

**FEMR made 21 recommendations and the three general themes which run through the recommendations are as follows: individual accountability; collective responsibility for maintaining high market standards; and continuing to maintain deterrence mechanisms in the event of a fall in standards.**

**Scandals such as LIBOR and more recently those relating to FX had damaged the reputation of the wholesale market and stressed the importance for firms to take a new approach to wholesale conduct risk, take more responsibility for their own behaviour and take measures to improve conduct.**

#### Five conduct questions

Ms McDermott detailed five conduct questions that the FCA sees as a way of helping firms to ask themselves the hard questions that are needed and to give them a sense of what good conduct looks like. These are;

- how do you identify the conduct risks inherent within your business?
- who is responsible for managing the conduct of your business?
- what support mechanisms do you have to enable people to improve the conduct of their business or function?
- how do the board and executive committees gain oversight of the conduct of the organisation?; and
- are there any perverse incentives or other activities that may undermine any strategies put in place to answer the first four questions?

#### Individual accountability

Ms McDermott mentions that the Senior Managers' Regime (final rules which were published in mid-July and currently applicable to banks) should reinforce the importance of taking responsibility for good conduct. One of the recommendations of the Fair and Effective Markets Review ("FEMR") is to extend the regime to all those engaged in the fixed income, currencies and commodities ("FICC") markets. Expectations are higher now and people have to adjust their behaviour accordingly. Despite lots of commitment and encouraging signs of senior managers supporting the correct culture and behaviours, progress still needs to be made.

Wholesale markets are of great importance to the UK economy and will only work well if everyone in them feels responsible for their own behaviour and for the consequences of their behaviour for everyone else. Ms McDermott said it "...will never be possible, nor is it desirable, for the FCA to take responsibility for conduct by itself...we need to continue sharing and talking about the changes taking place, looking at what is working and what isn't". In an ideal world, she added, the regulator would have to show fewer "red cards" as standards and market discipline improve.

The Speech can be found [here](#).

#### Investor engagement in a changing regulatory landscape - speech by Marc Teasdale

13 July

The Director of Market Oversight at the FCA, Marc Teasdale, recently attended the Investor Relations Society Conference in London and addressed the attendees on the topic of investor engagement. Mr Teasdale listed inside information, dealing commission and the recently announced market study into investment and corporate banking as the basis for his speech.

#### Inside information

Mr Teasdale was keen to highlight the upcoming change that will see the Market Abuse Regulation ("MAR") replace the current Market Abuse Directive ("MAD") and this will apply across the EU from July 2016. The MAR largely continues where MAD left off, however there were a number of key differences disclosed during the course of his speech.

The Director stated the well-established practice of utilising market soundings, which play an important role in the functioning of markets, to be one such change. MAR will see the introduction of a new framework for conducting market soundings, whereby legitimate disclosure of inside information can be made. Adherence to the framework is not an absolute requirement, however these provisions have been set out in order for individuals to be protected from allegations of unlawful disclosure. An individual that does not follow the steps set out is, therefore, not necessarily committing market abuse. They are however, leaving themselves open to allegations of having done so.

MAR will require firms to add additional detail to certain internal policies and procedures. Additional information will become available in the coming months, as ESMA releases its "level two" guidance.

Mr Teasdale also discusses the case of Ian Hannam which demonstrates the importance of handling inside information correctly and states that its judgment has "...changed the regulatory landscape in significant ways for the dialogue between issuers and their investors". He advises that firms should consider the key elements of the judgement properly and to seek professional guidance where it may have an impact on the discussions firms are used to having.

#### Dealing commission

Mr Teasdale also discussed dealing commission and research and its elevated profile over recent years, following the FSA's supervisory review of conflicts of interests in 2012. The review uncovered the increasing use of dealing commission to pay for corporate access. In 2014, the FCA provided clarification that dealing commission cannot be used in this way, however Mr Teasdale pointed out that corporate access has not been banned and that the FCA is aware that engagement between issuers and investors can be an important element of effective investor stewardship.

The debate in relation to the connection between research and dealing commission has moved to the European stage with the development of MiFID II. ESMA provided its final advice on MiFID II to the European Commission ("EC") in late 2014, which included the areas of research and inducements. Under ESMA's final proposal, investment managers remain able to purchase research, however only if it is paid by the firm out of its own resources, or through a designated 'research payment account' funded separately by the client. If the latter approach is taken, prior agreement and disclosure is required upfront.

It is anticipated that the EC will adopt the proposals during the summer of 2015 and they will then be passed on to Parliament and the Council for formal scrutiny. Mr Teasdale noted that the final proposals will need to be translated into domestic legislation and rules and that there are plans to consult by the end of the year.

Mr Teasdale listed inside information, dealing commission and the recently announced market study into investment and corporate banking as the basis for his speech.

The Director hypothesised that the proposed reforms will lead to a more efficient allocation of resources towards research, which will add the most value to asset managers' investment decisions. He went on to state that it should create an opportunity for specialist providers, and that the unbundling of fees and services by brokers will improve pricing and competition within the market.

#### Market study into investment and corporate banking

The FCA's recently announced market study into investment and corporate banking was the final topic of Mr Teasdale's address. The study is being undertaken as part of the FCA's objective to promote competition in the interest of consumers and will look to gain insight into the effectiveness of the market.

