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A digest of articles, reports and news published in the previous 24 hours

10 June 2014

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Reports

FCA publishes changes to the client asset rules

10/06/2014

The FCA has today published PS 14/9 Review of client assets regime for investment business. This follows its earlier consultation paper CP 13/5. As our report on CP 13/5 explained, the consultation dealt with proposed changes to the CASS distribution rules including the "speed proposal" and the alternative proposal involving codifying the existing regime.

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Behavioural economics – a new basis for FCA intervention

10/06/2014

It is not only general insurance firms that should be interested in the FCA consultation on GI add-on sales expected later this year. This will also represent the first practical outworking of the FCA's new interest in behavioural economics – a development with important consequences for the future of financial regulation. Between FSA-style enforcement of conduct rules on the one hand, and OFT-style...

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News

FCA: Speech by Martin Wheatley: The technology challenge (10 June 2014) - 10/06/2014

FCA: PS14/9: Review of the client assets regime for investment business - 10/06/2014

FCA: Handbook Notice 12/Instruments - 10/06/2014

BoE: CBEST/Speech by Andrew Grace: Managing cyber risk – the global banking perspective (10 June 2014) - 10/06/2014

BoE/FCA: Mortgage lenders and administrators statistics - 10/06/2014

Pensions Regulator: DB code of practice and annual funding statement - 10/06/2014

ESMA: Speech by Steven Majoor: Systemic risks and current policies in the EU fund industry – can asset managers be too big to fail? (10 June 2014) - 10/06/2014

Full news articles

FCA: Speech by Martin Wheatley: The technology challenge (10 June 2014)

10/06/2014

Text of this speech, given at Lansons, follows. Martin Wheatley discusses technological trends in the City and considers technologies that are benefitting consumers and markets; risks of disruption and the risk v reward balance. He concludes: "It now seems inevitable that the future of financial services will not be exclusively shaped by business or economics graduates. But those studying science, maths and computing. It is a regulatory responsibility to make sure this is handled the best it can possibly be".

Links:

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FCA: PS14/9: Review of the client assets regime for investment business

10/06/2014

FCA has published this PS which provides feedback to CP13/5 and final CASS rules affecting all firms that are subject to CASS because they conduct investment business and hold client money, custody assets, collateral and/or mandates in relation to that investment business (or rely on an exemption contained within CASS). This includes loan-based crowdfunding firms who recently became subject to the client money rules in CASS 7, but does not apply to GI intermediaries that only hold client money in accordance with CASS 5 or debt management firms that only hold, or will only hold, client money in accordance with CASS 11. FCA will not proceed at present with the main proposals consulted on around client money distribution rules due to feedback received and implications arising from the Investment Bank Special Administration Regulations 2011 review. It will consult further on the topic later on in the year. FCA further notes that is liaising with HMT about notifying the EC under Article 4 of MiFID, due to the change to the rules which will require firms to provide the same information on safeguarding of client assets, as already required for certain client types, to all clients regardless of is additional to the relevant provisions within that Directive. The EC is also aware that FCA intends to notify it, on a precautionary basis, about three changes being introduced in this PS which might be interpreted as additional. FCA has set out a table at paragraph 2.4 of the PS which provides a summary of the changes being introduced in this PS (also available to download separately via the second link below) and the rule references implementing the changes (rules will come into force over the following dates: 1 July 2014, 1 December 204 and 1 June 2015).

Links:

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FCA: Handbook Notice 12/Instruments

10/06/2014

FCA has published details of instruments passed at its Board meeting on 5 June 2014. These are: Retail Distribution Review (Complaints Data) Instrument 2013/35 and Client Assets Sourcebook (Amendment No 5) Instrument 2013/36. In addition, it notes that the Conduct Of Business Sourcebook (Use of Dealing Commission) (Amendment No 2) Instrument 2014/29 was approved at a Board meeting on 5 May 2014 and states that Instrument 2014/34 was approved at the June meeting and will be published at a later date. The Instruments will be available to download via the second link.

Links:[Click here](#)[Click here](#)**BoE: CBEST/Speech by Andrew Grace: Managing cyber risk – the global banking perspective (10 June 2014)**

10/06/2014

BoE has published the text of a speech given by Andrew Gracie (Executive Director, Resolution) which announces CBEST, a new framework to help identify areas where the financial sector could be vulnerable to sophisticated cyber-attack. This is part of the Bank of England's response to the Financial Policy Committee's recommendation to test and improve resilience to cyber-attack. CBEST uses intelligence from Government and accredited commercial providers to identify potential attackers to a particular financial institution. It is noted that, once the test is completed, there will be workshops for the firm to work through the results with the testers and supervisors.

Links:[Click here](#)[Click here](#)**BoE/FCA: Mortgage lenders and administrators statistics**

10/06/2014

BoE/FCA has published statistics covering the period Q1 2014 together with a synopsis of key findings.

Links:[Click here](#)**Pensions Regulator: DB code of practice and annual funding statement**

10/06/2014

The Pensions Regulator has published a code of practice to help trustees and sponsoring employers of DB pension schemes to agree funding plans that provide security for retirement savings whilst enabling employers to invest in sustainable growth. In addition, it has published its third annual funding statement, and associated analysis, which provides market commentary and direction for Tranche 9 schemes.

Links:[Click here](#)**ESMA: Speech by Steven Majoor: Systemic risks and current policies in the EU fund industry –can asset managers be too big to fail? (10 June 2014)**

10/06/2014

Text of this speech, given at the 25th Annual Conference on the Globalisation of Investment Funds, follows. Topics include: global regulatory efforts to end "too big to fail"; approaches to systemic risks which address the fund management sector; data on fund management and ESMA's policy work on MiFID II, PRIIPs, UCITS V and AIFMD.

Links:

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