

FCA and PRA publish proposals on new regulatory references

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As part of the wider move towards greater accountability in the financial and insurance sectors, and ahead of the new Senior Managers regime coming into effect in March 2016, a joint consultation paper on regulatory references was issued by the PRA and the FCA on 6 October 2015.

The consultation paper proposes changes to references provided in relation to individuals performing certain functions, including but not restricted to those concerned by the Senior Managers regime. It will also apply to individuals performing controlled functions in the insurance sector, as well as some Non-Executive Directors.

Proposals include a requirement to include breaches of the FCA conduct rules, where applicable, going back 6 years. Referees will be required to make a positive affirmation where there is no such information to disclose.

These additional requirements seek to enable employers in financial services and the insurance sector to make a fully informed decision in the recruitment process. It is also significant for referees, as past employers will have to exercise diligence in providing the references. Interestingly, the proposals also specify that firms should not enter into agreements limiting their ability to disclose relevant information, which will no doubt affect settlement negotiations in the sectors.

The PRA and FCA are inviting comments on the proposal until 7 December 2015, and intend to publish a finalised policy statement in early 2016.

Consultation Paper FCA CP15/31 PRA CP36/15, Strengthening accountability in banking and insurance: regulatory references

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