BANKING AND FINANCE LITIGATION UPDATE

Issue 71

We wish to establish a dialogue with our readers. Please contact us at B&FL Update and let us know which particular areas you are interested in and what you would find helpful.

The Banking & Finance Litigation Update is published monthly and covers current developments affecting the Group's area of practice and its clients during the preceding month.

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If you would like further advice, please contact **Paula Johnson** on **08700 111 111**.

CONTENTS

DOMESTIC BANKING

BANK OF ENGLAND

1. The Bank of England has announced that polymer notes will start to replace paper ones from 2016. Plastic notes have been in circulation in Australia and Canada for the past 20 years.

Guardian, 18 December 2013

2. Mark Carney, the governor of the Bank of England, has said that the Bank will not allow the housing market in the UK to grow at "*warp speed*". If required, the Bank has a "*broad range of additional tools*" to deal with any potential housing bubble. Interest rates are however unlikely to rise in the short term.

Telegraph, 10 December 2013

3. Interest rates are to remain at 0.5 per cent after the Bank of England announced there would be no rate rise despite the growth in the UK economy during 2013.

Telegraph.co.uk, 5 December 2013

4. The Funding for Lending Scheme operated by the Bank of England will be closed to lending for home loans from February 2014 as part of an effort by the Bank to prevent a housing price boom. The Scheme will focus instead on lending to small businesses.

Telegraph, 29 November 2013

BARCLAYS

5. Following the European Commission's decision to cap bonuses, Barclays will pay its senior executives an extra "*role-based*" allowance in addition to their salaries and bonuses. The new allowance will not be connected to performance and will be paid monthly; the amount paid will depend on economic conditions and how well or badly Barclays is predicted to perform.

Independent, 26 November 2013

6. The former head of the Financial Services Authority (**"FSA"**), Sir Hector Sants, has resigned from his post as head of compliance and government and regulatory relations at Barclays. His resignation follows a period of absence as a result of stress and exhaustion. He joined the bank in January 2013.

Telegraph, 14 November 2013

7. The former chairman of Barclays, Marcus Agius, who stood down from the post in October 2012, is to remain as a consultant until March next year.

Guardian, 8 November 2013

CO-OPERATIVE BANK

8. Bondholders have approved a £1.5 billion recapitalisation plan to rescue the Co-Operative Bank. The recapitalisation will ultimately see the Co-Op Group hand over control of the bank to its bondholders who will inject £1 billion into the business by exchanging their debt for new bonds, as well as shares in the lender.

Telegraph, 30 November 2013

9. George Osborne has announced an independent inquiry into the last five years of turmoil at the Co-Operative Bank. The inquiry will investigate how the bank ran up vast losses, its merger with the Britannia Building Society, its failed attempt to acquire Lloyds branches and how it made appointments to senior positions. The inquiry will be led by an independent person appointed by the Prudential Regulation Authority (**"PRA"**) and the Financial Conduct Authority (**"FCA"**).

Independent, 23 November 2013

HSBC

10. HSBC has announced that, from 24 November, its customers will not be charged if a transaction is declined as a result of insufficient funds. The decision applies to all HSBC current accounts. Currently a fee of up to £25 is charged.

Telegraph.co.uk, 11 November 2013

11. The boss of HSBC, Stuart Gulliver, has called the banking industry "*pale, male, stale*" as he spoke out against the lack of women at the top of banking. Women make up nearly half of the bank's workforce, though this falls to less than a quarter at senior management level. Gulliver said HSBC has set a target to improve the percentage of women in senior management from the current 22 per cent to a figure of 25 per cent.

Guardian, 9 November 2013

LLOYDS BANKING GROUP

12. The FCA has fined Lloyds Banking Group for putting advisers under pressure to reach sales

targets. Compensation will be paid to around 100,000 customers who were affected.

Telegraph, 14 December 2013

13. Lord Blackwell, current chairman of Lloyds Insurance arm Scottish Widows, has been confirmed as the new chairman of Lloyds Banking Group. Lord Blackwell was group development director at NatWest from 1997 until 2000 and a non-executive director at Standard Life between 2003 and 2012 and has sat on the Lloyd's board since June 2012. He will take over from Sir Win Bischoff in April 2015.

