DUFF & PHELPS

Protect, Restore and Maximize Value

Regulatory Focus

Issue 115

INSIDE

A synopsis of the Financial Conduct Authority's (FCA) latest news and publications issued in May and June 2018

Complaints reporting

Now six months in, firms have had time to become more accustomed to the requirements of MiFID II. Those conducting MiFID business may notice a new filing appearing in their GABRIEL queue in relation to complaints reporting, contained in FCA rule DISP 1 Ann 1R. Previously, only firms conducting business with eligible complainants were required to complete this return. From 3 January 2018 all MiFID firms dealing with retail clients, professional clients and / or eligible counterparties must complete the filing. Where no complaints have been received, a nil return can be submitted. The return will need to be completed on a bi-annual basis and further guidance from the FCA can be found here.

Senior Managers and Certification Regime

On 4 July 2018, the FCA issued several publications in relation to the extension of the Senior Managers and Certification Regime ("SM&CR"). The big news is that the extension of the SM&CR will apply from 9 December 2019 for all FCA regulated firms. All Senior Managers will need to have been approved or transitioned from the approved persons regime by that date. In addition, all certified persons will need to have been identified by 9 December 2019, even though firms will have 12 months to complete the certification process.

The Policy Statement ("PS") and Guide issued by the FCA confirms that the SM&CR will generally apply as consulted upon in July and December 2017, although there are some tweaks and clarifications within the PS.

The FCA also issued a consultation paper on the introduction of the Directory. This is a positive step as many firms were concerned about the lack of transparency on certified persons after the implementation of SM&CR under the original proposals. There will be a single central point of access for information on both Directory Persons (certified staff, executive and non-executive non-SMF directors, sole traders and appointed representatives) and Senior Managers. Firms will be responsible for keeping information up to date, for timely and accurate reporting and for ensuring suitability of Directory Persons.

We issued a client alert on 5 July on these papers which you can find by clicking here.

5 Conduct Questions

The FCA introduced the 5 Conduct Questions Programme for wholesale banking as part of its supervision strategy in 2015. The FCA's aim was to encourage and support internal programmes seeking to improve conduct and to enable firms to compare their efforts to others in the industry. The FCA published their first report on the Programme in April 2017, outlining the conduct programmes of larger wholesale firms and detailing examples of what firms believed worked well and what did not. The second report issued in April 2018 gave an update on industry progress and discusses observations on conduct risk in banking.

Interestingly, the FCA has now announced that it will be extending the Programme to include other segments of the wholesale sector such as asset management, trading firms and trading venues. This initiative has arisen out of the FCA's focus on firms' culture and governance as set out in its 2018/19 Business Plan.

For information on the FCA's 5 Conduct Questions Programme and to read the first and second reports published, please click here.

The FCA's role in preparing for Brexit

27 June 2018

The FCA has published a statement for all regulated firms and relevant stakeholders outlining how it is preparing for the UK leaving the European Union.

As part of the UK's ongoing Brexit negotiations with the EU, the Government has reached a preliminary agreement on the terms of a financial services 'transitional period' running until the end of December 2020 following the UK's withdrawal from the EU. Essentially, the transitional period will allow firms to continue to benefit from the existing passporting rights between the UK and the EEA and, ultimately, EU law would continue to be applied in the UK during this time. However, at this stage, the major concern with the proposed transition period is that its adoption is subject to a wider Brexit agreement which is yet to be agreed. Due to this uncertainty, the FCA has confirmed that it is planning for a range of situations which may materialise.

The EU (Withdrawal) Act is the official legislation which will repeal the European Communities Act 1972. The Act will allow three main things to occur. Firstly, it will maintain existing UK laws which currently implement EU obligations. Secondly, at the date of the UK's full exit from the EU, it will convert all currently applicable EU law into UK law and, finally, it will enable secondary legislation to be drafted to make any amendments necessary to ensure the effective functioning of the laws in the UK.

The FCA has confirmed that it plans to adopt the Treasury's approach which will not rely on any new special arrangements between the UK and the EU after Brexit. Adopting this approach will result in EU member states being treated the same as non-EU countries. However, having said this, the Treasury (and the FCA) have also outlined that they plan to be flexible on this approach to ensure a smooth exit. This could therefore mean that they deviate from the above approach to allow for as seamless a transition as possible.

In relation to the EU binding technical standards and the FCA Handbook that all firms must comply with, the FCA will consult on how it proposes to make the necessary Brexit amendments to these during the Autumn, although the Regulator notes that this will be dependent on the wider developments surrounding the UK's withdrawal from the EU. Due to the scale and the complexity of the Handbook changes required, the FCA will need to dedicate significant resources to this exercise. As a result, it has stated that they will only prioritise the core areas of their 2018/2019 Business Plan, including initiatives such as the Senior Managers and Certification Regime, but that other pipeline initiatives will have to be delayed accordingly.

Contingency plans, in the form of a 'temporary permissions regime', have been proposed by the Government in case they fail to reach a wider EU agreement on Brexit. This is designed to reduce uncertainty for firms, and would permit EEA firms to continue operating in the UK for a sufficient period post Brexit to allow time for firms to apply for UK authorisation, if they so wish. An FCA consultation on this proposal will take place at a later date.

