

UK government rejects call to give FCA statutory say on moving regulatory Perimeter

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The UK Treasury has rejected a proposal from an influential group of lawmakers which would have given the Financial Conduct Authority (FCA) the power to request changes to the regulatory perimeter.

"Decisions on which activities should be within the perimeter of regulation should ultimately be for ministers, with the approval by parliament," the government said in a formal response, published yesterday. The Treasury said it considered a formal power of request unnecessary as it "already engages regularly with financial regulators" on whether the perimeter needed to be changed, it said.

Catherine McKinnell (Lab), interim chair of the Treasury Select Committee, said the committee was disappointed. "It [is] disappointing that the government does not see the case for providing a formal power for the FCA to request changes to the perimeter. It would formalise the relationship that the committee are told already exists between ministers, officials and the FCA, thus providing greater transparency to the process," McKinnell said.

The proposal to hand the FCA a power to request changes to the perimeter was one of a number of recommendations the TSC made in its [report](#), 'The work of the Financial Conduct Authority: the perimeter of regulation', published in August.

The committee had recommended FCA-authorized firms be sanctioned if they failed to make clear to consumers that there was no regulatory safety net when selling unregulated products. The FCA should also be given free rein to warn the public when it became concerned about specific financial products, it said.

The Treasury said the FCA already had the power to punish firms which failed to comply with rules relating to the financial promotion of unregulated products but would consider if more action was needed as part of its response to the London Capital & Finance scandal.

"There are signs in the government's response to our report that it has started to engage with our recommendations on the remit and powers of the FCA. We look forward to the further work promised in this response," McKinnell said.

The Treasury also rejected the recommendation to give the FCA a power similar to that of the Bank of England's Financial Policy Committee (FPC), which would have allowed it to request information from firms about their unregulated activities. Such a power would be inappropriate for a conduct regulator, it said.

"The FPC has been given this power because it has the macro-level responsibility of identifying and removing systemic risks in the financial markets, which is a very different remit to that of the FCA," the government said.

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Britain rejects calls to expand watchdog powers after London Capital collapse

[Huw Jones](#)

LONDON (Reuters) - Britain has rejected calls from lawmakers to give regulators more powers to protect consumers from unregulated investment products as thousands face losing money on “mini-bonds” bought from London Capital & Finance (LCF), which collapsed in January.

The government said it would, however, fast-track conclusions from its review of collapse of LCF that left 11,500 bondholders likely to lose most of their 237 million pounds in investments.

Parliament’s Treasury Select Committee (TSC) said in August that the failure of LCF showed the Financial Conduct Authority (FCA) needed powers to formally recommend extending its remit to cover unregulated parts of the financial system.

The FCA can only comment on activity around the so-called regulatory perimeter.

“Decisions on which activities should be within the perimeter of regulation should ultimately be for ministers, with approval by parliament,” the government said in a response to the TSC on Thursday.

It also rejected calls to give the FCA powers to ask companies it does not regulate for data on their activities. LCF itself was regulated, but the mini-bonds it sold to raise funds for companies, were not.

“Asking the FCA to gather and process data from unauthorized firms would add significantly to the FCA’s supervisory responsibilities and have considerable resource implications,” the government said.