

## Chapter 4

# Enforcement powers



4.1 Application and purpose

Application

4.1.1 G This chapter contains guidance for *issuers*, and *owners* and other persons subject to the *RCB Regulations*.

Purpose

4.1.2 G The purpose of this chapter is to give guidance on the *FCA's* approach to the use of its enforcement powers under the *RCB Regulations* and to set out the *FCA's* policy on the imposition and amount of financial penalties.

## 4.2 Enforcement powers and penalties

4

### The FCA's enforcement powers

- 4.2.1** **G** The *FCA's* approach to the exercise of its enforcement powers will be consistent with its approach in *DEPP* and *EG* so far as appropriate.
- 4.2.2** **G** The *FCA's* exercise of its powers under the *RCB Regulations* is without prejudice to the use of its powers under the *Act* or under other legislation.
- 4.2.3** **G**
- (1) When deciding whether to take enforcement action under Part 7 of the *RCB Regulations*, and what form that enforcement action should take, the *FCA* will consider all relevant factors, including:
    - (a) the relevant factors on decisions to take action set out in ■ *DEPP* 6.2.1 G;
    - (b) whether any contractual or other arrangements agreed between the parties can be used effectively to address any perceived failure under the *RCB Regulations*; and
    - (c) the interests of investors in the relevant *regulated covered bond*.
  - (2) The *FCA* does not normally expect to use its enforcement powers where the *issuer* or the *owner* are in the process of rectifying non-compliance and where they have taken account of the views and interests of investors in the *regulated covered bond*. This is without prejudice to the *FCA's* use of its enforcement powers as a result of its consideration of all relevant factors, as set out in ■ *RCB* 4.2.3 G (1).

### Financial penalties

- 4.2.4** **G** The *FCA's* policy on imposing financial penalties (including the amount of any such penalties) under the *RCB Regulations* will be consistent with the policy as set out in *DEPP* and *EG* with appropriate modifications.
- 4.2.5** **G** When considering whether to impose a financial penalty, the amount of penalty, and whether to impose the penalty on the *issuer* or the *owner*, the *FCA* will have regard, where relevant, to:
- (1) the statement on determining the appropriate level of a financial penalty set out in ■ *DEPP* 6.5 to ■ *DEPP* 6.5D;
  - (2) the particular arrangements between the *issuer* and the *owner*;

- (3) the likely impact of the penalty on the interests of investors in a *regulated covered bond*; and
- (4) the conduct of the *issuer* or the *owner*.