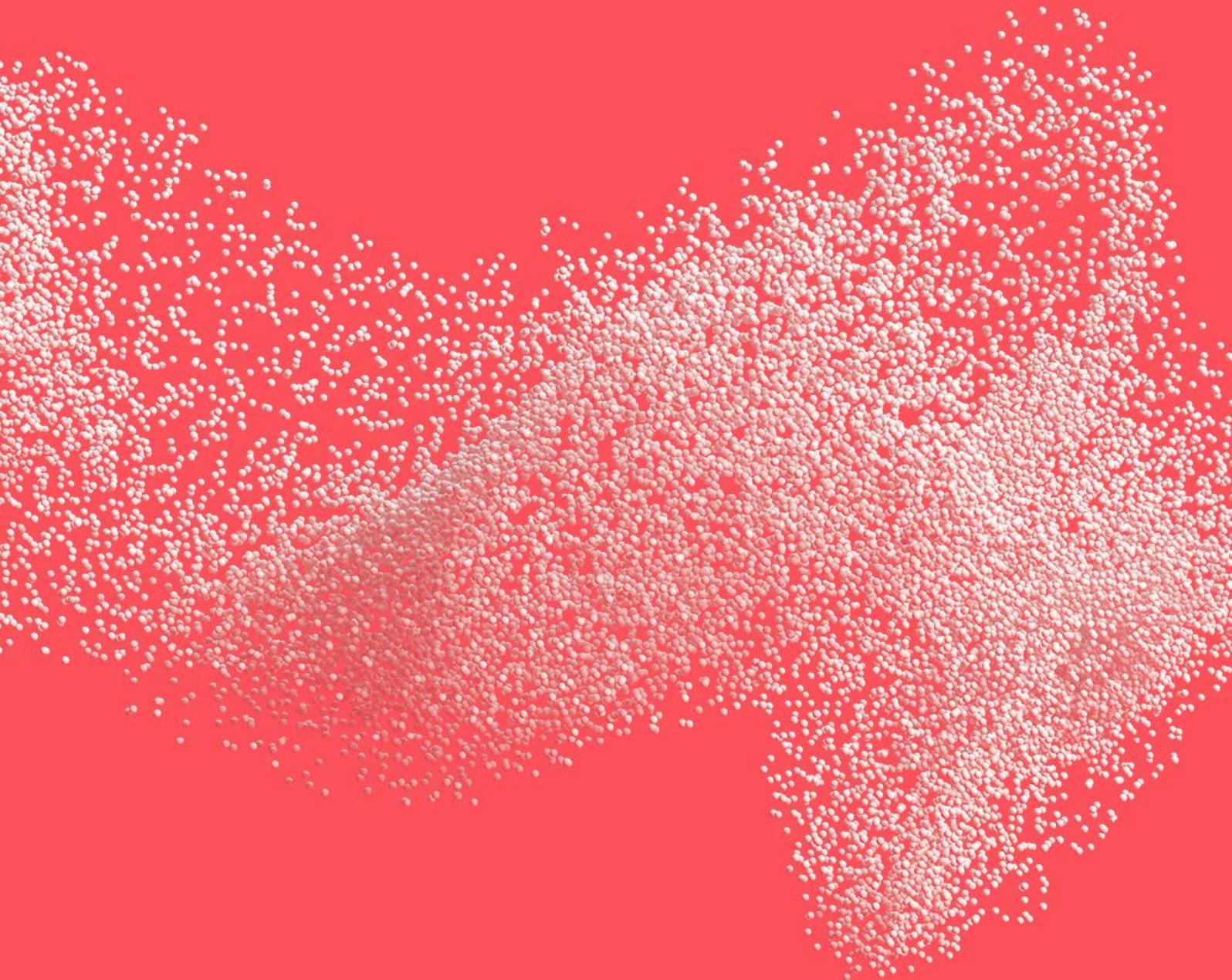


# Financial Services Alerter

JULY 2020



## FCA publishes statement on Employer Salary Advance Schemes

On 30 July 2020, the Financial Conduct Authority (FCA) published a [statement](#) on the risks and benefits of Employer Salary Advance Schemes (ESAS), and on issues that both employers and employees should consider when offering or using these schemes. The statement identifies the following risks:

- lack of transparency about cost
- lack credit regulation
- dependency and repeat use and;
- lack of visibility for credit reference agencies.