The full FCA statement can be read here.

Highlights from the Financial Conduct Authority's Asset Management Conference

12 June 2018

OVERALL THEMES

The FCA's Asset Management Conference, held in London on 12 June 2018, highlighted the continuing importance placed by regulators on conduct and culture. Another key theme was the risks posed to market efficiency by the rise of passive investment products, the growth of which has increased the importance of good standards in stewardship of investments by asset managers.

KEYNOTE ADDRESS

Andrew Bailey, Chief Executive of the FCA, expressed concern about the risk of misleading disclosure resulting from the Packaged Retail and Insurance-based Investment Products ("PRIIPS") Key Information Document ("KID"). He warned that US managers may withdraw from the United Kingdom because of this issue and further work is needed to achieve the desired outcome for investors from the regulations.

APPROACH TO SUPERVISION

The FCA will focus on the following three themes in the near-term:

- Asset managers need to act as good agents to investors;
- Asset managers need to act as good market participants;
- Asset managers need to act as good stewards of investments.

ASSET MANAGEMENT MARKET STUDY ("AMMS") OUTCOMES

The FCA defended its proposed governance reforms for authorised fund managers ("AFMs") against the view that they were unfair to smaller firms and anti-competitive as a result. The FCA also said that it consulted the industry prior to the introduction of the rules. In relation to the public statement on the assessment of value by AFMs, the FCA stated that a proforma audit-style report was unlikely to meet the new compliance standards.

ASSET MANAGEMENT AND UK WITHDRAWAL FROM THE EU

The FCA highlighted the UK's planned temporary permissions regime for MiFID firms passporting into the UK post-Brexit. The UK intends, as far as it has powers to do so, to guard against a cliff edge as at 29 March 2019. However, the UK has no control over outgoing services from the UK into other EU Member States as this is for each Member State to decide. The FCA is working with other EU regulators to ensure supervisory co-operation agreements are in place in a timely manner to facilitate delegation arrangements post-Brexit. Significant, but proportionate, resources are being allocated by the FCA to Brexit issues, at around £30 million out of a total annual budget of over £500 million.

CONDUCT AND CULTURE

The FCA re-emphasised the importance it places on senior management, clearly and unambiguously, establishing the correct culture from the top throughout organisations. This is a well-established theme from the FCA seeking to encourage a culture which promotes good behaviour, resulting in lower regulatory risk and a better chance that the FCA's objectives will be met.

The FCA presented a new view on diversity. The FCA clearly encourages diversity, but the main message was that firms should encourage views and take account of these from as 'diverse' a population as possible in terms of age, background, experience and expertise and to positively encourage challenge. Only if this culture of challenge exists can the best outcomes be achieved for clients.

ASSET MANAGEMENT AUTHORISATIONS

The FCA raised awareness of its Asset Management Authorisation Hub ("AMAH"), which is intended to streamline firms' FCA authorisation experience. Firms can register online for pre-authorisation meetings with the FCA to explain their business plan, receive feedback from the FCA and be assigned a case officer. Firms can expect an accelerated path through authorisation together with further support from the FCA post-authorisation. The AMAH is intended for new managers with £10bn+ AuM, but the FCA confirmed they are prepared to be flexible. In our experience, the AMAH has shaved almost two months off the process.

DEALING COMMISSIONS AND RESEARCH

Following MiFID II implementation, the FCA commented that they have seen an "overwhelming" number of firms paying for research out of P&L. They also felt the research market was still in the "price discovery" phase.

The FCA plans to begin a multi-firm (buy and sell-side) project to assess whether firms have aligned their operations and business activities with MiFID II requirements. They expect the review to last for six months and include a variety of sectors, asset classes and strategies, firms using both research payment accounts (RPA's) and their own P&L and independent research providers ("IRPs").

Specific focus areas for the FCA will include sell-side research pricing models, asset managers' assessments of substantive research, the research budgeting process and RPA governance. They will also focus on the global dimension, where UK firms have delegated to third country entities and how such firms ensure investor protection.

MARKET ABUSE SYSTEMS AND CONTROLS

The FCA will survey firms to better understand their market abuse controls. They confirmed automation is not always necessary but, nevertheless, they expected firms to have implemented appropriate, proportionate and effective tailored risk-based systems suitable for their business models. The FCA helpfully expanded on their expectations in this area:

- Firms were reminded the Market Abuse Regulation covers more than equities;
- Attempted market abuse is also an offence;
- Firms should focus on anomalous profits, losses and risks;
- FCA expects to see a healthy level of challenge within firms;
- Retention of records should be maintained indicating how/why decisions were reached; and,
- Firms should think of the spirit/objective of the legislation not only the letter of the legislation.

The FCA mentioned one specific enforcement case as an example of what not to do. To view, please click here.

Technology and global ties: Turning the tide on financial crime

24 May 2018

Christopher Woolard, Executive Director of Strategy and Competition at the FCA, delivered a speech at the Anti-Money Laundering TechSprint conference on 24 May 2018, whereby he discussed the importance of combating financial crime in an ever technology reliant financial environment.

