

## Chapter 3

# The nature and procedure of the RDC



### 3.1 The Regulatory Decisions Committee

**3.1.1** G The *Regulatory Decisions Committee (RDC)* is a committee of the *FCA Board*. It is part of the *FCA*. It exercises certain regulatory powers on behalf of the *FCA* and is accountable to the *FCA Board* for its decisions generally.

**3.1.2** G

- (1) The *RDC* is separate from the *FCA's* executive management structure. Apart from its Chairman, none of the members of the *RDC* is an *FCA* employee.
- (2) All members of the *RDC* are appointed for fixed periods by the *FCA Board*. The *FCA Board* may remove a member of the *RDC*, but only in the event of that member's misconduct or incapacity.

**3.1.3** G The *RDC* has its own legal advisers and support staff. The *RDC* staff are separate from the *FCA* staff involved in conducting investigations and making recommendations to the *RDC*.



## 3.2 The operation of the RDC

### RDC meetings and composition of panels

- 3.2.1 **G** The *RDC* meets as often as necessary to discharge its functions. It may do so, in appropriate cases, in writing or by telephone or email or other electronic means. The *RDC* meets in private.
- 3.2.2 **G** The *RDC* may meet as a full committee, but will ordinarily meet in panels. Each meeting of the *RDC* will generally include:
  - (1) its Chairman or a Deputy Chairman (who will chair the meeting); and
  - (2) at least two other members.
- 3.2.3 **G** The composition and size of panels of the *RDC* may vary depending on the nature of the particular matter under consideration. It will be usual for the panel that is to consider the representations and decide whether to give a *decision notice* to comprise the same members of the *RDC* who previously considered the matter. In particularly complex cases, or those raising novel points of law or practice, it might be appropriate for a larger panel to consider the case at both the warning notice and representations stage, and there may still be cases where it is appropriate that the panel is enlarged to include additional *RDC* members at the decision notice stage.

### Conflicts of interest

- 3.2.4 **G** The *RDC* will seek not to invite a member to join a panel to consider a matter in which he has a potential conflict of interest.
- 3.2.5 **G**
  - (1) If a member of the *RDC* has a potential conflict of interest in any matter in which he is asked to participate he will disclose the conflict to the *RDC* Office, and disclose it:
    - (a) in the case of the Chairman of the *RDC*, to the Chairman or Deputy Chairman of the *FCA*; or
    - (b) in the case of a Deputy Chairman of the *RDC*, to the Chairman of the *RDC*, or if he is unavailable to the Chairman or Deputy Chairman of the *FCA*; or
    - (c) in the case of any other member, to the Chairman or a Deputy Chairman of the *RDC*.

(2) If the *person* to whom a conflict has been disclosed in accordance with (1)(a) to (c) considers it reasonable and appropriate, he will require the member of the *RDC* to stand down from consideration of that matter. He may ask another member of the *RDC* to assist him in considering the potential conflict.

3.2.6 **G** The *RDC* Office will record and document all disclosures of potential conflicts of interest and the steps taken to manage them.

**Procedure: general**

3.2.7 **G** The *RDC* will follow the procedure described in this section, but subject to that it will conduct itself in the manner the *RDC* Chairman or a Deputy Chairman considers suitable in order to enable the *RDC* to determine fairly and expeditiously the matter which it is considering.

3.2.8 **G** Each member of the *RDC* present is entitled to vote on the matter under consideration. The chairman of the meeting will have a vote as a member of the *RDC* and will have the casting vote in a tie.

3.2.9 **G** The *RDC* Chairman or a Deputy Chairman may, acting alone, decide:

- (1) matters relating to the arrangements for an *RDC* meeting, including its timing; and
- (2) the composition of the panel to consider a particular matter.

3.2.10 **G** If the *RDC* considers it relevant to its consideration, it may ask *FCA* staff to explain or provide any or all of the following:

- (1) additional information about the matter (which *FCA* staff may seek by further investigation); or
- (2) further explanation of any aspect of the *FCA* staff recommendation or accompanying papers; or
- (3) information about *FCA* priorities and policies (including as to the *FCA*'s view on the law or on the correct legal interpretation of provisions of the *Act*).

3.2.11 **G** The *RDC* has no power under the *Act* to require *persons* to attend before it or provide information. It is not a tribunal and will make a decision based on all the relevant information available to it, which may include views of *FCA* staff about the relative quality of witness and other evidence.

3.2.11A **G** Where a *warning notice* is given on the basis of a *focused resolution agreement*, the RDC shall accept and not in any circumstances depart from the agreed position on the issues set out in that agreement.

