

## THIS WEEK AT THE UK REGULATORS 26 NOVEMBER 2018

### FCA speaks about AI and financial crime

The FCA has published a speech by Rob Gruppetta, Head of the Financial Crime Department, titled "*AI and financial crime: silver bullet or red herring?*" which was delivered at the Illicit Financial Flows event on 19 November 2018. Mr Gruppetta said that the FCA takes a measured approach in keeping pace with innovation to help it combat financial crime, and that data and algorithms are improving its supervisory approach.

<https://www.fca.org.uk/news/speeches/ai-and-financial-crime-silver-bullet-or-red-herring>

### FCA discusses conclusions from the Cryptoassets Taskforce

The FCA has published a speech by Christopher Woolard, Executive Director of Strategy and Competition, titled "*Conclusions from the Cryptoassets Taskforce*", which was delivered at the Regulation of Cryptocurrencies event on 20 November 2018. Mr Woolard noted that cryptoassets have changed significantly in the last ten years, from the original Bitcoin white paper in 2008 to over 2000 cryptoassets today. He discussed the work undertaken by the Taskforce and what the FCA, HM Treasury and the Bank of England proposed to do next.

<https://www.fca.org.uk/news/speeches/conclusions-cryptoassets-taskforce>

### Bank of England and FCA appoint new Chair of the Sterling Risk Free Reference Rates Working Group

The FCA and the Bank of England announced on 20 November 2018 that they had appointed Tushar Morzaria as the new Chair of the Sterling Risk Free Reference Rates Working Group. Mr Morzaria is the Group Finance Director at Barclays.

<https://www.fca.org.uk/news/press-releases/bank-england-and-financial-conduct-authority-appoint-new-chair-sterling-risk-free-reference-rates>

### Enforcement notices

The FCA has cancelled the permissions granted to the following firms:

- ASL Car Sales Chobham Ltd (19 November 2018)
- Automotion Car Sales Limited (19 November 2018)
- Capital Steel Limited (19 November 2018)
- Harmen Enterprises (19 November 2018)
- Home Living (NE) Limited (19 November 2018)

### Thirty second guide: The week in overview

The FCA has published Consultation Papers on the prices and charges in the rent-to-own market and Brexit-related Handbook changes.

The Treasury Committee has announced an inquiry into IT failures in the financial services sector, calling for written evidence by 18 January 2019.

- Kenwood London Limited (19 November 2018)
- NSA Rentals Limited (19 November 2018)
- Patrick Iddon (19 November 2018)
- Malcolm Pitchforth (19 November 2018)

<https://www.fca.org.uk/publication/final-notice/asl-car-sales-chobham-ltd-2018.pdf>

<https://www.fca.org.uk/publication/final-notice/automotion-car-sales-limited-2018.pdf>

<https://www.fca.org.uk/publication/final-notice/capital-steel-limited-2018.pdf>

<https://www.fca.org.uk/publication/final-notice/harmen-enterprises-limited-2018.pdf>

<https://www.fca.org.uk/publication/final-notice/home-living-ne-limited-2018.pdf>

<https://www.fca.org.uk/publication/final-notice/kenwood-london-limited-2018.pdf>