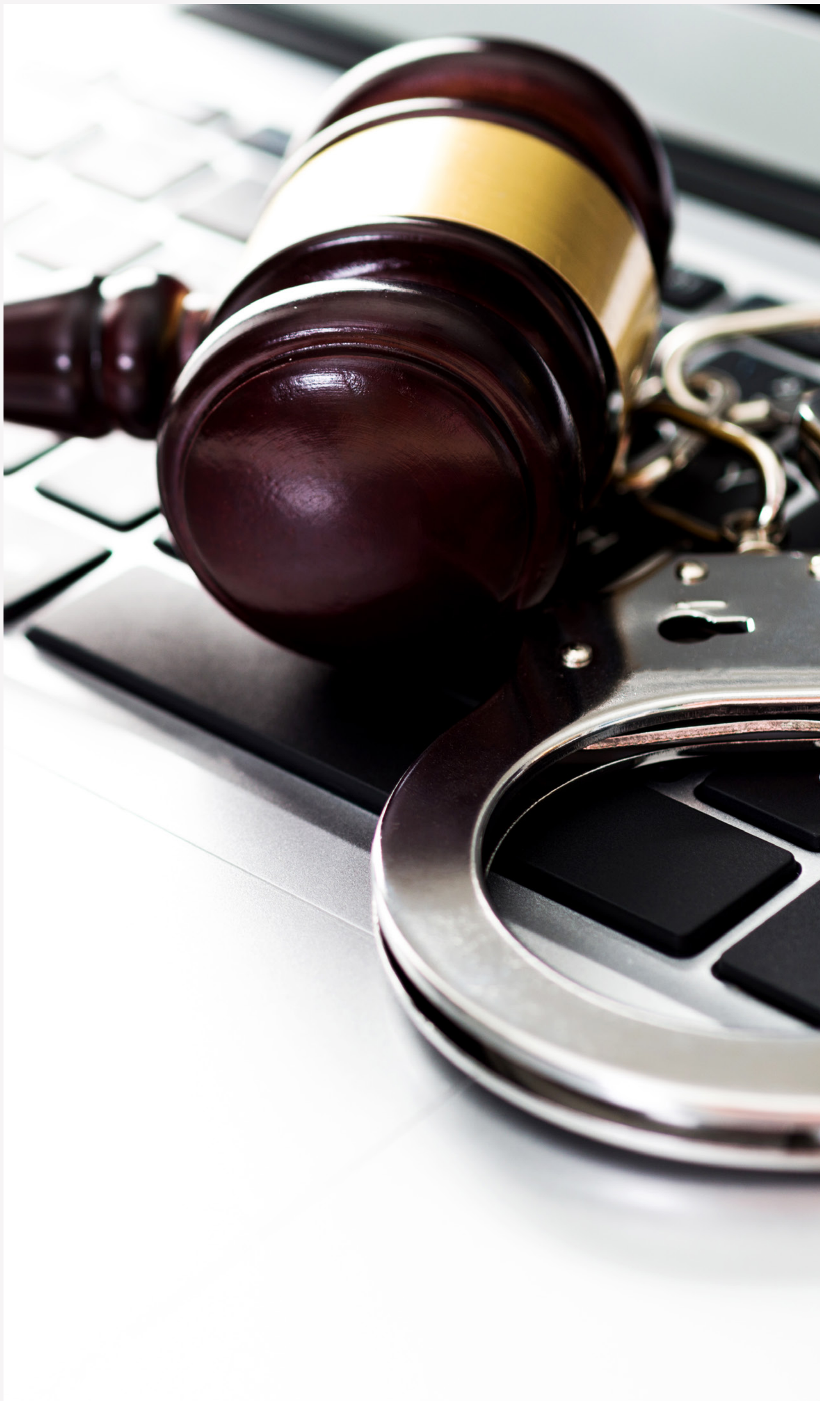
Mr Woolard noted that the National Crime Agency estimated up to £90 billion is laundered in the UK annually. He also referred to the FCA's financial crime survey which showed that over 920,000 internal suspicious activity reports were made by employees to their money laundering reporting officers ("MLROs") in a year.

Mr Woolard warned that "fragmentation is our greatest enemy" and emphasised the importance of bringing together technology, industry specialists and regulators to discuss how they can work together to build a strong and effective network of financial crime prevention.

The global sandbox is one example Mr Woolard used to demonstrate the impact collaboration between regulators and the industry can have on improving standards. The Sandbox allows firms to test innovative products and services across different jurisdictions, facilitating their ability to operate internationally. This allows regulators in different jurisdictions to work together to solve common regulatory problems and the same model can be used to fight financial crime.

This speech follows the FCA's 2019 Business Plan which makes financial crime prevention a key feature and identifies the importance of using technology as a tool to prevent it.

Please click here to read the speech in full.



Has the industry improved ten years on?

14 June 2018

Mark Steward, Director of Enforcement and Market Oversight at the FCA, delivered a speech at the Banking Litigation and Regulation Forum on the extent that the industry has improved since the financial crisis.