**Procedure: warning notices**

3.2.12 **G** If FCA staff consider that action is appropriate in a matter for which the RDC is the decision maker, they will make a recommendation to the RDC that a *warning notice* should be given.

3.2.13 **G** In accordance with ■ DEPP 2.2 the RDC will consider whether it is right in all the circumstances to give the statutory notice.

3.2.14 **G** If the RDC decides that the FCA should give a *warning notice*:

- (1) the RDC will settle the wording of the *warning notice* and will ensure that the notice complies with the relevant provisions of the Act;
- (2) the RDC will make any relevant *statutory notice associated decisions*;
- (3) the RDC staff will make appropriate arrangements for the notice to be given; and
- (4) the RDC staff will make appropriate arrangements for the disclosure of the substantive communications between the RDC and the FCA staff who made the recommendation on which the RDC's decision is based. This may include providing copies in electronic format.

3.2.14A **G** If FCA staff consider that it is appropriate to publish information about the matter to which a *warning notice* falling within section 391(1ZB) of the and given by the RDC Act relates, they will make a recommendation to the RDC that such information should be published.

3.2.14B **G** The RDC will then consider whether it is appropriate in all the circumstances to publish information about the matter to which the *warning notice* falling within section 391(1ZB) of the Act relates. The FCA's policy on publishing such information is set out in ■ EG 6.

3.2.14C **G** If the RDC proposes that the FCA should publish information about the matter to which a *warning notice* falling within section 391(1ZB) of the Act relates:

- (1) the RDC will settle the wording of the statement it proposes the FCA should publish (*warning notice statement*);
- (2) the RDC staff will make appropriate arrangements for the *warning notice statement* it proposes the FCA should publish to be given to the persons to whom the *warning notice* was given or copied;
- (3) the proposed *warning notice statement* will specify the time allowed for the recipient to respond in writing to the RDC. This will normally be 14 days;

- (4) the recipient of a proposed warning notice statement may request an extension of the time allowed for its response. Such a request must normally be made within seven days of the proposed warning notice statement being given; and
- (5) the RDC will not normally grant a request by a person to whom the warning notice statement was given to make his response in person.

**3.2.14D** G If no response to the proposed warning notice statement is received, the FCA will make appropriate arrangements to publish the warning notice statement.

**3.2.14E** G However, if the RDC receives a response from the person to whom the proposed warning notice statement was given, the RDC will consider their response and decide whether it is appropriate in all the circumstances to publish information about the matter to which the *warning notice* relates.

**3.2.14F** G If the RDC decides that the FCA should publish a warning notice statement:

- (1) the RDC will notify the relevant parties (including the relevant FCA staff) in writing of that decision;
- (2) the RDC will settle the wording of the warning notice statement; and
- (3) the FCA will make appropriate arrangements for the warning notice statement to be published.

**3.2.14G** G If the RDC decides that the FCA should not publish a warning notice statement the RDC staff will notify the relevant parties (including the relevant FCA staff) in writing of that decision.

**3.2.14H** G References to the RDC in ■ DEPP 3.2.14A G to ■ DEPP 3.2.14G G are to the Chairman of the RDC panel which issued the *warning notice* or, if he is unavailable, either the Chairman of the RDC or a Deputy Chairman of the RDC.

**Procedure: representations**

**3.2.15** G

- (1) A *warning notice* will (as required by the Act) specify the time allowed for making representations. This will not be less than 14 days.
- (2) The FCA will also, when giving a *warning notice* specify a time within which the recipient is required to indicate whether he wishes to make oral representations.

- 3.2.16** **G** (1) The recipient of a *warning notice* may request an extension of the time allowed for making representations. Such a request must normally be made within seven *days* of the notice being given.
- (2) If a request is made, the Chairman or a Deputy Chairman of the *RDC* will decide whether to allow an extension, and, if so, how much additional time is to be allowed for making representations. In reaching their decision they will take into account all relevant factors including the legal and factual complexity of the case, as well as whether there are any factors outside the control of the *firm* or *individual* that would materially impact on their ability to respond within the period set out in the *warning notice*. They may also take account of any relevant comments from the *FCA* staff responsible for the matter.
- (3) The *RDC* staff will notify the relevant party and the *FCA* staff responsible for the matter of the decision in writing.
- 3.2.17** **G** (1) If the recipient of a *warning notice* indicates that he wishes to make oral representations, the *RDC* staff, in conjunction with the Chairman or a Deputy Chairman of the *RDC*, will fix a date or dates for a meeting at which the relevant *RDC* members will receive those representations.
- (2) In making those arrangements the *RDC* staff will draw the Chairman's or Deputy Chairman's attention to any particular issues about the timing of the meeting which have been raised by the recipient of the notice or the relevant *FCA* staff.
- 3.2.18** **G** The chairman of the relevant meeting will ensure that the meeting is conducted so as to enable:
- (1) the recipient of the *warning notice* to make representations;
  - (2) the relevant *FCA* staff to respond to those representations;
  - (3) the *RDC* members to raise with those present any points or questions about the matter (whether in response to particular representations or more generally about the matter); and
  - (4) the recipient of the notice to respond to points made by *FCA* staff or the *RDC*;
- but the chairman may ask the recipient of the notice or *FCA* staff to limit their representations or response in length or to particular issues arising from the *warning notice*. If the *warning notice* was given on the basis of a *focused resolution agreement*, the recipient will be required to limit their representations to the issues that remain in dispute.
- 3.2.19** **G** The recipient of the *warning notice* may wish to be legally represented at the meeting, but this is not a requirement.
- 3.2.20** **G** In appropriate cases, the chairman of a meeting for oral representations may ask those present to provide additional information in writing after the

