

## Financial Services

A look at certain developments in the financial services industry in the week ending Thursday 4 March 2010.

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## **FSA Policy Documents ([www.fsa.gov.uk](http://www.fsa.gov.uk))**

### [FSA finalises new framework for financial penalty-setting](#)

The FSA has published its new penalties policy, which establishes a consistent and more transparent framework for the calculation of financial penalties, and which could see enforcement fines treble in size.

For example, under the new framework, fines will be linked more closely to income and be based on:

- ❖ Up to 20% of a firm's revenue from the product or business area linked to the breach over the relevant period;
- ❖ Up to 40% of an individual's salary and benefits (including bonuses) from their job relating to the breach in non-market abuse cases; and
- ❖ A minimum starting point of £100,000 for individuals in serious market abuse cases. 1 March 2010. See Also: [PS10/4](#)

### [PS10/3: Funds of Alternative Investment Funds \(FAIFs\) Including feedback on CP08/4](#)

This Policy Statement reports on the main issues arising from Consultation Paper 08/4 and publishes final rules. The new rules and guidance, as a result of this paper, came into force on 6 March 2010. 26 February 2010

For more information, please see our Financial Services bulletin [FAIFs at last](#).

### [PS10/2: Listing Regime Review Feedback on CP09/24 and CP09/28 with final rules](#)

This Policy Statement reports on the main issues arising from Consultation Paper 09/24 and Consultation Paper 09/28 and publishes final rules. 26 February 2010

## **FSA Other Publications ([www.fsa.gov.uk](http://www.fsa.gov.uk))**

### [Corporate governance - an FSA perspective Related information](#)

Notes of a speech by Graeme Ashley-Fenn, Director, Permissions, Decisions and Reporting, FSA at the Building Societies

Association Corporate Governance seminar. 3 March 2010

### [Treasury Select Committee Hearing - Too big to fail](#)

A note of opening comments by Lord Turner to the Treasury Select Committee which is investigating the issue of how to deal with large systemically important institutions. 2 March 2010

## **FSA Supervisory Notices/Final Notices/Application Refusals ([www.fsa.gov.uk](http://www.fsa.gov.uk))**

### [Oke Hassan](#)

The FSA has cancelled Oke Hassan's Part IV Permission for failing, despite repeated requests, to pay outstanding fees and levies totalling £1,042.72 owed to the FSA. 4 March 2010

### [FSA fines IFA director £49,000 for putting customers at risk of receiving poor pension switching advice](#)

The FSA has fined Charles Palmer, director of Gloucestershire based IFA network, Financial Ltd, £49,000 for management failings which resulted in poor compliance monitoring on pension switching advice during a period of rapid expansion. Financial Ltd has also agreed to carry out a past business review, which may lead to customer redress if it is found that unsuitable advice was given. 3 March 2010. See Also: [Final Notice](#)

### [FSA fines and bans Bromley mortgage broker for submitting fraudulent mortgage applications](#)

The FSA has fined mortgage broker, Dele MacAulay, £115,157 for knowingly submitting nine fraudulent mortgage applications for himself, his wife, and his brother. MacAulay, trading as Dele MacAulay Financial Services, has also been banned from working in regulated financial services. The FSA's investigation was conducted alongside a criminal investigation by Hertfordshire Constabulary also looking into mortgage fraud committed by MacAulay. 2 March 2010 See Also: [Dele MacAulay](#) and [Dele MacAulay Financial Services](#).

### [G & W 5 Limited](#)

The FSA has cancelled G & W 5 Limited's Part IV Permission. G & W 5 failed to comply with an Award made by the Financial Ombudsman Service on 15 December 2008 in favour of a complainant, despite repeated requests by the FOS and the FSA that it do so. G & W 5 therefore did not pay due regard to the interests of its customer or treat him fairly.

