

Regulatory Update

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UK Edition

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1.0 FCA UPDATES & DEVELOPMENTS

1.1 FCA Expectations on Approved Persons Regime

The FCA has [published a statement](#) outlining its expectations of firms in relation to the Approved Persons Regime (APR). The statement aims to help benchmark administrators and firms using APR arrangements apply the regime during the current pandemic.

Temporary arrangements for controlled functions

Regarding temporary arrangements to cover for absences during the pandemic, the FCA has issued a modification by consent to the 12-week rule and extending the period for up to 36 weeks. The current rule allows an individual to cover an approved person without being approved for less than 12 consecutive weeks.

Firms will now be able to notify the FCA of their consent to modification to the 12-week rule and have the arrangement extended up to 36 weeks. The CF30 role cannot be covered using the rule and is excluded from the modification.

Furloughed Staff

Where approved persons are furloughed, the individuals can retain their approval during their absence unless they are permanently leaving their post.

Notification

Firms are not required to notify the FCA of its temporary arrangements under Form D. However, the FCA expects the arrangements to be clearly documented internally and available on request.

For any advice on the application of the APR, please [contact us](#).

1.2 FCA Consults on Extending Deadline for Certification Regime and Conduct Rules

The FCA published a [consultation paper](#) to seek views on extending the deadline of the following requirements under the Senior Managers and Certification Regime (SM&CR):

- The date the conduct rules come into force
- The deadline of submission of details to the directory
- Changing references to the rule for assessing certified persons as fit and proper

The FCA aims to extend the deadlines of the above requirements to ensure it remains consistent with the extension granted by the Treasury to allow firms to delay its fit and proper assessment for its certified persons to 31 March 2021.

The FCA will continue to publish information of its directory persons on 9 December 2020 as it believes the information will be of immediate benefit to firms and consumers. It encourages firms to submit information to the directory earlier than March 2021 where they are able to do so.

The deadline for comments was 14 August 2020.

For any advice on the application of the SM&CR, please [contact us](#).

1.3 HM Treasury Proposes to Strengthen Rules on Financial Promotions

HM Treasury has published a [proposal](#) to strengthen protections on promotions of financial products and cryptoassets. Two consultations have been made which propose to increase the oversight of financial promotions of unauthorised firms and bring promotions of certain types of cryptoassets under the regulation of the FCA.

Authorised firms are currently able to approve financial promotions for unauthorised firms. The proposal being put forward would require authorised firms to obtain specific FCA consent to approve financial promotions of an unauthorised firm.

The unregulated promotion of cryptoassets is a current cause for concern as they are often targeted at retail investors. The proposal aims to expand the scope of the financial promotion regime to include certain types of cryptoasset in order to hold them to the same standards for fairness, clarity and accuracy as traditional promotions.

For any advice in relation to financial promotions, or if you would like a demo of our compliance platform, which includes a financial promotions approval workflow process, please [contact us](#).

1.4 FCA Letter to Chair of the Remuneration Committee

The FCA has written a [letter](#) to Chairs of Remuneration Committees, setting out its findings and observations from its 2019/20 remuneration round and how it plans to assess firms' remuneration policies and practices.

The FCA expects firms to consider remuneration in light of its long-term business plans, particularly as many business plans may change due to COVID 19.

The letter highlights three main areas for its future approach in 2020/21:

- Accountability
- Ex-post risk adjustments
- Diversity and inclusion

1.5 FCA Launches New Financial Register

The FCA has replaced the existing financial services register with the launch of an [enhanced version](#), which has a new look and improves information accessibility. Firms will need to update any links they have on the register, other than the homepage.

A directory of certified and assessed persons will be added to the register later in the year.

2.0 PRA UPDATES & DEVELOPMENTS

2.1 PRA Revised Version of Complaints Scheme

The PRA, FCA and the Bank of England have published a [joint consultation](#) to revise the Complaints Scheme to make it more user friendly, be written in clear, plain language and be more accessible for its users.

The deadline for responding to the consultation is 14 September 2020.

3.0 EU REGULATORY UPDATES

3.1 UK Finance on Cyber Incident Management

UK Finance has published a [report](#) on cyber security and incident management applicable to financial services firms. The report sets out regulatory and operational considerations for firms to implement. The topics include:

- Regulatory rules surrounding the landscape
- Operational agreement on incident definitions
- Design considerations for effective incident response
- Testing

4.0 FINANCIAL CRIME

4.1 HM Treasury Consults on Economic Levy

HM Treasury has published a [consultation](#) seeking views on the implementation of an economic crime levy. The consultation seeks to improve the UK's response to economic crime.

The consultation will seek views on what the levy will pay for, how it should be calculated and distributed across anti-money laundering (AML) sectors and how it will be collected. The levy will fund new government actions to tackle money laundering and help deliver reforms set out in the 2019 Economic Crime Plan.

4.2 JMLSG Publishes Updated Guidance

The Joint Money Laundering Steering Group (JMLSG) has published [two new pieces of guidance](#) which include a new annexed within Part I on pooled client accounts and Part II on cryptoasset exchange providers and custodian wallet providers.

The text has been submitted to the Treasury for approval and has been incorporated into the guidance.

For guidance and support in relation to financial crime enquiries, please [contact us](#).

ABOUT CCL

Established in the UK in 1988, 2006 in the UAE and 2012 in India, CCL provides specialist compliance services to firms regulated by the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA).

Consultancy Services & Support

- Regulatory Technology – CCL C.O.R.E
- Compliance Advisory
 - Assurance Reviews
 - Compliance Remediation
 - Compliance Support Services
 - Documentation
 - Financial Crime Prevention
 - Corporate Governance
 - Risk Management
- FCA Authorisation
- Prudential Rules & Regulatory Reporting
- Hot Topics
 - COVID-19
 - Senior Managers & Certification Regime (SM&CR)
 - Fifth Anti-money Laundering Directive (5MLD)

Training (through CCL Academy)

- Compliance Skills
- AML & Financial Crime Prevention
- FCA Regulations
- Senior Managers & Certification Regime (SM&CR)
- Risk Management
- CISI Qualifications

If you wish to discuss how CCL can assist you with any of the issues raised in this Regulatory Update, please contact one of the directors using the details below:

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This Regulatory Update provides information about the consultative documents and publications issued by the FCA/PRA which are still current, proposed changes to the Rules and Guidance set out in the FCA and PRA Handbooks, actual changes to Rules and Guidance that have occurred in the months leading up to the update and other matters of relevance to FCA/PRA-regulated firms. This Regulatory Update is intended to provide general summarised guidance only, and no action should be taken in reliance on it without specific reference to the particular FCA/PRA document referred to.