meeting. If he does so, he will specify the time within which that information is to be provided.

- 3.2.21 G The *RDC* will not, after the *FCA* has given a *warning notice* meet with or discuss the matter whilst it is still ongoing with the *FCA* staff responsible for the case without other relevant parties being present or otherwise having the opportunity to respond.

**Procedure: decision notices**

- 3.2.22 G If no representations are made in response to the *warning notice*, the *FCA* will regard as undisputed the allegations or matters set out in the notice and the default procedure will apply: see ■ DEPP 2.3.2 G to ■ DEPP 2.3.4 G.

- 3.2.22A G If the *person* subject to enforcement action notifies the *RDC* that they wish to make an expedited reference to the *Tribunal* under ■ DEPP 5.1.8GG, the *RDC* shall decide whether to give a *decision notice* in the light of any representations by any third party under section 393 of the *Act* and any other *interested party* under section 63 or 67 of the *Act* (see ■ DEPP 5.1.8IG).

- 3.2.23 G In any case in which representations are made, in accordance with ■ DEPP 2.3.1 G, the *RDC* will consider whether it is right in all the circumstances to give the *decision notice*.

- 3.2.24 G If the *RDC* decides that the *FCA* should give a *decision notice*:
  - (1) the *RDC* will settle the wording of the notice which will include a brief summary of the key representations made and how they have been dealt with, and will ensure that the notice complies with the relevant provisions of the *Act*;
  - (2) the *RDC* will make any relevant *statutory notice associated decisions*, including whether the *FCA* is required to give a copy of the notice to a third party; and
  - (3) the *RDC* staff will make appropriate arrangements for the notice to be given.

- 3.2.25 G If the *RDC* decides that the *FCA* should not give a *decision notice* the *RDC* staff will notify the relevant parties (including the relevant *FCA* staff) in writing of that decision.

**Discontinuance of FCA action**

- 3.2.26 G *FCA* staff responsible for recommending action to the *RDC* will continue to assess the appropriateness of the proposed action in the light of new information or representations they receive and any material change in the



facts or circumstances relating to a particular matter. It may be therefore that they decide to give a *notice of discontinuance* to a *person* to whom a *warning notice* or *decision notice* has been given. The decision to give a *notice of discontinuance* does not require the agreement of the *RDC*, but *FCA* staff will inform the *RDC* of the discontinuance of the proceedings.

**Tribunal proceedings**

3.2.27

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A decision by the *RDC* to give a *decision notice* may lead to a reference to the *Tribunal* under the *Act*. The conduct of proceedings before the *Tribunal* is not however a matter for the *RDC*.

### 3.3 Straightforward decisions

- 3.3.1** **G** In *statutory notice* cases for which the *RDC* is the decision-maker, the Chairman or a Deputy Chairman of the *RDC* may take a straightforward decision to give the *statutory notice*.
- 3.3.2** **G** The Chairman or, if he is unavailable, a Deputy Chairman will decide whether a decision is straightforward. In doing so he will have regard to all the circumstances. These may include:
- (1) the significance of the decision to those who would be affected by it;
  - (2) its novelty in the light of stated policy and established practice;
  - (3) the complexity of the relevant considerations, including whether representations have been made;
  - (4) the range of alternative options;
  - (5) the extent to which the facts relating to the decision are or may be disputed.
- 3.3.3** **G** The *RDC* Chairman or a Deputy Chairman may, notwithstanding the fact that a decision is straightforward, take the decision to give the *statutory notice* jointly with one or more other members of the *RDC* if he considers it appropriate to do so.