Times, 3 December 2013

14. The TSB has been valued at between £1.5 billion and £2 billion ahead of its proposed flotation on the London Stock Exchange in the first half of 2014. Plans are to hold an institutional road show in January 2014, with shares in the Lloyds banking offshoot also being offered to retail investors via a select number of stockbrokers.

Sunday Telegraph, 24 November 2013

15. Antonio Horta-Osorio, the chief executive of Lloyds Banking Group, is to receive a bonus of £2.3 million in shares after the bank's shares remained above 73.6p in value for more than 30 days thereby triggering a clause in his contract which linked his bonus to the price of shares. The shares cannot however be cashed in until 2018.

Guardian, 21 November 2013

THE ROYAL BANK OF SCOTLAND

16. The Royal Bank of Scotland's (**"RBS"**) "*internal bad bank*" will be headed by Rory Cullinan, the man who fronted the disposal of £221 billion of non-core assets at the lender. Cullinan will be responsible for the flotation of the lender's US arm, Citizens, and the Williams & Glyns franchise.

Times, 19 December 2013

17. The privatisation of RBS moved closer after the bank withdrew from the Treasury's contingent capital facility, a taxpayer support scheme worth £8 billion annually. This leaves only one obstacle to privatisation in place - the "*dividend access share*". Both the bank and the Treasury have indicated that they are at an advanced stage in discussions to exit this as well.

Times, 17 December 2013

18. RBS has lodged its defence to a £4 billion High Court claim made by investors who allege that the bank was forced into its £12 billion rights issue by the FSA ahead of the financial crisis in 2008. RBS denies this and says in its defence that it had already discussed the issue three weeks prior to a conversation between its chief executive, Fred Goodwin, and the FSA's chief executive, Hector Sants.

Sunday Telegraph, 15 December 2013

19. A settlement has been reached between RBS and US authorities in relation to civil allegations that the bank failed to adhere to sanctions that restricted business with Burma, Cuba, Iran and Sudan. RBS will pay a total of $100 million as part of two agreements of $50 million, the first to the US Federal Reserve and the Treasury's Office of Foreign Asset Control, and the second to the New York State Department of Federal Services.

Sunday Times, 8 December 2013

20. RBS customers were unable to access their money twice in the space of a week. A cyber-attack resulted in NatWest's website crashing so that millions of customers could not access their accounts for an hour. Earlier that week, over 750,000 customers were unable to use their debit cards or take money out of ATMs for three hours. Apologising for the failure, Ross McEwan, the bank's chief executive, attributed this glitch to "decades" of underinvestment in the IT system at RBS.

Times, 7 December 2013

21. The first group action claim in Europe against an investment bank and a ratings agency has been made by a group of institutional investors against RBS and Standard and Poor's. The investors are suing the two institutions for €250 million in damages, claiming that they were exposed to "constant proportion debt obligations" prior to the financial crisis.

Telegraph, 6 December 2013

22. The new RBS "*bad bank*" has sold its first set of distressed commercial property assets - 28 industrial distribution units - to Verde Partners for slightly more than the guide price of £63 million, at a loss of £30 million for the bank.

Financial Times, 6 December 2013

STANDARD CHARTERED

23. The PRA has forced Standard Chartered to remove some of the responsibilities held by its group finance director, Richard Meddings, as a result of issues over possible conflicts between Mr Meddings' responsibility for finance and his role as the bank's risk officer. Responsibility for risk has now been given to Peter Sands, the bank's chief executive.

Telegraph, 16 December 2013

24. Standard Chartered has opened a branch in Baghdad in an attempt to meet growing demands from global clients in Iraq. It will be able to offer full client banking in the country where it is the first British bank to open a branch.

Telegraph.co.uk, 27 November 2013

25. Standard Chartered's aim to increase its growth by upwards of ten per cent has been shelved as a result of stricter regulation, which requires the bank to put more capital aside, as well as a reduced rate of growth in the economy. The bank's chief executive, Peter Sands, said "it makes sense to put greater emphasis on capital accretion"

Guardian, 12 November 2013

25.DOMESTIC GENERAL

26. In a move that may pose traditional banks with their biggest challenge yet, Tesco is to launch a current account in 2014. Only a handful of non-bank companies have launched current accounts so far, including M&S Bank.

