



BANK OF ENGLAND

News release

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14 April 2016

Financial Conduct Authority and Prudential Regulation Authority jointly publish proposals to enhance enforcement decision-making processes

The Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) have today published proposals aimed at strengthening the transparency and effectiveness of the FCA's and PRA's enforcement decision-making processes.

The proposals address recommendations made by HM Treasury in its '*Review of enforcement decision-making at the financial services regulators*' and Andrew Green QC's '*Report into the FSA's enforcement actions following the failure of HBOS*'.

The consultation paper explains what has already been put into practice by the regulators, and sets out the recommendations which require consultation and the proposals for implementing them.

The FCA also proposes to amend the Enforcement Guide and the Decision Procedure and Penalties Manual to provide a framework and incentives for partly contested cases. This proposal allows enforcement proceedings to be resolved when an individual or firm agrees all relevant facts and the breaches which arise from those facts, but wishes to contest the appropriate regulatory outcome before the Regulatory Decisions Committee. The FCA is not proposing any changes to the process for agreeing a full resolution of all issues – facts, liability and penalty – which will continue to have a 30% discount applied to the penalty at Stage 1.

The PRA will consult separately on the recommendations dealing with settlement and contested decision-making, once the Bank of England and Financial Services Bill has passed through Parliament. The PRA plans to publish more detail about its enforcement process alongside its implementation of the other HMT Enforcement Review recommendations.

Mark Steward, Director of Enforcement and Market Oversight at the FCA, said: "*It is important that people have confidence in the enforcement process and that it is used fairly, efficiently and effectively. We believe that our proposals will achieve the aim of the recommendations, which was to enhance the FCA's capacity to*

deal with misconduct swiftly, fairly and robustly, and we welcome any comments on our approach to implementation.”

Robert Dedman, Head of the Regulatory Action Division at the Bank of England said: *“It is crucial that the process for taking enforcement action against individuals or firms is clear, transparent and reasonable. The HMT Enforcement Review and Andrew Green’s Report propose important enhancements to the PRA’s enforcement process which we have considered carefully. Today’s proposals are the first in a package of measures by which the PRA intends to meet those recommendations.”*

ENDS

Notes to editors

1. Consultation paper: Proposed Implementation of the Enforcement Review and the Green Report [\[here\]](#)
2. HMT ‘Review of enforcement decision-making at the financial services regulators’ [\[here\]](#)
3. Andrew Green QC’s ‘Report into the FSA’s enforcement actions following the failure of HBOS’ [\[here\]](#)

FCA only notes:

4. On 1 April 2013 the FCA became responsible for the conduct supervision of all regulated financial firms and the prudential supervision of those not supervised by the Prudential Regulation Authority (PRA).
5. The FCA has an overarching strategic objective of ensuring the relevant markets function well. To support this it has three operational objectives: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system; and to promote effective competition in the interests of consumers.
6. Find out more information about the FCA.