G & W 5 also did not have an approved person controlling its affairs and did not respond adequately to the FSA's requests for information regarding its governing body. 1 March 2010

### **Lending Standards Board** [www.lendingstandardsboard.org.uk](http://www.lendingstandardsboard.org.uk)

*No information to update.*

### **British Bankers' Association** [www.bba.org.uk](http://www.bba.org.uk)

#### [UK Banks Call for Care, Clarity & Costs to be Understood](#)

At a dinner, hosted by the BBA, for the new EU International Market Commissioner, Michel Barnier, the importance of the UK as an international financial centre was discussed. Key points included the fact that UK banks recognised the need for widespread reform and had already gone a long way to strengthen their balance sheets, improve liquidity and deleverage as well as the fact that they looked forward to ensuring the right overall reform package was agreed to strengthen financial stability without damaging economic recovery and longer term growth. 1 March 2010

### **Council of Mortgage Lenders Updates** [www.cml.org.uk](http://www.cml.org.uk)

*No information to update.*

### **Treasury Updates** ([www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk))

*No information to update.*

### **Treasury Committee Updates** [http://www.parliament.uk/parliamentary\\_committees/treasury\\_committee.cfm](http://www.parliament.uk/parliamentary_committees/treasury_committee.cfm)

*No information to update.*

### **IMA Updates** [www.investmentfunds.org.uk](http://www.investmentfunds.org.uk)

#### [IMA welcomes new Funds of Alternative Investment Funds \("FAIFS"\) regime](#)

The IMA welcomes the publication by the FSA of new rules for Funds of Alternative Investment Funds (FAIFs). FAIFs are UK authorised funds that are able to be invested in a wider range of underlying funds, with appropriate investor safeguards. The new regime comes into effect from 6 March 2010. The new rules also provide for a feeder fund for corporate investors to gain access to the new tax efficient property fund (PAIFs) regime. 26 February 2010

### **ISA Bulletins** [www.hmrc.gov.uk/isa/bullmenu.htm](http://www.hmrc.gov.uk/isa/bullmenu.htm)

IMA members will be aware that HMRC issued ISA Bulletin Number 18 on 3 March 2010. This should be available on HMRC's website shortly.

### **CTF Bulletins** <http://www.hmrc.gov.uk/ctf/bulletins.htm>

*No information to update.*

### **Financial Services New Legislation** [www.opsi.gov.uk](http://www.opsi.gov.uk)

#### [Draft SI: The Building Societies \(Financial Assistance\) Order 2010](#)

This draft statutory instrument will modify the law applying to building societies to make it easier for a qualifying institution (the Treasury, the Bank of England, the European Central Bank or another central bank in the European Economic Area) to provide financial assistance to building societies. 3 March 2010 See Also: [Explanatory Memorandum](#)

**International Council of Securities Associations (ICSA) ([www.icsa.bz](http://www.icsa.bz))**

*No information to update.*

**Committee of European Securities Regulators ([www.cesr-eu.org](http://www.cesr-eu.org))**

[CESR recommends the European Institutions introduce a pan-European short selling disclosure regime](#)

CESR has recommended, in a report recently submitted as technical advice to the European Institutions, the introduction of a pan-European disclosure regime for net short positions in shares. In the meantime, those CESR Members that already have powers to introduce a permanent disclosure regime will begin the process of implementing this regime. Those CESR Members who do not have the necessary legal powers will aim towards implementing this regime on a best efforts

basis, until an EU regime is adopted. *2 March 2010*

**Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) ([www.ceiops.org](http://www.ceiops.org))**

[CEIOPS publishes Task Force Report on the Liquidity Premium](#)

CEIOPS has submitted to the European Commission the Task Force Report on the Liquidity Premium containing technical considerations regarding the application of a liquidity premium for the valuation of insurance liabilities, principles for extrapolation and considerations on the choice of the reference risk-free rate.

The report serves as an input for the discussions that will be held by the Commission with Member States in view of determining the risk-free rate for the Solvency II Level 2 implementing measures. *3 March 2010*

If you would like any further information on any of these items, or any other Financial Services issues, please call the person at D&W with whom you normally liaise, or one of the following specialists:

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