



Newgate News

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Remote and Hybrid Working Expectations

On the 11th October the FCA released its expectations of firms who have moved to remote or hybrid models of work, so that they can continue to meet their regulatory responsibilities. The FCA wants to ensure firms are able to prove that the lack of a centralised location or remote working will not damage the integrity of the market, increase the risk of financial crime, or reduce competition, amongst other concerns.

Firms must also prove that there is appropriate governance and oversight by senior managers under the Senior Managers regime, that they have considered any data, cyber and security risks, particularly as staff may transport confidential material and laptops more frequently in a hybrid arrangement, and that it can meet and continue to meet any specific regulatory requirements, such as call recordings, order and trade surveillance, and consumers being able to access services.

The FCA also noted it should be able to access firms' sites, records, and employees, and has powers to visit any location where work is performed, and business is carried out and employees are based (including residential addresses) for any regulatory purposes. In addition, firms must notify the FCA of any material changes to how a firm intends to operate.

Read Newgate's discussion note [here](#).

Newgate advice: Newgate can assist your firm in updating its policies, procedures, and monitoring, to consider the risks posed by remote and hybrid working. Firms should notify employees that the FCA can carry out visits at home addresses where regulatory business is carried out. Please contact your Newgate consultant if you are unsure if your firm's remote working arrangements are suitable.

[Read more](#)

Investment Firms Prudential Regime Final Rules Published and Webinar

On the 22nd October 2021 the FCA published its final rules on the new Investment Firms Prudential Regime. The FCA also published guidance and templates on remuneration policies and practices applicable under the new regime. The FCA will be contacting firms in autumn via a survey to gather

information on the firm's preparedness on the new regime.

The FCA will be holding IFPR webinars for firms on 30 November along with a Q&A session. Firms can register for this webinar here: <https://www.fca.org.uk/events>.

Newgate's advice: The IFPR represents a major change for FCA investment firms, and it is critical that you prepare for the new regime which comes into force on 1 January 2022. If you haven't yet done so, book an IFPR Readiness Assessment with Newgate today, to see how the regime impacts you.

[Read more](#)

FCA Finalises Rules for a New Type of Fund Designed to Invest Efficiently in Long-term Assets

The FCA has announced that it will be supporting proposals for the creation of a new a Long-Term Asset Fund (LTAF) regime. An LTAF will be a new type of open-ended authorised investment fund which will help support investment in assets such as venture capital, private equity, private debt, real estate and infrastructure. The FCA note that investment in these assets has the potential to generate superior returns for investors, including those saving for retirement in defined contribution pension schemes. Currently, some investors are unable, or unwilling, to invest in these assets, even if they could meet their investment goals.

At first, the funds will be available to Professional Investors only, but the FCA will be consulting next year on widening the distribution of the LTAF to certain retail investors.

[Read more](#)

Joint Statement by UK Financial Regulators on the Publication of Climate Change Adaptation Reports

On the 28th October, the Financial Conduct Authority, **Prudential Regulation Authority**, **The**

Pensions Regulator and the **Financial Reporting Council** published a joint statement setting out how climate change affects their respective responsibilities and the actions they taking in response to it.

The FCA have also published a **Climate Change Adaptation Report** setting out its strategic approach to climate change, including the transition to a net zero economy by 2050. The report outlines:

- The FCA's ESG strategy and how it is evolving;
- The climate-related risks that financial services firms are exposed to, including insurance underwriting risk, credit risk, financial market risk and operational risk;
- How firms are addressing and adapting to these climate-related risks and opportunities;
- How firms and listed companies are planning to transition to net zero.

Newgate's advice: Newgate will keep you informed as the FCA's ESG strategy evolves.

[Read more](#)

Dear CEO Letter to Wealth Managers and Stockbrokers

On the 16th September, the Financial Conduct Authority (FCA) issued a 'Dear CEO' letter to regulated firms in the wealth management and stockbroking sectors. In the letter, the FCA touched on its objectives for firms working in this sector. In particular, the FCA wants to ensure firms are not facilitating scams or market abuse, are able to orderly wind down with adequate systems and controls to mitigate losses to clients in the event of failure, and clients are aware of and notified of all costs and charges associated with the provision of investment services.

Read Newgate's full summary [here](#).

[Read more](#)

Young Investors Driven by Competition and Hype

The FCA have launched a new campaign called InvestSmart aimed at helping consumers to

make more informed investment decisions. A recent survey has revealed some worrying trends amongst younger investors, including that 76% of those aged under 40 who have invested in high-risk products such as cryptocurrency and forex say they are driven by competition with friends, family and acquaintances, and 58% say hype on social media and in the news lies behinds their investment decisions.

In a survey of 1,000 people aged 18 to 40 who invest in high-risk investment products, 76% said they felt a sense of competitiveness when placing their money in an investment, while 68% likened it to gambling. Few of those surveyed were holding investments for long periods of time. This comes as over 1 million UK investors increased their holdings in, or bought, a high-risk investment during the pandemic.

Newgate's advice: The FCA is increasingly concerned that some retail investors are accessing higher-risk investments which may not accurately reflect their risk tolerance. If your firm targets retail investors you must ensure you **treat them fairly according to the consumer outcomes.**

[Read more](#)

About Newgate Compliance

Newgate Compliance is a compliance consultancy offering a modern solution to implement your compliance function using an innovative compliance software solution called **The GATEway**.

Newgate has an unrivalled combination of experienced professionals, many of whom are ex-regulators.

Our customer focused approach seeks to provide appropriate, pragmatic and flexible solutions to our clients helping them to meet both the regulator's rules but also the spirit, principles and culture of the regulatory regime.

We look to build long-term relationships with our customers helping to encourage business growth, productivity and innovation. Our proactive approach is tailored to each customer's needs changing to meet those needs as the customer progresses and develops.

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