

Compliance & Risk

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UK and EU regulators tussle for final say on O2-Virgin merger

A fight appears to be looming over which regulatory authority will have control of the review of the proposed £31bn merger between Virgin Media and telecoms operator O2.

The UK's Competition and Markets Authority (CMA) is to ask Brussels for full control over the review, arguing that the merger solely affects UK consumers, kicking off what is expected to be a fierce battle over which authority gets the ultimate say on the transaction.

As with all EU competition regulators, the UK can

seek to oversee merger cases that are concentrated in the country. The Virgin Media and O2 transaction, however, crosses size thresholds that allow the European Commission to oversee the case, meaning ultimately it is for Brussels to decide whether it wants to claim jurisdiction.

European officials are expected to want to retain jurisdiction over the proposed tie-up on the grounds that they have historically examined telecoms deals, and that the UK is technically still part of the EU during the transition period.

However, referring to the 31 December deadline for transitioning the UK's exit from the EU, the CMA said, "This important merger will only impact consumers in the UK and, since any review will likely conclude after the transition period, it is only right for the CMA to request it back now".

The withdrawal agreement includes provisions for the EU to rule on UK-related mergers, even if the final decision comes after the end of the transition.

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FCA fines Commerzbank £38m for money-laundering failings

The UK's financial regulator, the Financial Conduct Authority (FCA), fined Commerzbank £38m in June 2020 for money laundering failures, including a malfunctioning system for checking clients.

The regulator said that the German business bank had failed to put money-laundering controls in place over a period of five years, despite having been issued with three separate warnings.

The regulator first took action in 2017, at which point due diligence checks on more than 1,700 clients of Commerzbank's London office were overdue.

Some of the customers concerned were able to carry on transactions with the bank despite the checks not having been completed because of an "out-of-control" system of exceptions, the FCA reported.

Commerzbank's policies and procedures for customer due diligence were found to be inadequate, and the bank had also failed to rectify an automated tool for monitoring money-laundering risks. In 2015, it had been discovered that 40 high-risk countries were missing from the tool, and 1,110 high-risk clients had not been included.

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