Times, 11 December 2013

27. One of the amendments to the Banking Reform Bill will see banks required to carry out a "*health check*" on senior staff every year to confirm they should retain their roles. Banks will also be required to let the regulator know of any grounds for withdrawing a member of staff's license to operate.

Daily Telegraph, 10 December 2013

28. The latest increase to the bank levy has drawn an angry reaction from banks. The changes, which were announced in the Autumn Statement, are seen by industry experts as a tacit admission from the Treasury that too much advantage was given to foreign banks whilst British banks saw the financial burden fall on them too heavily.

Times.co.uk, 7 December 2013

29. Figures from the FCA show that less than 3 per cent of the £3.2 billion that banks have set aside for compensation over the mis-selling of interest rate swaps to small businesses has so far been paid out. £81 million, equivalent to an average payment of £148,000 per business, has been paid from the pool so far.

Times.co.uk, 7 December 2013

30. Although loans from banks and building societies are being given out at the quickest rate since the Funding for Lending Scheme began, small and medium-sized businesses are still finding themselves starved of credit. New figures from the Bank of England and the Treasury show that the third quarter of the year saw net lending surge to £5.8 billion, over three times the £1.6 billion lent in the previous quarter. Separate data revealed that lending to SMEs was down by £505 million, whilst an extra £1.7 billion was borrowed by households in October.

Times, 3 December 2013

31. Figures from the Bank of England have shown that money is being withdrawn from accounts by savers at the quickest rate in almost four decades. In the previous 12 months £23 billion (the equivalent of £900 for every household) has been taken out of long-term savings. Money was either moved to easy-access current accounts or spent, boosting the economy.

Telegraph, 3 December 2013

32. An attempt by the Archbishop of Canterbury and other campaigners to force the separation of banks' investment banking and retail operations has failed in the House of Lords, which rejected a proposal for powers of full separation across the banking industry.

Times, 27 November 2013

33. The Bank of England has been asked by the Chancellor to consider whether or not control of the so-called "*leverage ratio*" that would require lenders to hold more capital against their assets, should be given to the Bank's Financial Policy Committee (**"FPC"**). The seeming change of heart on the issue by Mr Osborne was "*very welcome*" according to Andrew Tyrie, chairman of the Parliamentary Commission on Banking Standards, which had previously recommended that the FPC be given the ability to set the leverage ratio.

Telegraph, 27 November 2013

34. With global probes into allegations of benchmark manipulations driving a radical reform of trading floors, the use of most group chat rooms has been banned by a number of banks, including Barclays, RBS and Citigroup.

Financial Times, 22 November 2013

35. Carbon trading desks of at least 10 banks in London have been scaled back or even closed in the midst of turmoil in Europe's emissions trading scheme. With carbon prices plummeting, it has been estimated that the number of people working in carbon trading has fallen from almost a thousand at one point, to just a few hundred now.

Financial Times, 19 November 2013

36. The global probe into the possible manipulation of the currency market has taken a serious twist, with allegations that foreign exchange traders traded their own money ahead of client orders, prompting an investigation by the FCA into traders' use of private accounts. A number of banks have been asked by the regulator to look into whether undeclared personal accounts were used by traders.

Financial Times, 19 November 2013

37. The UK's biggest banks have warned the Chancellor that the UK housing market could be seriously distorted due to the lack of an end date for the government's Help to Buy program. The British Bankers' Association has said that further clarification is required on exit strategies.

Telegraph, 18 November 2013

38. Regulators in the UK looking to clamp down on market abuse are pressuring banks to apply more scrutiny over the electronic trading activity of clients. Measures stopping orders from being entered and then rapidly deleted, or restrictions on the number of orders that can be placed at the same time, are among possible suggested measures.

Financial Times, 11 November 2013

EUROPEAN BANKING

BANK OF IRELAND

39. The Bank of Ireland has repaid €580 million to the Irish government following a share sale and debt issue against preference shares, raising expectations that the bank may soon leave the EU bailout scheme.