<https://www.fca.org.uk/publication/final-notice/nsa-rentals-ltd-2018.pdf>

<https://www.fca.org.uk/publication/final-notice/patrick-iddon-2018.pdf>

<https://www.fca.org.uk/publication/final-notice/malcolm-pitchforth-2018.pdf>

## FCA warnings

Name of firm	Date of warning	Details
Crypto Exchange Pro	19 November 2018	Unauthorised firm <a href="https://www.fca.org.uk/news/warnings/crypto-exchange-pro">https://www.fca.org.uk/news/warnings/crypto-exchange-pro</a>
BlackRock Alliance LP	20 November 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/blackrock-alliance-lp-clone-authorized-firm">https://www.fca.org.uk/news/warnings/blackrock-alliance-lp-clone-authorized-firm</a>
World Techno Trade	20 November 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/world-techno-trade-clone-authorized-firm">https://www.fca.org.uk/news/warnings/world-techno-trade-clone-authorized-firm</a>
Holding Cohen Corporate International	21 November 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/holding-cohen-corporate-international-clone">https://www.fca.org.uk/news/warnings/holding-cohen-corporate-international-clone</a>
Haig, Lafferty & Partners	21 November 2018	Unauthorised firm <a href="https://www.fca.org.uk/news/warnings/haig-lafferty-partners">https://www.fca.org.uk/news/warnings/haig-lafferty-partners</a>
Savings Options Trading	22 November 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/savings-options-trading-clone">https://www.fca.org.uk/news/warnings/savings-options-trading-clone</a>

Name of firm	Date of warning	Details
Mayfair Capital Markets	22 November 2018	Clone firm <a href="https://www.fca.org.uk/news/warnings/mayfair-capital-markets-clone">https://www.fca.org.uk/news/warnings/mayfair-capital-markets-clone</a>
Polarity Index/Polarity Index Wealth Management	23 November 2018	Unauthorised firm <a href="https://www.fca.org.uk/news/warnings/polarity-index-polarity-index-wealth-management">https://www.fca.org.uk/news/warnings/polarity-index-polarity-index-wealth-management</a>
AG Capitals	23 November 2018	Unauthorised firm <a href="https://www.fca.org.uk/news/warnings/ag-capitals">https://www.fca.org.uk/news/warnings/ag-capitals</a>

## Policy developments

	FCA	PRA
	<b>Proposed developments</b>	
<b>Consultation papers</b>	<p>On 22 November 2018 the FCA published Consultation Paper CP18/35, titled "<i>Rent-to-own and alternatives to high-cost credit – feedback on CP18/12 and consultation on a price cap</i>". The CP sets out the FCA's proposed price cap on the rent-to-own market, which provides credit to customers buying essential household goods such as washing machines. The cap will limit both the cost of the product and the charge for credit.</p> <p><b>Deadline for responses: 17 January 2019</b></p> <p><a href="https://www.fca.org.uk/publications/consultation-papers/cp18-35-rent-own-alternatives-high-cost-credit-feedback-cp18-12-consultation-price-cap">https://www.fca.org.uk/publications/consultation-papers/cp18-35-rent-own-alternatives-high-cost-credit-feedback-cp18-12-consultation-price-cap</a></p>	<p>On 22 November 2018 the PRA published Consultation Paper CP29/18, titled "<i>The systemic risk buffer: Updates to the Statement of Policy</i>". The PRA proposes minor updates to its Statement of Policy titled "<i>The PRA's approach to the systemic risk buffer</i>".</p> <p><b>Deadline for responses: 6 December 2018</b></p> <p><a href="https://www.bankofengland.co.uk/prudential-regulation/publication/2018/the-systemic-risk-buffer-updates-to-the-statement-of-policy">https://www.bankofengland.co.uk/prudential-regulation/publication/2018/the-systemic-risk-buffer-updates-to-the-statement-of-policy</a></p>
	<p>On 23 November 2018 the FCA published Consultation Paper CP18/36, titled "<i>Brexit: proposed changes to the Handbook and Binding Technical Standards – second consultation</i>". The CP focuses on Handbook and BTS amendments which were not included in earlier CPs issued in October, as well as further amendments to the Handbook regarding the Temporary Permissions regime, amendments to the Handbook to reflect the new Credit Rating Agency and Trade Repository regimes and the FCA's approach to non-Handbook guidance and to forms that appear in the Handbook.</p> <p><b>Deadline for responses: 21 December 2018</b></p> <p><a href="https://www.fca.org.uk/news/press-releases/fca-launches-further-consultations-ahead-of-brexit">https://www.fca.org.uk/news/press-releases/fca-launches-further-consultations-ahead-of-brexit</a></p>	

## **FURTHER AFIELD**

### **Treasury Committee investigates IT failures in the financial services sector**

The Treasury Committee has announced an inquiry into IT failures in the financial services sector. The inquiry will focus on the common causes of operational incidents, the ways in which consumers may be disadvantaged by such incidents and whether regulators have the relevant skills to hold people to account. The Committee will appoint a Specialist Advisor to the inquiry to provide analysis. Written evidence may be submitted by 18 January 2019.