Mr Steward began his speech by referring to the failure of Lehman Bros in September 2008, which resulted in “the default of Lehman paper held by tens of thousands of retail investors.” As most investors had retired and placed their life savings in a complicated financial product called a minibond, the failure of Lehman Bros resulted in the minibonds defaulting, causing economic, financial, and social fallout. The public lost confidence, trust and savings with their anger aimed at banks, the regulator and the financial system.

The point of mentioning this situation is to gauge whether public anger from ten years ago had reduced. In answering this question, Mr Steward discussed the steps the FCA had taken as a response the financial crisis.

Last year the FCA published its mission which is:

- To serve the public interest through the objectives given to them by Parliament in the legislation that they administer; and
- To focus on harm or potential harm to consumers, markets and firms as the springboard for regulatory intervention.

More recently the FCA published their “approach documents” for consultation, which define the FCA mission and provide a framework for how they will use their powers and functions. The papers include an Approach to Enforcement, an Approach to Supervision, an Approach to Authorisation, Consumers and Competition and at some point, there will be an Approach to Market Integrity. Feedback is welcomed on all papers.

Mr Steward set out the main points for discussion highlighted in the Approach to Enforcement paper and conceded that although misconduct can be reduced it cannot be completely eradicated by better conduct and regulation. Things will continue to go wrong and there will still be the need for post event remedies such as enforcement and supervision, requiring the FCA to have more robust processes in place to anticipate, identify and manage misconduct.

The Approach to Supervision was published for consultation on the same day as the Approach to Enforcement. The significance of this is that these two functions are reliant on each other but with different objectives. For example, early detection followed by quick and effective action is only achievable if supervision and enforcement teams work together. Effective outcomes may require enforcement action, supervision action or a combination of various actions.

The notion of multiple regulatory areas working together has been discussed in the policy essay “In Search of Donald Campbell” by John Brathwaite, where he differentiates between ‘passive’ and ‘dynamic’ deterrence. Mr Steward believes there are benefits to regulatory areas working together rather than in isolation.

Other initiatives introduced as result of the crisis, such as the Senior Managers & Certification regime, were mentioned as being part of the key components towards a comprehensive solution which supports the Enforcement and Supervision approaches. Mr Steward said that he thought that the FCA is in a much stronger position because of what has been learned.

Summing up, Mr Steward went back to his original question of whether the noise of the crisis has been entirely dissipated. He emphasised that the minibond investors in Hong Kong had received redress through enforcement action and although this had addressed the confidence and trust issues, it was a good reminder of what can go wrong.

To read the full speech, please click here.

A helping hand for the invisible hand: the FCA's approach to competition and innovation

11 June 2018

Christopher Woolard, Executive Director of FCA (Strategy and Competition function), has delivered a speech on competition policy. The FCA's approach to competition is driven by FCA's objectives to make markets function well and promote effective competition in the interests of consumers. This competition objective is focused on improving the process of rivalry between firms, and this rivalry must be in the interests of consumers. Mr Woolard noted that the FCA want to see a market place where consumers drive outcomes, rewarding firms that offer value, variety and choice and punishing those firms that don't, by taking their business elsewhere.

