

The new authorities: who does what and how?

Areas of regulation under the current FSA handbook	New regime - PRA regulation – only applicable to twin peaks firms	New regime - CPMA regulation of twin peaks and single regulator firms
Authorisation – COND, AUTH	PRA will be responsible for authorisation/permission for the activities of twin peaks firms within the PRA perimeter. Twin peaks firms will have to make dual applications to PRA and CPMA.	CPMA approval required for all other regulated activities – both twin peaks firms and single regulator firms will need to apply to CPMA for authorisation and permission changes.
Incoming EU firms passporting into the UK on a services or branch basis.	Most areas of prudential regulation are reserved to the home state regulator, so PRA will not fully regulate incoming firms conducting twin peaks activities. However, there are prudential/financial areas where the host state regulator is expressly given concurrent powers, such as bank branch liquidity, and other areas where the dividing line is obscure/grey. PRA will therefore need to have some limited powers over incoming twin peaks firms.	CPMA will regulate incoming firms – both those conducting twin peaks activities and other incoming firms. It may therefore be the primary point of contact for notifications. For example, incoming branches will be subject to CPMA conduct of business and market regulation.
Regulation of individuals – APER, FIT	PRA will be responsible for approval and regulation of certain functions within twin peaks firms	CPMA will be responsible for approval and regulation of all controlled functions at single regulator firms and some functions at twin peaks firms.
Principles for business - PRIN	PRIN currently covers prudential and non-prudential areas. The PRA will be responsible for the prudential issues at twin peaks firms but it is not yet clear whether PRA will adopt principle style obligations.	We would expect CPMA to adopt PRIN style obligations. Prudential aspects of any CPMA principles would not apply to twin peaks firms.
Financial regulation – capital, liquidity, solvency etc	GENPRU, BIPRU, INSPRU, IPRU-Bank, IPRU-BSOC, IPRU-FSOC, IPRU-INS, IPRU-INV PRA will implement CRD and Solvency II. It will set additional UK requirements and will supervise individual firms including individual capital and solvency assessments of individual firms under pillar 2 of Basel/Solvency II/domestic requirements and will be responsible for model approvals.	MIPRU – CPMA will set UK requirements for single regulator firms (and will therefore be responsible for some implementation of EU requirements) and will supervise those firms
Systems and controls - SYSC	SYSC covers prudential and non-prudential areas. Prudential aspects will be dealt with by PRA for twin peaks firms and by CPMA for single regulator firms. Non-prudential aspects will fall to CPMA. These areas involve implementation of EU requirements (e.g. MiFID provisions), setting UK requirements and supervising individual firms.	
Conduct of business – retail, commercial and wholesale	PRA not responsible	CPMA will be responsible for MCOB, ICOBS, BCOBS and COBS. It will also be responsible for conduct on wholesale markets such as reinsurance or between market counterparties. The consultation refers to CPMA regulation of wholesale market

Areas of regulation under the current FSA handbook	New regime - PRA regulation – only applicable to twin peaks firms	New regime - CPMA regulation of twin peaks and single regulator firms
		conduct.
Market regulation - Recognition of investment exchanges/regulated markets and related regulation – REC	PRA not responsible	The CPMA markets division will be responsible. The consultation places considerable emphasis on market conduct regulation including CPMA regulation of wholesale market conduct and OTC markets and instruments and derivatives traded on both OTC and on organised markets. The FPC/BoE, however, will be concerned with market infrastructure, CCPs and settlement.
Market abuse - MAR	PRA not responsible	The CPMA markets division will be responsible. It will implement MAD and MAD II. The CPMA will have exclusive power to bring administrative proceedings and will have the responsibility for criminal prosecution of market abuse (as FSA does now).
Supervision – SUP and Reporting	PRA will be responsible for supervision of compliance with PRA's prudential/financial requirements (see above and below) at twin peaks firms. Twin peaks firms will need to report to both PRA and CPMA.	CPMA will be responsible for supervision of compliance with its requirements (see above and below) at twin peaks firms (non-prudential only) and single regulator firms. The latter will only report to CPMA.
Investigation and skilled person reports – section 166 and FINMAR 1	PRA is expected to have broad powers to investigate and appoint skilled persons in relation to prudential issues at twin peaks firms. It is not clear how the FPC will gather information and investigate at a systemic level; it might use the PRA or be given direct powers.	CPMA is expected to have broad powers to investigate and appoint skilled persons in relation to single regulator firms and in relation to non-prudential issues at twin peaks firms (which will be subject to investigation by several agencies).
Enforcement - ENF	The current consultation states that, whilst the PRA will move away from rules based approach, they will 'where necessary' have the legal powers to enforce compliance with rules. There will be a separate consultation in enforcement.	CPMA will have a rules based approach and a strong new enforcement regime applicable to twin peaks and single regulator firms.
Client assets/money - CASS	No decision has been made. The previous government considered creating a new agency to regulate client assets/money, in the wake of the Lehman's disaster. If there were no new agency, CPMA would be the logical home for CASS regulation as many firms subject to CASS would be single regulator firms outside PRA scope. The FPC/BoE may have systemic concerns about the effectiveness of client asset/money protection.	
Authorisation of funds and recognition of overseas funds and CIS regulation – COLL, COLLG	The current consultation is strangely silent on the allocation of responsibility for fund regulation. Presumably this is still under discussion; most of the role would logically fall to the CPMA but the introduction of EU financial regulation of "alternative fund" managers and the hedge/money market fund and shadow banking debate suggests a role for the BoE/PRA.	