<https://www.parliament.uk/business/committees/committees-a-z/commons-select/treasury-committee/news-parliament-2017/it-failures-in-the-financial-services-inquiry-launch-17-19/>

### **Treasury Committee publishes correspondence with FOS**

The Treasury Committee has published an exchange of correspondence with the Financial Ombudsman Service (FOS) concerning the review by the FOS of its work following a reorganisation in 2016. The FOS is reviewing a sample of cases to check that they were handled in accordance with the controls and standards put in place at that time. It provided the Committee with details of the two stages of the review. The Committee expressed concern about the application of the *Wednesbury* unreasonableness test in the second stage (*Wednesbury* unreasonableness requires irrational behaviour rather than just unreasonable behaviour and focuses on process rather than outcome) and the FOS confirmed that it will change the test used for that stage.

<https://www.parliament.uk/business/committees/committees-a-z/commons-select/treasury-committee/news-parliament-2017/financial-ombudsman-service-chairs-comments-17-19/>

## CONTACTS

**Roger Best**  
Partner

**T** +44 20 7006 1640  
**E** roger.best  
@cliffordchance.com

**Helen Carty**  
Partner

**T** +44 20 7006 8638  
**E** helen.carty  
@cliffordchance.com

**Carlos Conceicao**  
Partner

**T** +44 20 7006 8281  
**E** carlos.conceicao  
@cliffordchance.com

**Dorian Drew**  
Partner

**T** +44 20 7006 1389  
**E** dorian.drew  
@cliffordchance.com

**Rae Lindsay**  
Partner

**T** +44 20 7006 8622  
**E** rae.lindsay  
@cliffordchance.com

**Michael Lyons**  
Partner

**T** +44 20 7006 4317  
**E** michael.lyons  
@cliffordchance.com

**Matthew Newick**  
Partner

**T** +44 20 7006 8492  
**E** matthew.newick  
@cliffordchance.com

**Kelwin Nicholls**  
Partner

**T** +44 20 7006 4879  
**E** kelwin.nicholls  
@cliffordchance.com

**Luke Tolaini**  
Partner

**T** +44 20 7006 4666  
**E** luke.tolaini  
@cliffordchance.com

**Samantha Ward**  
Partner

**T** +44 20 7006 8546  
**E** samantha.ward  
@cliffordchance.com

## EDITOR

**Susan Poffley**  
Senior PSL

**T** +44 20 7006 2758  
**E** susan.poffley  
@cliffordchance.com

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

[www.cliffordchance.com](http://www.cliffordchance.com)

Clifford Chance, 10 Upper Bank Street,  
London, E14 5JJ

© Clifford Chance 2018

Clifford Chance LLP is a limited liability partnership registered in England and Wales under number OC323571

Registered office: 10 Upper Bank Street,  
London, E14 5JJ

We use the word 'partner' to refer to a member of Clifford Chance LLP, or an employee or consultant with equivalent standing and qualifications

If you do not wish to receive further information from Clifford Chance about events or legal developments which we believe may be of interest to you, please either send an email to [nomorecontact@cliffordchance.com](mailto:nomorecontact@cliffordchance.com) or by post at Clifford Chance LLP, 10 Upper Bank Street, Canary Wharf, London E14 5JJ

Abu Dhabi • Amsterdam • Bangkok •  
Barcelona • Beijing • Brussels • Bucharest •  
Casablanca • Dubai • Düsseldorf • Frankfurt •  
Hong Kong • Istanbul • London • Luxembourg •  
Madrid • Milan • Moscow • Munich • New  
York • Paris • Perth • Prague • Rome • São  
Paulo • Seoul • Shanghai • Singapore •  
Sydney • Tokyo • Warsaw • Washington, D.C.

Clifford Chance has a co-operation agreement with Abuhimed Alsheikh Alhagbani Law Firm in Riyadh.

Clifford Chance has a best friends relationship with Redcliffe Partners in Ukraine.