

Compliance & Risk

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- New payments regulator will shake up big banks, p.17
- Obama raises concerns over China cyber security regulations, p.19

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Commerzbank makes \$1.45bn money-laundering settlement

A money-laundering investigation into practices at Commerzbank, which has already led to the resignation of its former head of anti-money-laundering compliance and to five other senior employees leaving the bank, has been settled with US authorities for \$1.45bn.

The agreement included an order to fire certain employees accused of being at the centre of the alleged wrongdoing, and incorporated a deferred prosecution agreement in which criminal charges against the bank will be dropped after a fixed period if the lender does not breach the rules again.

The settlement reached brings to an end investigations by the US Department of Justice, New York's Department of Financial Services ('DFS'), and the New York county district attorney, amongst other authorities.

The largest proportion of the settlement (some \$610m) will go to DFS for breaches of both money-laundering and sanctions legislation.

"When there was profit to be made, Commerzbank turned a blind eye to its money-laundering compliance responsibilities", said Benjamin Lawskey, head of DFS. He also noted that employees who had tried to flag potential money-laundering concerns had been accused of 'crying wolf'.

In relation to sanctions violations, Assistant Attorney General Leslie Caldwell said, "Commerzbank concealed hundreds of millions of dollars in transactions prohibited by US sanctions laws on behalf of Iranian and Sudanese businesses". He added, "Banks that ignore the

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CMA updates theories of harm in investigation of GB energy market

In February 2015, the Competition and Markets Authority ('CMA') published an updated issues statement summarising its thinking to date as it pursues its investigation into the British energy market.

The statement shows an adjustment of focus for the investigation, which will now explore more fully the impact that the prescribed regulatory framework has on competition within the industry.

Evidence collated by the CMA thus far, suggests that market power in generation does not appear to lead to higher prices in that the major generators have neither the ability nor the desire to manipulate the market by withdrawing capacity in generation.

And on a similarly positive note for competition, the CMA's initial view of vertical integration within the market suggests that independent suppliers and generators are able to trade in the same way as the 'Big Six' suppliers. The CMA does not think that vertically integrated companies are able to engage with consumers in such a way that would harm the market position of non-integrated suppliers.

That said, the CMA has identified other areas

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