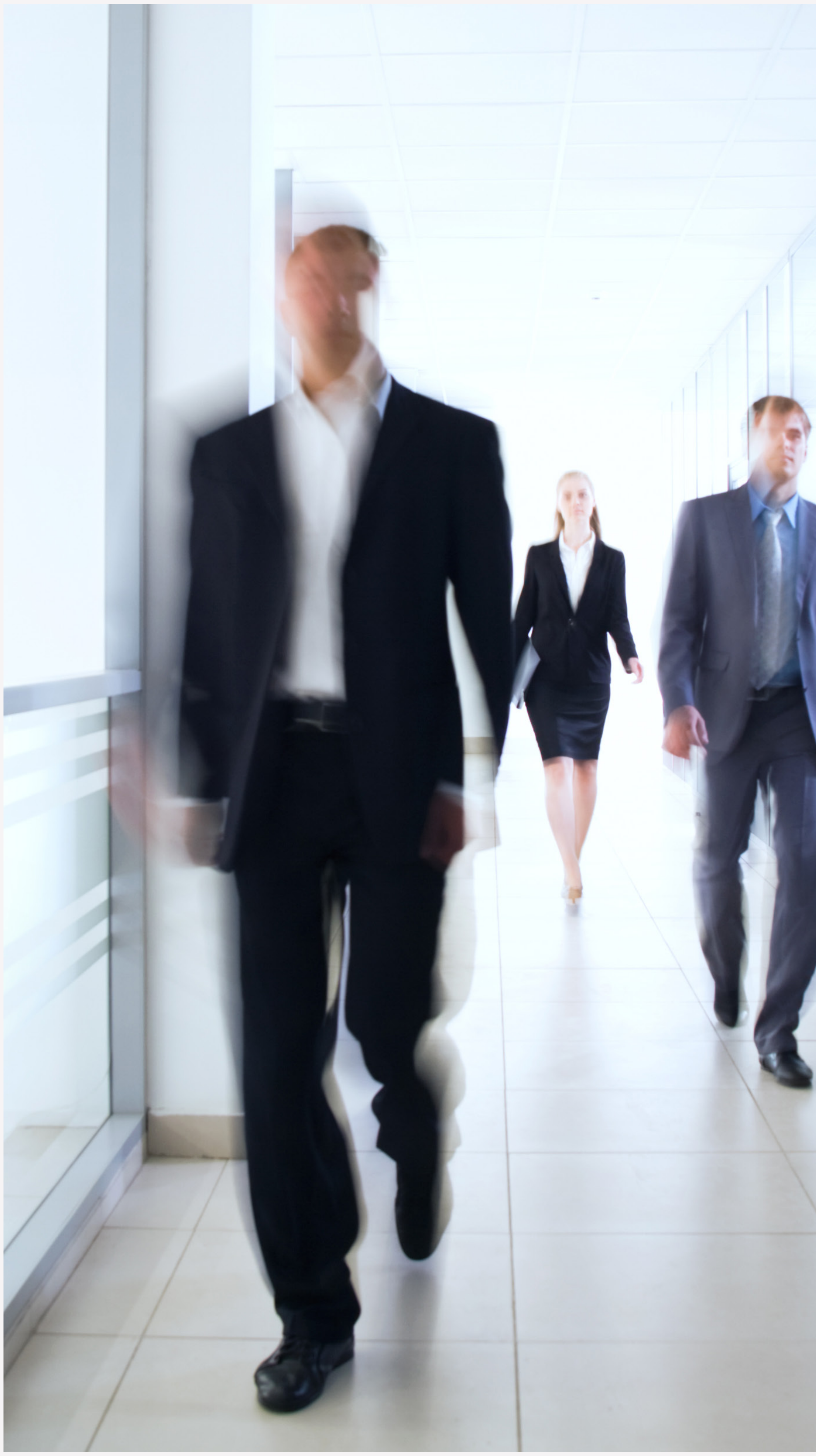
The FCA confirmed that it continues to drive innovation through delivering its own initiatives, including Sandbox (which gives firms the opportunity to test their propositions in a controlled environment with real consumers) and Innovate (where the FCA engages with firms to enable discussion about whether the regulations hinder consumer friendly innovation). In addition, the FCA has proposed extending the reach of Sandbox by providing an international testing environment for firms.

The speech also emphasised the opportunities fintech presents against the challenges around the mass collection of consumer data.

Mr Woolard highlighted the potential technology had to generate significant savings in time and money for consumers when looking to find the best financial products or services. He equally demonstrated his concerns about the massive collection of personal data, "this century's most precious commodity" and the struggle to control it

He concluded by stating that to achieve empowered consumers who make informed choices in efficient and fair markets, regulators will need to understand and use innovation in their own work to maximise the benefits for the good of consumers.

To read the full speech, please click here.



FCA fines and imposes a restriction on a Bank for anti-money laundering systems failings

6 June 2018

The FCA has fined the UK division of an Indian bank £896,100, and has imposed a restriction that prohibits it from accepting deposits from new customers for 147 days. This enforcement action was taken due to AML failures that affected almost all levels of the Bank's business and governance structure.

Following previous visits from the FCA, firstly as part of a thematic review and secondly as part of an AML programme, the Bank was warned about "serious weaknesses" in its AML systems and controls. In September 2015, the FCA appointed a Skilled Person to carry out an in-depth assessment of the bank's AML framework. The subsequent Skilled Person's report described the AML risk management and governance framework in place as "not fit for purpose". Despite this warning, there was a failure by the Bank to rectify the weaknesses highlighted by the regulator.

The FCA's Final Notice stipulates that because staff did not understand the Bank's regulatory obligations or the AML risks it faced, there were multiple failures including:

- A lack of monitoring of AML and financial crime risks and controls;
- Customer file reviews were formulaic and checklist driven;
- An inability to identify or flag unusual transactions or activities on customer accounts;
- An inability to recognise PEPs in its customer population.

Mark Steward, Executive Director of Enforcement and Market Oversight at the FCA, summarised: "financial crime and money–laundering failures are areas of focussed priority for us" and explained that because the Bank was informed that its controls were lacking yet still failed to remedy the issue, the sanctions imposed are at the "more serious end of the range".