Times, 5 December 2013

BNP PARIBAS

40. The Belgian state's 25 per cent stake in Fortis, which is now called BNP Paribas Fortis, will be bought by BNP Paribas for €3.25 billion. The remainder of Fortis was already owned by BNP Paribas after it joined with the state in 2008-2009 to bail out the crumbling insurer.

Thetimes.co.uk, 14 November 2013

CREDIT SUISSE

41. Credit Suisse is proposing to alter its legal structure in an attempt to guarantee that some of its retail, corporate, private banking and institutional businesses are ring-enced from some of its riskier investment banking operations.

Financial Times, 22 November 2013

DEUTSCHE BANK

42. The local office of Deutsche Bank has been reprimanded by Japan's financial watchdog over lavish spending on client entertainment by the bank's now defunct pensions' solutions group. Deutsche was issued with a business improvement order by the Financial Services Agency.

Financial Times, 13 December 2013

43. Deutsche Bank has announced that it is to close its commodities trading business with the loss of around 200 jobs.

Times, 6 December 2013

44. Seven years after buying into the UK wealth management market, exclusive talks are underway between Deutsche Bank and Permira, the private equity group, over the German bank's sale of the loss-making part of its UK wealth management business.

Financial Times, 28 November 2013

45. Norwegian dot-com billionaire, Alexander Vik, has lost an $8 billion damages claim against Deutsche Bank. Mr Vik had alleged that the bank had not reported the outcome of a string of disastrous bets placed on exotic foreign exchange derivatives properly. He also claimed that Deutsche Bank allowed Klaus Said, a trader he hired, to go beyond the limits of his authority. The case was one of the biggest ever heard by the English civil courts.

Times, 9 November 2013

EUROPEAN CENTRAL BANK

46. Although the European Central Bank (**"ECB"**) has forecast that the next two years will see below target inflation and a weak recovery, the bank has shown its reluctance to act speedily to boost Eurozone growth, with scant indication offered by ECB President Mario Draghi that there are any plans to take early action.

Financial Times, 6 December 2013

47. A stark warning has been issued by the ECB in its latest financial stability report, on the threat that could be posed by a "*tapering*" of the US Federal Reserve's monetary stimulus programme. The ECB has called on policy makers in the Eurozone to do more to prepare for market shocks that could result from any scaling back.

Financial Times, 28 November 2013

48. The ECB has unexpectedly cut interest rates to a record low in response to Eurozone deflation fears, whilst also insisting it has more ways in which it can stop prices falling. The cut left the bank's benchmark main refinancing rate at 0.25 per cent.

Financial Times, 8 November 2013

SANTANDER

49. The number of places offered by Santander UK through its SME internship scheme are set to be increased three-fold in an attempt to encourage graduates to think about working for a smaller business instead of a larger one.

Telegraph, 10 December 2013

UBS

50. UBS has defeated a damages claim in the United States relating to the £1.5 billion of losses racked up by Kweku Adoboli. The bank was accused in the claim of having lied to investors over the incident. However, the judge in the case ruled that it was "*mismanagement*" not fraud which caused the losses.

Sunday Times, 15 December 2013

51. UBS has joined other banks in cracking down on its staff's use of chat rooms, as lenders are forced to rethink their policing of employee communications in the wake of investigations into allegations of benchmark rate manipulation. The use of social chat rooms, multi-bank and dealer chat rooms has been prohibited "*with immediate effect*".

Financial Times, 28 November 2013

52. UBS has become the most recent bank to avoid interest rate fixing fines by reaching an immunity deal with the European Union. The bank has agreed to co-operate and give evidence about the actions of other banks to an EU inquiry.

Times, 22 November 2013

EUROPEAN GENERAL

53. The ECB has dealt a blow to a banking union deal that was backed by Germany, warning that without streamlined decision making and better funding, the deal would fail the market credibility test. The intervention came from ECB vice-president Vitor Constâncio, not long after Eurozone ministers produced a compromise they thought would lead to a deal on a system for winding up troubled banks.

Financial Times, 19 December 2013

54. Following the first round of offers in the sale of the nationalised Spanish bank NCG Banco, sources have revealed that the Spanish government could be left with a loss of up to €9 billion.

