

Compliance & Risk

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Competition regulator to investigate 'big six' energy groups

The UK's big six energy companies have been referred to the Competition and Markets Authority ('CMA') after industry regulator Ofgem raised serious concerns that the market is insufficiently competitive.

The investigation marks the first major referral to the new competition agency and is expected to take up to two years to complete. It comes about as a result of Ofgem scrutiny of the market, which is controlled as to 96% by the six major suppliers - Centrica, Scottish Power, E.ON, EDF Energy, RWE npower and

SSE. Amid public outrage over constantly increasing energy bills, Ofgem reported discovering tacit price co-ordination amongst the six big energy companies. The head of Ofgem, Dermot Nolan, said that the new investigation should "help to build consumer trust and confidence in the energy market".

The energy companies have welcomed the referral as an opportunity to address increasing political criticism, and to rid the market of the idea that the energy suppliers have abused their dominant position by overcharging

customers. Centrica's chief executive, Sam Laidlaw, said "We want an energy market that is trusted by customers, and we believe that an in-depth and thorough review by an independent and respected authority can help to achieve this".

Ofgem has already reached agreement with the 'big six', in June 2014, to make it easier for customers to switch supplier - under the agreement, customers will be able to change supplier in under three days by the end of 2014, and next-day

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Barclays in regulatory hot water on both sides of the pond

Notwithstanding the efforts of Antony Jenkins, Barclay's chief executive, to restore the bank's reputation after a series of scandals, Barclays Plc continues to find itself in the headlines for the wrong reasons.

Barclays is the UK's first bank to have been fined over attempted manipulation of the 95 year old London gold market daily 'fix'. At the end of May 2014, the bank was fined

£26 million by the Financial Conduct Authority ('FCA') in respect of an event that occurred on June 28 2012, just one day after Barclays was fined \$450 million by US and UK regulators in connection with LIBOR rate-rigging. Former Barclays trader, Daniel Plunkett, was banned from trading as a result of the event, which saw him fix the gold price in order to avoid paying \$3.9 million to a customer under an

option - an action which also increased his trading book by \$1.75 million. The bank later compensated the client in full.

The FCA said that Mr Plunkett gave untruthful accounts of his trading activity to both Barclays and to the regulator.

Antony Jenkins said, "We very much regret the situation that led to this set-

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