The FCA concluded that the Bank's AML failures impacted it across the board, affecting:

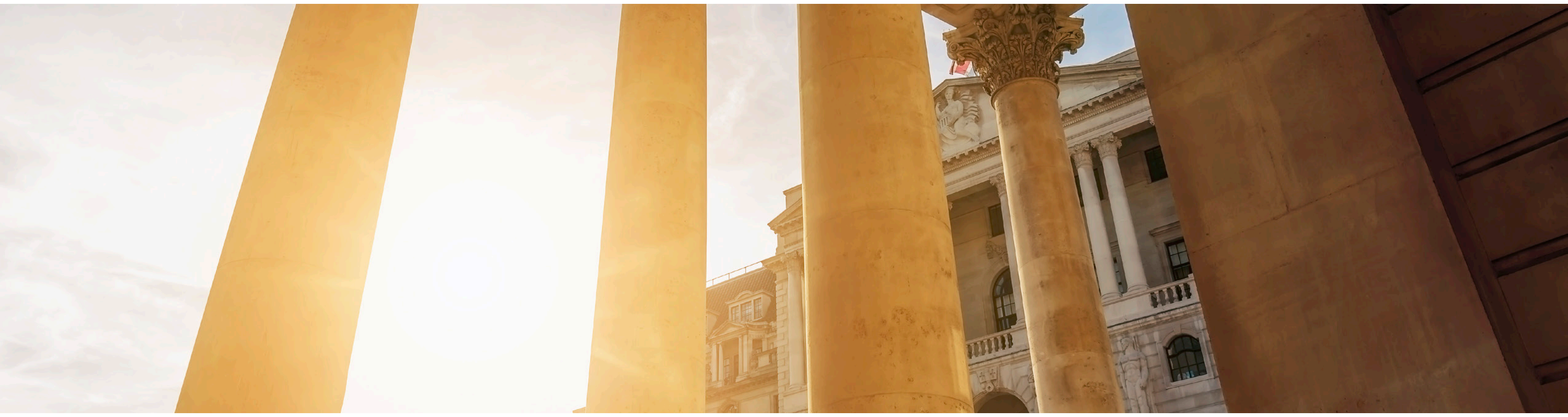
- Senior Management;
- Governance / Oversight;
- Three Lines of Defence;
- Money laundering reporting function;
- AML systems and controls.

Accordingly, the Bank breached Principle 3 of the FCA's Principles for Businesses, which states that a firm must take reasonable steps to organise its affairs responsibly and effectively, with adequate risk management systems.

This enforcement action by the FCA should remind firms that branches of overseas banks must have sufficient resources and senior management with regulatory knowledge.

The FCA did acknowledge that the Bank has invested significant resource in improving its AML systems and controls and had cooperated fully with the regulator's investigation.

To read the press release and Final Notice in full, please click here.



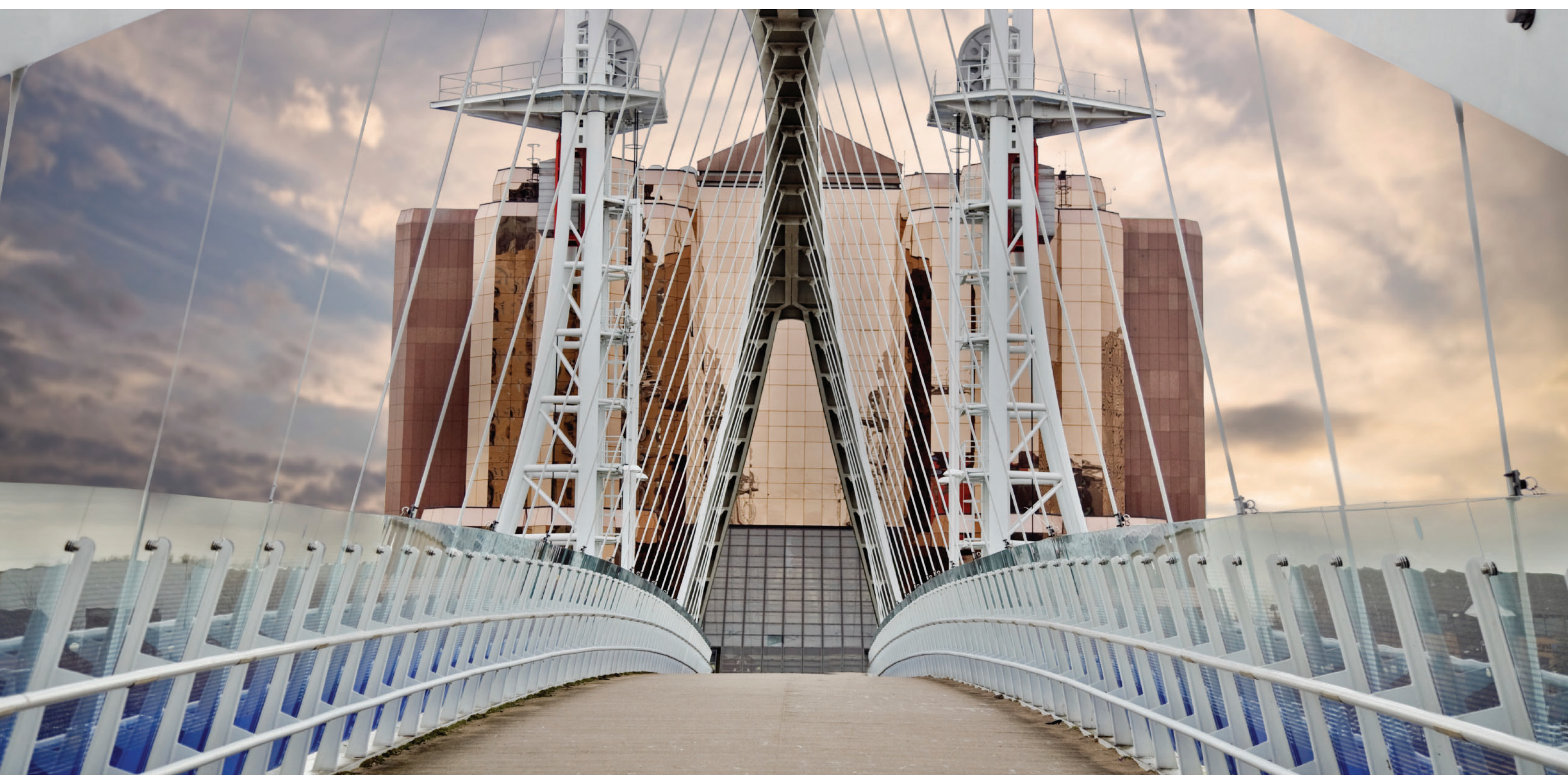
MiFID II temporary period for LEIs to end in July 2018, ESMA says