Financial Times, 18 December 2013

55. Fears of a feedback loop between lenders and their governments have been heightened by the latest findings from European regulators, who have found a sharp increase in the proportion of Eurozone sovereign bonds held by domestic banks. As at the end of June, the proportion was up to 66 per cent, compared with 64 per cent three years ago, according to data published by the European Banking Authority. Weaker Eurozone countries saw a more dramatic increase, up to as much as 99 per cent.

Financial Times, 17 December 2013

56. There is mounting concern that the proposed new banking regime for the Eurozone could be too cumbersome and bureaucratic to cope with any sudden collapse of a cross-border institution. Even though any agreement on winding up a bank might need to be reached over a weekend while financial markets are closed, the current proposals could mean as many as 126 people would have to be consulted.

Financial Times, 16 December 2013

57. A common rule book for the handling of failed banks has been agreed by the EU, following late night talks between negotiators for member states and the European Parliament. The compromise leaves governments with room to launch bailouts, but brings forward the date when losses must be faced by senior creditors. The directive on banking recovery and resolution is one of the EU's most important efforts to shore up uneven national regimes for dealing with troubled banks.

Financial Times, 13 December 2013

58. The European Commission has handed out fines totalling €1.7 billion to six global financial institutions for their roles in forming illegal cartels to rig benchmark interest rates. The largest fine was given to Deutsche Bank (€725 million), whilst RBS was fined €391 million. Both admitted being part of two cartels to rig Euribor and yen Libor. The other four institutions - Société Générale (€446 million-Euribor), JPMorgan (€80 million-yen Libor), Citigroup (€70 million-yen Libor) and broker RP Martin (€247,000-facilitation of yen cartel) - admitted participation in one cartel.

Times, 5 December 2013

59. Following a slight increase in second quarter economic growth in the Eurozone, US fund managers have spent recent months making multi-billion bets on the recovery of Eurozone banks, believing that the stuttering economic recovery in the region will continue and speed up.

Financial Times, 20 November 2013

INTERNATIONAL BANKING

BANK OF AMERICA

60. A settlement between Bank of America and a number of investors in relation to the mis-selling of mortgage backed securities by the bank's Countrywide unit, worth $500 million, has been approved by US judge Mariana Pfaelzer. The settlement is said to resolve over two thirds of the bank's exposure to litigation on the matter.

FT.com, 7 December 2013

GOLDMAN SACHS

61. In a regulatory filing with the US Securities and Exchange Commission, Goldman Sachs revealed that it has joined the list of banks which are co-operating with regulators on their inquiry into potential foreign exchange markets manipulation. In the quarterly filing the bank added currencies and commodities to the list of items being discussed with regulators. The filing also revealed that another $500 million has been set aside for potential litigation connected to reviews by regulators.

Guardian, 8 November 2013

JPMORGAN CHASE

62. JP Morgan has tentatively agreed a settlement worth around $2 billion with US authorities in relation to claims that it failed to notify them of suspicious activity carried out by the jailed fraudster Bernard Madoff. The US bank was Madoff's bank for 20 years during which time he defrauded investors out of $20 billion.

Guardian, 13 December 2013

63. JP Morgan has agreed to pay $13 billion to the US Department of Justice (**"DoJ"**) as part of a settlement "*arising from the packaging, marketing, sale and issuance of residential mortgage-backed securities by JP Morgan, Bear Stearns and Washington Mutual*".

Times, 20 November 2013

INTERNATIONAL GENERAL

64. The US Federal Reserve has announced that it is to taper its monthly asset buying program from the start of 2014, reducing the figure from $85 billion per month, to $75 billion. This will be done by reducing Treasury purchases from $45 billion to $40 billion per month, and reducing mortgage-backed securities from $40 billion to $35 billion per month.

Financial Times, 19 December 2013

65. Amid concerns that smaller lenders may have to incur billions of dollars of losses from having to sell certain assets, clarification is being sought by US banks on an aspect of the new Volcker rule that is in relation to banks' ability to hold certain complex securities. Trust preferred securities (**"TruPS"**) were, in the run-up to the financial crisis, sold by insurance companies and small banks, and repackaged into collateralised debt obligations (**"TruPS CDOs"**). Some banks believe the Volcker rule mandates the sale of remaining TruPS CDO holdings.