The Director referred to feedback that was received from the industry in July 2014, which influenced the subject of the study. The study looks to investigate claims of competition issues, including some which may affect smaller clients more than larger ones.

A wide range of market participants will be addressed in order to effectively understand the areas where competition is not working effectively. The FCA is encouraging any clients that have recently been through an equity and debt issue to inform them of their experiences, with the regulator particularly keen to hear from smaller clients.

The study will focus on primary market activities (such as ECM and DCM activity, M&A and acquisition financing) and will look to answer the following questions:

- What choice do firms have when choosing banks and advisers and how do they go about making their selection?
- Is the practice of bundling services together restricting competition?
- Is there sufficient transparency at key points in the primary market process?

The study will take place over the next twelve months and the evidence gathered will inform the regulator's view as to what the concerns are, whether any intervention is needed and if so, the method of intervention that should be taken.

A summary of the speech can be found [here](#).

## Other Developments

### Martin Wheatley to stand down as FCA's Chief Executive

17 July

On 17 July 2015, the FCA officially announced that its Chief Executive, Martin Wheatley, would stand down with effect from 12 September 2015. He will however remain an advisor to the FCA board until January 31 2015, focussing on the execution of the Fair and Effective Markets Review.

Martin Wheatley commented on his departure and said: "I am incredibly proud of all we have achieved together in building the FCA over the last four years. I know that the organisation will build on that strong start and work so that the financial services industry continues to thrive."

Mr Griffith-Jones, Chairman of the FCA announced that Tracey McDermott will take over as Chief Executive while the search for a permanent Chief Executive takes place.

"I am pleased that we are able to call on someone of Tracey's ability and stature to take up the post of Acting Chief Executive."

For the press release please click [here](#).

### FCA publishes Annual Report for 2015/1016

2 July

The Annual Report describes work completed this year such as:

- Regulating consumer credit, bringing the number of firms within our remit to 73,000.
- Launching Project Innovative to bring in innovative financial products and services.
- Introducing the new senior manager's regime.
- Market studies such as retirement income, cash savings and a review of the competition in the wholesale sector.
- The FCA's response to the Davis review

Chairman, John Griffith-Jones commented the publication and said:

"We take appropriate steps where we find risks or issues that threaten our objectives, but we aim to work with the industry and communicate transparently to ensure not only that our expectations are clear, but that firms and individuals are reasonably able to meet them

"Measurement of regulatory outcomes is not an exact science, but there are some indicators of a positive direction of travel highlighted in this report. Credit for this lies with the firms we regulate, who have embraced the conduct agenda."

For the full report please see [here](#).

The FCA officially announced that its Chief Executive, Martin Wheatley, would stand down with effect from 12 September 2015.

**Megan Butler will be joining the FCA on a secondment from the PRA and will take the role of Director of Supervision – Investment, Wholesale and Specialist.**

## **Megan Butler appointed Director of Supervision, Investment Wholesale and Specialist**

**30 July**

On 30 July, the FCA announced that Megan Butler will be joining the FCA on a secondment from the PRA and will take the role of Director of Supervision - Investment, Wholesale and Specialist with effect from 1 September for a year.

Ms Butler is due to take over from Tracey McDermott who will be acting as FCA's Chief Executive following Martin Wheatley's departure in September.

Ms Butler is a barrister and joined the Financial Services Authority in 2000 where she remained until 2013 before moving to the Bank of England and then the PRA where she is currently Executive Director of International Banks Directorate.

Martin Wheatley welcomed the appointment of Megan Butler and said "I am delighted that Megan has decided to join the FCA. She brings with her a wealth of experience and an excellent reputation in wholesale markets and will be a valuable addition to the executive team".

The Press Release can be found [here](#).

## **Christopher Woolard appointed to the FCA Board**

**31 July**

Christopher Woolard will be joining the FCA Board on 1 August. He has been part of the FCA since 2013 as Director of Policy, Risk and Research. Before joining the FCA he was group director and content board member at Ofcom and also has experience in regulation and policy development having worked for the BBC and at the department for Trade and Industry.

John Griffith-Jones (FCA chairman) said: "He will bring invaluable experience and judgement to the Board from his time at the FCA, but also outside the financial sector."

Christopher Woolard said: "I look forward to helping the Board ensure that the FCA is able to meet the many challenges ahead of it."

The full article can be found [here](#).

## **New Chair of the FCA Practitioner Panel announced today**

**23 July**

It has been announced that the new chair of the FCA Practitioner Panel is Antonio Simoes, CEO for HSBC in the UK. Mr Simoes succeeds Alison Brittain, former Group Director of Retail at Lloyds Banking Group who is leaving the Financial Services sector to join Whitbread plc as CEO.

The FCA Practitioner panel is an independent statutory body that represents the interests of the financial services industry within the UK's regulatory framework. Panel members represent sectors as a whole rather than individual firms.

FCA chairman, John Griffith-Jones said:

"The Practitioner Panel plays a vital role in ensuring that the voice of industry is heard in the UK's regulatory system."

Antonio Simoes said:

"I'm looking forward to making a positive contribution to the important role the panel plays in supporting the regulatory framework in the UK at a time when rebuilding trust in the financial services industry has never been more important. My focus will be on fostering a constructive dialogue between the panel and both the Executive and the Board of the FCA."

For the full press release please see [here](#).

# regulatory focus

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