20 June 2018

The European Securities and Markets Authority ("ESMA") announced that the temporary period for the smooth introduction of the use of Legal Entity Identifiers ("LEIs") would not be extended further and would therefore cease after 2 July 2018. The initial six-month period was introduced in December 2017 due to concerns that many firms would not have LEIs in place in time for MiFID II's 3 January 2018 implementation date.

Under MiFID II, investment firms must use LEIs to identify clients that are legal persons for MiFID II transaction reporting purposes. This affects all clients of EU investment firms and any entity that has issued financial instruments traded on European trading venues. EU investment firms and trading venues are required to report the LEI of these entities irrespective of their location and regardless of whether the entity is subject to LEI requirements in its own jurisdiction. The LEI code is essential for supporting the regulator's work on transparency and market surveillance, which includes the detection of market abuse. The LEI also plays a key role in matching and aggregating market data for both Markets in Financial Instruments Regulation ("MiFIR") transparency and regulatory reporting.

The end of the 6-month period means that the regulator's activities in respect of LEIs would be shifting from monitoring to ongoing supervisory action. To allow for this, ESMA and National Competent Authorities ("NCAs") are coordinating the development of a common supervisory action plan, which will be focused on ensuring compliance with LEI reporting requirements. NCAs will take into consideration the specific circumstances surrounding any infringements, the impact on investors, as well as market functioning and integrity. This common framework is crucial for regulators across the globe to clearly identify each exposure for the risk management of financial transactions. The use of LEIs is thought to potentially generate around 90 pieces of future legislation, with 75 of these being outside of the EU.



Steven Maijoor addresses FESE Convention 2018 on MiFID II implementation

21 June 2018

During the Vienna FESE Convention 2018, Mr Maijoor, Chair of ESMA, delivered a keynote address, focusing ESMA's attention on the implementation of MiFID II. It has now been six months since its implementation and although there are certain areas where Mr Maijoor suggested improvements are needed, he generally considered that the implementation of MiFID II has run quite smoothly. Throughout Mr Maijoor's address, he highlighted the areas of MiFID II where he thought the implementation had been successful as well as those areas in need of further development. The key areas of focus were as follows:

PROGRESS ON LEGAL ENTITY IDENTIFIERS ("LEIS")

Since the implementation of MIFID II, ESMA and National Competent Authorities have monitored the use of LEIs and have detected a considerable increase in their use. LEIs are key in supporting the regulators work on transparency and market surveillance; it is therefore a positive development that currently 95.5% of the instruments reported in ESMA's reference data system have the correct LEI.

THE DOUBLE VOLUME CAP MECHANISM

Mr Maijoor confirmed that the double volume cap system was now operating and has resulted in the suspension of dark trading in more than 900 instruments, resulting in a decrease in both the number and volume of transactions in dark pools. However, Mr Maijoor stated that some data quality issues still exist and he stressed the importance of all trading venues submitting complete data on time. Where data issues relate to the ESMA IT system, Mr Maijoor confirmed that ESMA is working on this matter.

Mr Maijoor highlighted that since the suspension of dark trading in March 2018, trading volumes on periodic auction trading systems have tripled. Although the volumes are still moderately low, the developments have prompted a concern that some periodic auction systems may have been designed to avoid the double volume cap. As a result of this development, ESMA is currently carrying out a fact-finding exercise on these systems to better understand their various features.

THE SYSTEMATIC INTERNALISER (SI) REGIME

Mr Maijoor stated that one of the objectives of MiFID II was to strengthen the Systematic Internaliser regime to bring SIs closer to trading venues; however, he confirmed that he appreciates that there are concerns about the lack of a 'level playing field' between trading venues and SIs. As a result, an amendment to the ESMA RTS1 is currently with the EU Commission for endorsement and is being proposed with the aim of ensuring that SI quotes meet the tick size requirements. Mr Maijoor is aware that some may not be fully satisfied with the proposed amendment, however, he noted that it is not within ESMA's remit to amend the Level 1 text.