Financial Times, 19 December 2013

66. Bloomberg has said that it will introduce new ways to enable banks to oversee the chat functions available on its workstations in a bid to improve its reputation. The move comes as a number of banks have announced limitations on traders sending instant messages in the wake of a number of market manipulation scandals linked to the practice.

Financial Times, 18 December 2013

67. Regulators in the US have voted through the Volcker rule, which is aimed at making it harder for Wall Street's banks to make the kind of risky gambles that could threaten the financial system. Under the rule, banks are banned from using their own accounts to make bets, known as proprietary trading, and chief executives will be held more accountable.

Financial Times, 11 December 2013

68. Newly drafted rules in China that have been designed to limit off-balance sheet lending by domestic banks, have foreign banks in the country warning about the severe "*collateral damage*" that they might suffer. The regulations were drafted by Beijing after interbank loans were used by financial institutions to get around credit controls imposed by the government.

Financial Times, 10 December 2013

69. Changes to the banking levy will see foreign banks pay hundreds of millions more in tax on their balance sheet, after the government changed rules on the levy exemptions that foreign banks can claim on their government-protected retail deposits. The changes mean that billions in assets and liabilities held on non-UK lenders balance sheets will no longer be excluded from the bank levy.

Telegraph, 6 December 2013

70. China's central bank, the People's Bank of China, has said that the digital currency Bitcoin does not have "*real meaning*" and has banned financial institutions from trading in it.

Guardian, 6 December 2013

71. Venture capitalists and entrepreneurs from Silicon Valley's tech industry are increasingly backing virtual currency Bitcoin, believing that instead of just using it as a vehicle for speculation, the biggest profits could arise from using it to build a new digital financial industry. They feel that the common technology standards and shared protocols it has in common with internet technologies could see it become the foundation for a financial system that is low-cost, standards-based and independent of the traditional banking system.

Financial Times, 2 December 2013

72. Leading banks in the US have warned that if the US Federal Reserve cuts the interest that it pays on bank reserves, they may begin charging consumers and companies for deposits. Such a move would be both unusual and, for households and companies, unwelcome.

Financial Times, 25 November 2013

73. A tentative agreement has been reached by some of the biggest banks over the creation of a new electronic bond trading venue, as they look to improve liquidity in the US corporate debt market whilst at the same time keeping control over how the securities change hands. According to people familiar with the project, tens of millions of dollars will be provided by five major banks to fund a new venue on Tradeweb.

Financial Times, 25 November 2013

74. Proposals emerging from both Europe and the US could lead to a reining in of trading in off-exchange venues known as "*dark pools*". In Europe, policy makers agreed in principle that dark pool trading should be capped at eight per cent of each EU stock, whilst in the US, those familiar with talks say brokers could be required by banks and exchanges to offer best available prices for buying or selling a stock to public markets before any trade could be made on an off-exchange venue.

Financial Times, 22 November 2013

75. Raghuram Rajan, the recently appointed governor of the Reserve Bank of India, has promised to carry out a "*dramatic remaking*" of the banking sector in India. This will include an expanded role for foreign banks, a push to shake-up state lenders and an increase in the number of licenses for domestic companies.

Financial Times, 19 November 2013

76. The Federal Reserve's ultra-low interest rates have resulted in major benefits for loosely regulated non-bank lenders, with three specialist categories having seen their assets increase by nearly 60 per cent since the height of the 2008 financial crisis. The lenders, viewed as part of the "*shadow banking*" system, have benefited from the clamour by investors for better returns from riskier lending.

Financial Times, 12 November 2013

77. A global probe into the alleged manipulation of the currencies market has expanded to include the United States. Morgan Stanley and Goldman Sachs now face scrutiny and Barclays has placed three traders based in New York on leave.

Financial Times, 8 November 2013

PRESS RELEASES

78. Financial services super-complainants confirmed by government

The government has confirmed the names of the first consumer representative bodies to be given "*super-complainant*" status for the financial services sector. The four bodies will have the power to present complaints to the FCA if they believe there are features of a financial services market that are, or could be, significantly damaging to the interests of consumers.