Areas of regulation under the current FSA handbook	New regime - PRA regulation – only applicable to twin peaks firms	New regime - CPMA regulation of twin peaks and single regulator firms
Complaints and redress – FOS, DISP	PRA not responsible	Responsibility of CPMA (for all firms)
Fair treatment of customers – TCF, RPPD	PRA not responsible	Responsibility of CPMA (for all firms)
Training and competence - TC	PRA is likely to have expectations as to competence/experience/qualifications of approved persons/individuals that it regulates at twin peaks firms.	CPMA will have TC requirements applicable to all firms including individuals currently covered by detailed requirements in TC2.
Money laundering - ML	No decision made	CPMA seems likely to have responsibility as ML applies to some single regulator firms.
Recovery & Resolution Plans – FINMAR3	PRA will have responsibility both for R&R plans at twin peaks firms and for FINMAR2 role on failing banks. BoE/FPC and HMT will also have a role.	Most Single Regulator firms will fall outside the initial regime for Recovery & Resolution and plans; CPMA therefore unlikely to have responsibility/a prime role.
Unfair contract terms - UNFCOG	PRA not responsible	CPMA responsibility (for all firms).
Consumer credit	HMT and BIS are currently consulting on whether to move the OFT Consumer Credit division into CPMA; for the time being FSA/CPMA will continue to regulate the selling/provision of certain mortgage products alongside the OFT's Consumer Credit role.	
Guarantee schemes for depositors, policyholders and investment firm clients - FSCS, COMP	Undecided. Depends on whether the FSCS is to be broken up into separate schemes and on EU reforms. If the FSCS remains as one scheme, the CPMA would have the lead role but the FSCS would have to work closely with PRA e.g. on resolution. Otherwise PRA might be responsible for schemes for twin peaks firms and CPMA for schemes for single regulator firms.	
Energy and oil market participants – EMPS, OMPS	Undecided. Some EMPS/OMPS would fall with twin peaks regulation. Light touch regime may be reviewed.	
Credit rating agencies - CRAG	Undecided. Seen as a possible extension of PRA role.	
Electronic money -	Undecided – likely to be CPMA.	

Areas of regulation under the current FSA handbook	New regime - PRA regulation – only applicable to twin peaks firms	New regime - CPMA regulation of twin peaks and single regulator firms
ELM		
Professional firms - PROF		Undecided – likely to be CPMA.
Payment services providers		Undecided – likely to be CPMA.
Short selling – FINMAR2	Undecided – presumably both market division of CPMA and BoE/FPC/PRA will have to be involved	
Policing the perimeter/unauthorised activities - PERG	Undecided. Could be split or shared.	

The new regime – the new authorities and their roles

Area of regulation	The new regime – the authorities and their roles
UKLA - Listing – Listing rules, Prospectus rules and Disclosure Rules and Transparency Rules – LR, PR, DTR,	Following the rejection of proposals to create a new “Companies Regulator” with the merger of UKLA and FRC as a first step, the oversight of companies listing on London exchanges, formerly the responsibility of the UKLA, will be transferred to the CPMA markets division.