TICK SIZE REGIME AND THIRD COUNTRY ISSUES

Mr Maijoor noted that the tick size regime, which is based on liquidity within the EU, does not function appropriately when applied to shares which have their main pool of liquidity outside of the EU. As a result, ESMA is considering proposing an amendment to this regime and intends to issue a consultation paper on this around mid-July this year.

THIRD COUNTRIES AND TRADING VENUES: THE NEED FOR A COMPREHENSIVE REGIME

Mr Maijoor stated that the conditions for which third-country venues may access EU liquidity pools, through the placing of trading screens in the EU, rely on national discretion and are not, therefore, harmonised. He further stated that it is essential to introduce a harmonised EU regulatory framework governing third country venues to ensure a consistent approach across all Member States. The EU Commission has been proposing an amendment to the MiFIR equivalence conditions prior to Brexit which Mr Maijoor stated would be welcomed.

If you would like to read the full speech and other areas addressed by Mr Maijoor please click here.

ESMA publishes final guidelines on MiFID II suitability requirements

28 May 2018

The European Securities and Markets Authority ("ESMA") issued final guidelines (the "Guidelines") on certain aspects of the MiFID II suitability requirements. The issuance of the Guidelines followed ESMA's publication of a Consultation Paper in July 2017 on the broadening of existing MiFID I guidelines on suitability and its rationale for doing so. The Guidelines reflect ESMA's view that suitability requirements are a vital control for investor protection, and its support for the harmonisation of suitability rules across the EU. EMSA believes that the Guidelines will help improve firms' implementation of suitability assessment requirements by providing clarification on them.

The Guidelines are applicable to the provision of investment advice and portfolio management, regardless of the manner used to conduct these activities. The Guidelines are principally applicable to services offered to retail clients, as Article 54(3) of the Commission Delegated Regulation (EU) 2017/565 allows firms providing investment services to professional clients to assume that the clients have the necessary level of experience and knowledge to understand the risks involved in the transaction or in the management of their portfolio, and with investment advice, are able to financially bear any related risks consistent with their investment objectives.

The guidelines are not binding on Member States, with National Competent Authorities only required to notify ESMA whether they comply or intend to comply with them. If a competent authority does not intend to comply with the Guidelines, it must provide its reasons for non-compliance. Individual firms do not need to report whether they adhere to the guidelines, however, this does not relieve them of their obligation to comply with Article 25(2) of MiFID II and Articles 54 and 55 of the MiFID Delegated Regulation, which require firms to make suitable recommendations to, or suitable investment decisions for, their clients.

The Guidelines make the following recommendations:

- A firm should clearly explain to its clients its responsibility to conduct a suitability assessment, and that it is being carried out with their best interests in mind. Where Robo advice is provided, clients should understand the amount of human involvement and how they can request human interaction.
- A firm should collect information from clients in a consistent manner, regardless of the method used to gather information.
- A firm should consider how much information is 'necessary' to gather from clients before providing investment advice or portfolio management services. It should consider the type of service being provided, the nature of the investment product and the characteristics of the client.
- A firm should have in place mechanisms to ensure that the information gathered about their clients is trustworthy without being overly dependent on a client's self-assessment.
- A firm should have a policy in place around the frequency at which client information should be updated, what should be done once the updated information has been provided, and what action should be taken if a client does not provide the necessary information.
- A firm should have a policy in place detailing how a suitability assessment will be conducted where a client is not an individual representing themselves (for example, when a firm is dealing with a legal person, multiple individuals, or where one individual is representing another). The policy should address how the firm's procedures will adhere to MiFID II suitability requirements.
- A firm should document how its understanding of its investment products will enable it to advise on, or investment in, suitable investments for its clients.

- A firm should document how it will ensure that, when determining if an investment is suitable for a client, all information about them, including their portfolio of investments, the nature of the investments, and all risks and costs for clients should be considered.
- A firm should consider alternative investments for a client before deciding on what investment product to recommend to, or invest in for, a client.
- A firm should be document how it ensures that the costs and benefits associated with a switch in investments are considered. A firm should be able to show that the benefits outweigh the costs.
- A firm should have in place appropriate retention and recording arrangements for suitability assessments, the investment decisions made following the assessment and suitability reports to clients. These arrangements should allow the firm to identify any issues with suitability assessments, and ensure that they can easily be accessed by appropriate persons in the firm and competent authorities.

The final guidelines are available here.

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OUR RECENT AWARDS

ADVISORY AND CONSULTANCY: TAX

Drawdown Private Equity Services Awards 2018

BEST ADVISORY FIRM – REGULATON AND COMPLIANCE

HFM Week 2018

BEST GLOBAL CYBERSECURITY SERVICES PROVIDER

Hedgeweek Global Awards 2018

BEST COMPLIANCE CONSULTING TEAM

Women in Compliance Awards 2017

BEST GLOBAL REGULATORY ADVISORY FIRM

Hedgeweek Global Awards 2017

EUROPEAN SERVICES - BEST CONSULTANCY FIRM

CTA Intelligence 2016

BEST EUROPEAN OVERALL ADVISORY FIRM

HFM Week 2016

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