

FSA Update - 23 April 2012

Upper Tribunal hears challenge to £1.25 million fine for market abuse

The Upper Tribunal has (between 16 April and 20 April) heard a reference in relation to proposed action by the FSA against **Stefan Chaligné**, a former hedge fund manager, for alleged market abuse in 2007 and 2008.

It has also heard associated references pursued by **Patrick Sejean** and **Cheikh Tidiane Diallo**, in relation to their breaches through placing trades on Mr Chaligné's instructions.

Although the FSA's Decision Notices have not been published, it is understood that the FSA decided to fine Mr Chaligné £1.25 million and Mr Sejean £600,000, and to ban Mr Diallo.

Hearings before the Upper Tribunal are due to conclude today (23 April).

Key issues

- Upper Tribunal hears challenge to £1.25 million fine for market abuse
- Upper Tribunal reportedly clears John Pottage of compliance oversight failings
- Senior FSA figures shed more light on FCA and PRA approaches

Upper Tribunal reportedly clears John Pottage of compliance oversight failings

Press reports today (23 April) indicate that the Upper Tribunal, further to hearings in October 2011, has cleared John Pottage, the former chief executive of UBS's wealth division, of failing to adequately supervise employees.

The FSA did not allege that Mr Pottage was involved in active wrongdoing, but sought to fine Mr Pottage £100,000 for alleged failures to adequately supervise employees.

Although the Decision Notice was not published, it is likely that the FSA suggested that Mr Pottage had breached its Statements of Principle for Approved Persons ("APER"). The Tribunal's full decision has not, at time of print, been published.

Final Notices:

The FSA has cancelled the Part IV permission of **Artif Reyaz trading as Insurepay** and **Chris Wilkins trading as Mortgage Resolutions** following failures to pay fees and levies.

<http://www.fsa.gov.uk/static/pubs/final/artif-reyaz.pdf>

<http://www.fsa.gov.uk/static/pubs/final/chris-wilkins.pdf>

The FSA has cancelled the Part IV permission of **Michael Powley** and **P McNulty & Sons** following failures to return Retail Mediation Activities Returns ("RMARs").

<http://www.fsa.gov.uk/static/pubs/final/michael-powley.pdf>

<http://www.fsa.gov.uk/static/pubs/final/p-mcnulty-sons.pdf>

The FSA has refused an application made by **Complete Cover Limited** for **Mr Mohamed Mughal** to occupy various controlled functions on the basis of concerns in relation to fitness and propriety.

<http://www.fsa.gov.uk/static/pubs/final/complete-cover.pdf>

<http://www.fsa.gov.uk/static/pubs/final/mohamed-mughal.pdf>

Senior FSA figures shed more light on FCA and PRA approaches

In a series of speeches given last week, members of senior FSA management have given a further update as to the approach to regulation in particular areas.

In addition to a keynote address given by Lord Turner to an audience in Washington on the social utility of innovation in the financial services sector (on 19 April), Director of Supervision Clive Adamson, Director of Insurance Supervision Julian Adams and Head of Investments Department Linda Woodall have given separate speeches on practical issues relating to the shape of regulation, both currently under the FSA and, next year, under the Financial Conduct Authority ("FCA") and Prudential Regulation Authority ("PRA").

In his presentation on 18 April, Clive Adamson emphasised the FCA's intention to become more forward-looking and to identify and intervene earlier to deal with problems, address the underlying causes of problems, secure meaningful redress for consumers and maintain commitment to the credible deterrence agenda. In his outline of the changes which are proposed to be made to the way in which firms are supervised, he also reiterated previous indications which he and others have given that more intensive supervision will include a greater use of thematic reviews and more engagement between the senior managements of large firms and the FCA.

Julian Adams, addressing a conference on 19 April, gave corresponding commitments as to the intended regulatory priorities of the PRA, emphasising the new regulator's intention to adopt a more judgment-based approach, and how this is expected to interact with the implementation of Solvency II.

Earlier in the week, on 17 April, Linda Woodall gave an update to an audience of intermediaries on the implementation of the Retail Distribution Review ("RDR"). She stated that the implementation of the RDR was not expected to be significantly affected by the changes to regulatory architecture, but gave some further detail around specific

areas of the RDR which have been the subject of recent amended guidance and rules, including adviser charging, independent and restricted advice and the use of centralised investment propositions.

<http://www.fsa.gov.uk/portal/site/fsa/menuitem.10673aa85f4624c78853e132e11c01ca/?vgnextoid=62042dd6fbac6310VgnVCM20000044bc10acRCRD&vgnnextchannel=e17f60f62b415310VgnVCM10000044bc10acRCRD&vgnextfmt=default>

<http://www.fsa.gov.uk/library/communication/speeches/2012/0419-ja.shtml>

<http://www.fsa.gov.uk/library/communication/speeches/2012/0418-ca.shtml>

<http://www.fsa.gov.uk/library/communication/speeches/2012/0417-lw.shtml>

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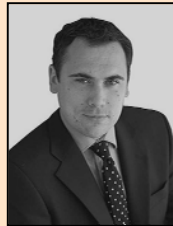
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