



Newgate News

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



Special Edition: FCA Business Plan 2016/17 (summary)

The FCA has released its annual Business Plan setting out its priorities for the financial year. Like last year, FCA have identified seven themes which will form the primary focus for its discretionary work over the next 12 months. Five of these themes are continuations from the previous year's business plan (pensions, financial crime and AML, innovation and technology, culture and governance, treatment of existing customers) plus two new themes (wholesale financial markets and advice).

The following summarises the key areas of interest for our clients and some recommendations firms may wish to consider in demonstrating your firm is meeting FCA expectations. **For a more detailed review of the FCA Business Plan please click [here](#).**

Financial crime and Anti-Money Laundering: "Better, proportionate and more efficient AML controls and consumers who are better able to avoid scams"

The FCA will roll out its Financial Crime Annual Data Return for firms to complete, planned to come into effect at the end of 2016. Newgate will keep its clients advised of developments and what firms are required to do as more news is announced.

The 4th Money Laundering Directive ("4MLD") requires implementation by mid-2017.

How the requirements of the directive will be put into effect is uncertain. Please see the attached link to a speech delivered on the 8th December 2015 by Rob Grupetta, Head of the Financial Crime Department at the FCA - <http://www.fca.org.uk/news/speeches/examining-the-future-of-anti-money-laundering-regulations>. Newgate will keep its clients updated as matters develop, update policies and procedures and our online AML training course accordingly.

The FCA will encourage good whistleblowing intelligence from firms to prevent money laundering.

Firms may wish to review their whistleblowing procedures to ensure that they are effective and support staff to blow the whistle without the fear of repercussions and providing anonymity, where feasible. The GATEway has Whistleblowing forms and a policy available for your use.

Newgate offers its clients online training courses covering Anti-Money Laundering and Anti-Bribery and Corruption. If this is of interest, please contact us.

Newgate Compliance Limited

Contact us:

☐ [email](#); or

☐ 020 3696 8750

Wholesale financial markets: “Strong controls which protect market integrity and ensure clean, efficient and effective markets”

The new EU Market Abuse Regulation (“MAR”) comes into force as from 3rd July 2016. It seeks to increase market integrity and investor protection ensuring a single rulebook and level playing field across the EU, and to increase the attractiveness of securities markets for capital raising.

Newgate does not envisage there being a significant impact on our clients. Newgate will keep its clients informed of material changes to the existing Market Conduct rules, update policies and procedures and our Market Conduct training accordingly.

The Markets in Financial Instruments Regulation (“MiFIR”) comes into force in January 2018. As MIFID II draws nearer Newgate will ensure its clients are prepared to meet these requirements.

The final report of the Fair and Effective Markets Review (“FEMR”) set out 21 recommendations to, amongst others, raise standards of professionalism, improve the quality, clarity and market-wide understanding of trading practices and strengthening the regulation of markets in the UK.

For a more detailed review of the FCA Business Plan please click [here](#)

Innovation and technology: “Resilient systems and new sources of competition”

The FCA will communicate to firms their expectations on the operational resilience of IT systems, continue its work with Treasury, the Bank of England and others to provide a joined-up and risk-based approach to combating Cybercrime.

We recommend that our clients undertake the cyber security assessment on the GATEway system. We recommend reviewing and testing your IT systems against the threat of cybercrime on a regular basis (at least annually).

Firms’ culture and governance: “Strong culture and governance which helps competition and consumers alike”.

The FCA will continue to review the regulatory framework governing remuneration to ensure remuneration policies do not reward or encourage excessive risk taking.

We recommend our clients review and update their remuneration policies to meet regulatory requirements on a regular basis (at least annually) as part of their wider risk management systems and controls monitoring.

The Senior Managers and Certification Regime (“SMCR”), designed to enhance personal accountability of senior individuals at firms in the banking sector, came into force in March 2016. The FCA will be working on the extending the SMCR to all firms.

This is an area of particular significance for all regulated firms. Newgate will update our clients as more becomes known about the timetable for extending the SMCR and ensure that you are ready once the new regime becomes effective.

Treatment of existing customers: “Effective competition, a fair deal and greater transparency for long-standing customers”

The FCA’s work in this area will focus on competition in Retail Banking.

Treating Customers Fairly (“TCF”) is a mainstay of the FCA principles and applies to all FCA regulated firms. Please contact Newgate if you require any advice or assistance in implementing TCF procedures for your firm.

Pensions: “Fair treatment for consumers, stronger competition and a market that meets consumer needs”

The FCA intends to undertake a thematic review on Retirement Outcomes this year.

Advice: “Affordable, professional advice to meet consumers’ changing and complex needs”

The Financial Advice Market Review (“FAMR”), published in March 2016, made a number of recommendations aimed at providing consumers with access to affordable financial advice and guidance.

If you are a firm that provides advice to Retail investors, FCA Business Plan please click [here](#)

Of course, these priorities do not represent the totality of the FCA’s work. They will be used to drive the FCA decisions about its thematic projects and market studies, and also inform the areas FCA pays particular attention to in conducting its core activities of developing policy, reviewing competition, authorising and supervising firms and setting and enforcing its rules.