

August 2017 - Issue Highlights

- MiFID II Policy Statement and Consultation Paper VI
- Packaged retail and insurance based products "PRIIPS"
- The FCA publishes consultation paper to reflect the application of the EU benchmarks Regulation "BMR"
- The FCA publishes final report into the asset management sector
- The FCA launches consultation regarding proposed Office for Professional Body AMKL Supervision "OPBAS"



Important information for all firms: MiFID II Policy Statement and Consultation Paper VI

The FCA has published its [Final Policy Statement](#) on MiFID II implantation and it's a sixth [consultation paper](#).

The policy statement sets out the final rules in areas including: research, tapping for corporate finance and distortionary investment managers, local authorities and client categorisation and inducements. The consultation paper proposes fees for recognised investment exchanges, operating multilateral trading venues, or organised trading venues (OTFs).

Important information for all firms: The FCA Publishes its Mission and Business Plan

The FCA published its [Mission](#) giving greater clarity on how it prioritises its interventions in financial markets. Alongside the Mission the FCA also published its 2017-2018 [Business Plan](#) and [Fees Consultation](#). The key areas that the FCA are focussing on for Newgate clients are culture and governance; financial crime and AML; promoting competition and innovation; cybercrime; treatment of existing customers and Brexit.

The FCA also published its [Sector Views](#) which highlight the issues and developments the FCA sees in in the sectors it regulates.

<https://www.fca.org.uk/news/press-releases/fca-publishes-mission-business-plan-2017-18>

Important information for all firms: The FCA publishes first set of data under new complaints rules

The FCA published data for the first time showing the number of complaints reported by firms since new rules came into force on 30th June 2016. 3.04 million complaints were received in the second half of 2016, a higher figure than in previous periods, as under new FCA rules all complaints are now captured in this data. Under the new rules firms have longer to resolve complaints, now having three days instead of the next business day time limit to address a complaint to a consumer's satisfaction.

<https://www.fca.org.uk/news/press-releases/financial-conduct-authority-publishes-first-set-data-under-new-complaints-rules>

Important Information for Retail Investment Management Firms: Packaged retail and Insurance based products (“PRIIPs”)

To reflect the PRIIPs Regulations that will apply from the 1st January 2018 the FCA consulted on changes to disclosures rules in CP16/18. The FCA have published PS17/6 which takes account of the PRIIPs framework, summarises feedback and includes final rules which will take effect on the 1st January 2018.

<https://www.fca.org.uk/publication/policy/ps17-06.pdf>

Important information for all Investment & Wealth Management firms: The FCA publishes Consultation paper to reflect the application of the EU Benchmarks Regulation (“BMR”)

The EU BMR is due to apply from 1st January 2018 and aims to prevent harm that could effect those who use financial instruments, contracts or investment funds that reference benchmarks. The FCA are planning to change various parts of the Handbook so that it is consistent with the BMR. Mostly this involves removing domestic rules that are superseded by the BMR, however the FCA propose to maintain some domestic rules which are not covered.

<https://www.fca.org.uk/publication/consultation/cp17-17.pdf>

Important information for all Investment and Wealth Management firms: The FCA publishes final report into asset management sector

The FCA has published the final findings of its asset management market study.

Confirming the findings highlighted within the interim report published in 2016 the final report found that price competition is weak in a number of areas of the industry. Analysis by the FCA found that despite a large number of firms operating in the market there was evidence of sustained high profits over a number of years. The FCA also found that investors are not always clear on a fund's objectives and that fund performance is not always reported against an appropriate benchmark. There were also concerns around the way the investment consultants market operates.

In response, the FCA has announced a package of remedies it will take forward to address the concerns identified within the report into this sector. These remedies fall into three areas:

To help provide protection for investors who are not well placed to find better value for money, the FCA proposes to:

- strengthen the duty on fund managers to act in the best interests of investors and use the Senior Managers Regime to bring individual focus and accountability to this;
- require fund managers to appoint a minimum of two independent directors to their boards;
- introduce technical changes to improve fairness around the management of share classes and the way in which fund managers profit from investors buying and selling their funds.

To drive competitive pressure on asset managers, the FCA will:

- support the disclosure of a single, all-in-fee to investors;
- support the consistent and standardised disclosure of costs and charges to institutional investors;
- recommend that the DWP remove barriers to pension scheme consolidation and pooling
- chair a working group to focus on how to make fund objectives more useful and consult on how benchmarks are used and performance reported.

To help improve the effectiveness of intermediaries, the FCA will:

- launch a market study into investment platforms;
- seek views on rejecting the undertakings in lieu of a market investigation reference regarding the institutional advice market to the Competition and Markets Authority;
- recommend that HM Treasury considers bringing investment consultants into the FCA's regulatory perimeter.

Important information for all CFD firms dealing with retail investors: FCA Statement on Contract for Difference ("CFD") Products

The FCA has decided to delay making final conduct rules for UK firms providing CFDs to retail clients pending the outcome of the European Securities and Markets Authority ("ESMA") discussions into the possible use of its product intervention powers under article 40 of the Markets in Financial Instruments Regulation (MiFIR).

ESMA has confirmed that the measures being considered take into account requirements that have broadly been adopted or publicly consulted on by EU National Competent Authorities. The FCA have confirmed they will continue to engage with ESMA to support the development of measures and that in the event of a significant delay would reconsider making final rules at a domestic level in the first half of 2018.

<https://www.fca.org.uk/news/statements/fca-statement-contract-difference-products-and-cp16-40>

Important Information for all firms: The FCA publishes Annual Report and accounts for 2016/2017

The FCA has published its [Annual Reports and Accounts](#) which looked back on key pieces of work undertaken by the organisation in 2016/2017. The report provides an overview of significant pieces of work including:

- new rules in preparation for the implementation of MiFID II
- the use of the FCA's market abuse and enforcement powers
- the FCA's work promoting competition in the interests of consumers, with the interim findings of our Asset Management Market Study showing weak competition in a number of areas
- the roll out of the Senior Managers and Certification Regime to banking and insurance, helping to embed good conduct at the core of the UK's financial sector

Important information for all Firms: The FCA sets out scope of Investment Platforms Market study.

The FCA has published the Terms of reference for the [Investment Platforms Market Study](#). This market study follows on from the Asset Management Market final report published in June 2017 which highlighted a number of potential competition issues in the platforms sector. For the purposes of this study the FCA defines "platforms" broadly and it will look at both investment platforms and firms that provide similar services by allowing investors or their advisers to access retail investment products through an online portal. The study will look at whether platforms help investors make good investment decisions; competition; relationships between platforms, advisers and other stakeholders.

<https://www.fca.org.uk/news/press-releases/fca-sets-out-scope-investment-platforms-market-study>

Important Information for all firms: The FCA launches consultation regarding the government-proposed Office for Professional Body AML Supervision ("OPBAS").

The government has announced that a new office for Professional Body Anti-Money Laundering Supervision Regulations would be created within the FCA and that it would be responsible for overseeing the adequacy of the anti-money laundering supervisory arrangements. OPBAS will be given the powers to make sure [professional body's](#) supervisors meet the standards set out within the Money Laundering Regulation 2017. The consultation will run until 23rd October 2017.

<https://www.fca.org.uk/news/press-releases/fca-seeks-views-office-professional-body-anti-money-laundering>