HM Treasury, 19 December 2013
https://www.gov.uk/government/news/financial-services-super-complainants-confirmed-by-government

79. Banking Reform Act becomes law

The Banking Reform Bill has received Royal Assent. It plays a key part in the government's plan to create a banking system that supports the economy, consumers and small businesses.

HM Treasury, 18 December 2013
https://www.gov.uk/government/news/banking-reform-act-becomes-law

80. EBA warns consumers on virtual currencies

The EBA has issued a warning on the risks associated with buying, holding, or trading virtual currencies such as Bitcoins. It said that consumers are not protected through regulation when using virtual currencies as a means of payment and may be at risk of losing their money. It also added that as transactions in virtual currency provide a high level of anonymity, they may be misused for criminal activities, including money laundering.

European Banking Authority, 13 December 2013
http://www.eba.europa.eu/-/eba-warns-consumers-on-virtual-currencies

81. Prudential Regulation Authority Practitioner Panel meets for the first time to elect its Chair and Deputy Chair and agree its terms of reference

The PRA has announced the establishment of a Practitioner Panel. The Panel is an independent body representing the interests of the financial services industry, which the PRA is required to set up under the Financial Services and Markets

Act 2000. It has 13 members who were nominated to sit on the Panel by trade associations who represent firms regulated by the PRA.

Bank of England, 12 December 2013
http://www.bankofengland.co.uk/publications/Pages/news/2013/183.aspx

82. Bank of England maintains Bank Rate at 0.5 per cent and the size of the Asset Purchase Programme at £375 billion

The Bank of England's Monetary Policy Committee has voted to maintain the official Bank Rate paid on commercial bank reserves at 0.5 per cent. The Committee also voted to maintain the stock of asset purchases financed by the issuance of central bank reserves at £375 billion.

Bank of England, 5 December 2013
http://www.bankofengland.co.uk/publications/Pages/news/2013/012.aspx

83. The Prudential Regulation Authority sets out key decisions on capital standards

The PRA has announced key decisions on capital standards ahead of the introduction of a new European capital regime next year. These decisions will enhance the stability of the financial sector and strengthen the capital regime in the UK.

Prudential Regulation Authority, 29 November 2013
http://www.bankofengland.co.uk/publications/Pages/news/2013/181.aspx

84. Adjustments to PRA's capital regime for UK banks and building societies

The PRA will extend the capital offset for corporate lending which accompanies the Funding for Lending scheme. It will not extend the capital offset for household lending, which will end on 31 December 2013.

Prudential Regulation Authority, 28 November 2013
http://www.bankofengland.co.uk/publications/Pages/news/2013/178.aspx

85. Bank of England and HM Treasury re-focus the Funding for Lending Scheme to support business lending in 2014

The Bank of England and HM Treasury have announced changes to the terms of the Funding for Lending Scheme (**"FLS"**) extension to re-focus the incentives in the scheme towards supporting business lending in 2014.

HM Treasury, 28 November 2013
https://www.gov.uk/government/news/bank-of-england-and-hm-treasury-re-focus-the-funding-for-lending-scheme-to-support-business-lending-in-2014

86. FCA proposes new rules on dealing commission for investment managers

The FCA has proposed improvements to the rules and new guidance over investment managers' use of client commissions. The changes will ensure that charges paid by consumers for executing trades and related services – known as dealing commission - are fairer and more transparent.

Financial Conduct Authority, 25 November 2013
http://www.fca.org.uk/news/fca-proposes-new-rules-on-dealing-commission-for-investment-managers

87. Government to cap payday loan costs

The Chancellor of the Exchequer has announced that the government will legislate to introduce a cap on the cost of payday loans. The cap will be established through amendments to the Banking Reform Bill.

HM Treasury, 25 November 2013
https://www.gov.uk/government/news/government-to-cap-payday-loan-costs

88. Chancellor confirms independent inquiry into events at Co-op Bank

The Chancellor of the Exchequer has ordered an independent investigation into events at the Co-op Bank and the circumstances surrounding them.

HM Treasury, 22 November 2013
https://www.gov.uk/government/news/chancellor-confirms-independent-inquiry-into-events-at-co-op-bank

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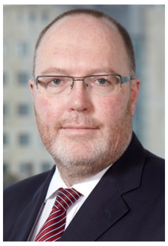

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