



Newgate News

Up to date compliance news for firms in the financial services sector.



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Important for Wealth Management Firms: Conduct Risk

At a recent FCA briefing Rob Taylor, Head of Wealth Management and Private Banking, said he will make certain that boards and senior management are taking a closer look at conduct risk and that businesses are concentrating on consumer outcomes in all aspects of their business.



Other than the continuing theme of acting as good agents for clients key issues discussed that Board rooms within wealth managers are strongly encourage to consider are:

- Anti-Money Laundering and Politically Exposed Persons – Ensuring adequate risk based controls are in place to prevent facilitating business with any of the individuals to which sanctions have been applied.
- Sustainability Risk – the high cost to income ratios in the industry and the ability of firms to continue to treat existing customers fairly whilst innovating and attracting a new generation of investors.

<http://www.fca.org.uk/news/conduct-risk-briefing>

Important for All Firms: Complaints Handling

The FCA has carried out a thematic review on Complaints Handling to identify any barriers within firms that could prevent effective complaint handling in the future.

The FCA is seeking to verify that firms' complaint-handling policies and processes are putting consumers at the heart of firms' businesses. In relation to complaints, this means firms having effective and transparent complaint-handling arrangements which ensure that complaints are dealt with reasonably, promptly and fairly.

Firms are encouraged to review their Complaints Handling policies and procedures to ensure they address the FCA areas of focus listed in the review.

<http://www.fca.org.uk/news/thematic-reviews/tr14-18-complaint-handling>

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Important for All Firms: FCA Strategy Review

The FCA has set out details of how it intends to meet regulatory challenges ahead following a detailed review of its strategy, priorities and ways of working.

The approach is shaped by a strategy that will provide “sharper focus” on how large and small firms are regulated and on delivering the right outcomes for consumers and markets. It recognises the differences in approach required across the industry given its size and variety, based on emphasising sector and market-wide work and reflecting the FCA’s competition duties. It also aligns the data and intelligence gathered from all sources to present a consistent FCA-view of what is happening in the market and what behaviour is expected from firms.

The changes have commence and will be fully in place by April. Firms are encouraged to keep an eye out for correspondence from the FCA in case any material changes are proposed for the way in which they are to be supervised going forward.

<http://www.fca.org.uk/news/fca-new-strategic-approach-to-ensure-sharper-focus-to-regulatory-challenges-ahead>

Important for Firms that use benchmarks: Additional Benchmarks Regulation

Following the misconduct related to the LIBOR benchmark which has led to the FCA regulating it as a benchmark, the FCA will regulate seven additional major UK-based financial benchmarks in fixed income, commodity and currency markets from 1 April 2015.

The FCA is currently consulting on extending its approach to regulating LIBOR to firms that administer, and where appropriate, contribute data or information to the following benchmarks:

- Sterling Overnight Index Average (SONIA)
- Repurchase Overnight Index Average (RONIA)
- ISDAFIX
- WM/Reuters (WMR) Spot FX Rate
- London Gold Fixing (Soon to be replaced by the LBMA Gold Price)
- LBMA Silver Price
- ICE Brent Index

Key requirements will include identifying potentially manipulative behaviour, controlling conflicts of interest and implementing robust governance and oversight arrangements. The proposals reflect FCA’s objective to ensure that markets work well and enhance market integrity.

Affected firms should review the consultation paper to ensure they will comply with FCA requirements.

<http://www.fca.org.uk/news/cp14-32-additional-benchmarks>

Important for firms investing or dealing in listed securities:

Disclosure and Transparency Rules

The FCA has today confirmed that new Disclosure Rules and Transparency Rules (DTRs) to report on payments to governments have entered into force.

This follows an [announcement on 12 December](#), which set out requirements under the Transparency Directive for issuers involved in the extractive or logging of primary forest industries to produce annual reports on payments made to the governments in the countries they operate in.

<http://www.fca.org.uk/news/ps15-01-early-implementation-of-the-transparency-directives-requirements-for-reports-on-payments-to-governments>