## FCA publishes dear CEO letter

On 24 July 2020, the Financial Conduct Authority (FCA) published a [Dear CEO letter](#) to firms acting as brokers in wholesale financial markets who offer services involving holding clients' cash or securities as collateral. The FCA has identified examples of inappropriate use of title transfer collateral arrangements (TTCAs) by firms, that amount to failures of compliance with the CASS rules.

## FCA publishes Handbook Notice 79

On 23 July 2020, the Financial Conduct Authority (FCA) published [Handbook Notice 79](#) which sets out changes to the FCA Handbook made by the following instruments:

- COVID-19 Credit Cards and Personal Loans (No 2) Instrument 2020
- COVID- 19 Motor Finance and High Cost Credit (No 2) Instrument 2020
- Glossary Amendment (Multilateral Development Banks) Instrument 2020
- Financial Services Compensation Scheme (determination of Default) Instrument 2020
- Enforcement (Fifth Money Laundering Directive) Instrument 2020
- Consumer Credit (Bounce Bank Loans) Instrument 2020

## FCA publishes a statement on difficulties caused by firms using cheques

On 16 July 2020, the Financial Conduct Authority (FCA) published a [statement](#) highlighting the difficulties caused by firms making payments using cheques. The use of cheques has caused difficulties in situations where clients were transferring to new platforms or investment management service providers. The FCA encourages firms to use electronic alternatives where possible in order to reduce the need for staff to handle cheques onsite.

## FCA publishes a webpage launching an enhanced financial services register

On 13 July 2020, the Financial Conduct Authority (FCA) published a [webpage](#) announcing that it will launch an enhanced financial register. The FCA will make changes to the register aimed at assisting users find and understand the information available. The existing register will cease to be available on 24 July 2020, with the new register going live on 27 July 2020.

## FCA updated its webpage on firms preparing for Brexit

On 7 July 2020, the Financial Conduct Authority (FCA) published an [updated version](#) of its webpage for UK firms preparing for the end of the Brexit transition period. The FCA invited firms to consider how outsourcing and third-party relationships will be affected beyond 31 December 2020. The FCA also advised firms to examine the operational risk to their business as well as the potential harm to consumers that may result from any change to the outsourced services provided.

## FCA publishes guidance to firms to support motor finance and high-cost credit customers

On 3 July 2020, the Financial Conduct Authority (FCA) published [guidance](#) setting out a number of measures to ensure that continued support is provided in respect of:

- motor finance agreements
- high-cost short term credit agreements
- rent-to-own agreements
- buy-not-pay later agreements and;
- pawnbroking agreements.

## FCA updates webpage on business interruption insurance test case

On 3 July 2020, the Financial Conduct Authority (FCA) updated its [webpage](#) on the High Court test case on business interruption insurance claims by publishing its response to the insurer's defences. The FCA rejected most of the defences as depending on adopting unduly restrictive meanings of particular words and approaches to proof, as to the presence of COVID-19.

## FCA publishes PS on regulated fees and levies

On 2 July 2020, the Financial Conduct Authority (FCA) published a [Policy Statement](#) (PS) setting out regulated fees and levies rates for 2020/21. The fees and levies apply to the FCA, Financial Ombudsman Service (FOS), the Money and Pensions Service (MaPS) and to HM Treasury's illegal money lending (IML) levy expenses.

## PRA published a CP on SM&CR forms

On 13 July 2020, the Prudential Regulatory Authority (PRA) published a [Consultation Paper](#) (CP) on Senior Managers and Certification Regime (SM&CR) forms. The CP proposes amendments to the Notifications Instrument 2014 of the PRA Rulebook, specifically:

- CCR Firms
- Non-firms
- Solvency II Firms
- Non-Solvency II Firms and;
- Forms Amendment Instrument 2020.

The deadline for responses is 13 October 2020.

## PRA publishes statement on reporting and disclosure exposures

On 10 July 2020, the Prudential Regulatory Authority (PRA) published a [statement](#) on the implementation of the European Banking Authority's (EBA) [guidelines](#) on reporting and disclosure of exposures. The PRA expects UK banks and building societies to make disclosures similar to those prescribed by the guidelines.

## PRA publishes PS on regulatory fees and levies

On 7 July 2020, the Prudential Regulatory Authority (PRA) published a Policy Statement (PS) on regulatory fees and levies for 2020/2021. The PS sets out the fee rates and rules to recover the PRA's annual funding requirements, from 1 March 2020 to 28 February 2021. The PS also updated the PRA's [supervisory statement](#), which refers to the regulator's approach to fees.

## PRA publishes PS on capital requirements and macroprudential buffers

On 6 July 2020, the Prudential Regulatory Authority (PRA) published a [Policy Statement](#) (PS) on capital requirements and macroprudential buffers under Pillar 2A (P2A). The PRA's aim is to reduce variable P2A capital requirements to take account of the additional resilience associated with higher macro-prudential buffers in a standard risk environment. The PRA will review in more detail the P2A methodologies by 2024.

## BoE publishes review of CHAPS

On 6 July 2020, the Bank of England (BoE) published a [review](#) of the CHAPS enhanced ISO 2022 messages. The BoE provides a near-final draft of the enhanced messages for the migration of the CHAPS to the ISO 2022 messaging standard. The BoE is encouraging the industry to review and provide feedback before it publishes final enhanced schemas in September 2020.

## HM Treasury publishes CP to expand the financial promotion regime

On 20 July 2020, HM Treasury published a [Consultation Paper](#) (CP) on crypto-asset promotions outlining the government's proposal to expand the perimeter of the financial promotion regime to crypto-assets and enhance consumer protection in the crypto-space. To avoid stifling innovation in the crypto-space, HM Government proposes to apply the financial promotion regime only to qualifying crypto-assets, namely, unregulated assets that are both fungible and transferable.

## HM Treasury publishes a statement on the applicability of the CRR Amending Regulation

On 16 July 2020, HM Treasury published a [statement](#) on the applicability of COVID-19 related amendments to the Capital Requirements Regulation (CRR). HM Treasury confirms that applicable provisions in the 2020/873 Amending Regulation will automatically form part of retained EU law under the EU (Withdrawal) Act 2018. of express trusts

## HM Treasury publishes AML and TF EU-exit regulations

On 15 July 2020, HM Treasury published a [draft version](#) of the Money Laundering and Terrorist Financing (Amendment)(EU Exit) Regulations 2020. The draft Regulations incorporate the amendments made by the Fifth Money Laundering Directive (AMLD5). The [draft explanatory memorandum](#) published alongside the Regulations, indicates that the UK has missed the transposition deadline for setting up an expanded register of express trusts

## Complaints Commissioner publishes report on FCA authorisation applications

On 7 July 2020, the Officer of the Complaints Commissioner published a [final report](#), in light of a complaint made about the FCA by a small payment institution. The Commissioner recommended that the FCA ensures that:

- applicants are given clear information about the application process
- interviews are clearly focussed and used only when required and;
- problematic applications are reviewed at a senior level

These recommendations were accepted by the FCA.

## BBRS publishes report on live pilot perspectives

On 8 July 2020, the Business Banking Resolution Service (BBRS) published a [report](#) “BBRS: Live Pilot Perspectives”. The report focuses on a summary of interviews, conducted with four individuals, regarding the development of the BBRS’ service. The pilot enables the BBRS to consider what it will need to have in place in order to support small and medium-sized enterprises, during the COVID-19 pandemic.

## LSB publishes CP on contingent reimbursement model code for APP scams

On 15 July 2020, the Lending Standards Board (LSB) published a [Consultation Paper](#) (CP) on a post-implementation review for the contingent reimbursement model (CRM) code for authorised push payment (APP) scams. The LSB is examining the effectiveness of the CRM code as well as its impact on consumers and the industry. The CP focuses on four areas:

- implementation
- customer experience
- prevention measures and;
- resolving claims.

The deadline for responses is 30 September 2020.

For additional information on our firm, please visit our website at [simmons-simmons.com](https://www.simmons-simmons.com).

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