

This week at the UK regulators

Thirty second guide: The week in overview

In an active week, the FCA has secured its third guilty plea in proceedings arising from its large scale Operation Tabernula, the largest ever investigation it has pursued in respect of insider dealing. In an important set of final notices underlining its commitment to identifying and punishing examples of poor culture within institutions, it has imposed financial penalties and partial prohibition orders on three former senior executives for their part in overseeing a sales strategy that resulted in misselling of add-on insurance products. Away from enforcement developments, it has shown continued pragmatism in support of its pursuit of redress for investors in a failed fund, extending its support for negotiations aimed at avoiding the need for other, more formal, redress schemes.

Further afield, following close collaboration, the Chinese and Hong Kong securities regulators have signalled that new arrangements for mutual access to exchanges in Hong Kong and Shanghai will commence on 17 November. The new arrangements are likely to continue to cement ties between the regulators and to lead to continuing increases in levels of cooperation in supervisory and enforcement contexts.

Former trader pleads guilty to insider dealing

The FCA has (on 7 November) issued a statement indicating that Mr Julian Rifat, a former trader, has pleaded guilty to an indictment reflecting eight instances of insider dealing. He is the third individual to plead guilty to insider dealing offences arising from Operation Tabernula, the most complex ever insider dealing investigation undertaken by the FSA or FCA. Mr Rifat will be sentenced in the New Year.

<http://www.fca.org.uk/news/former-moore-capital-trader-pleads-guilty-to-insider-dealing>

FCA fines and bans individuals for culture failings

The FCA has (on 5 November) fined Mr Peter Halpin, Mr Anthony Clare and Mr Nicholas Bowyer, the former Chief Executive, Finance Director and Marketing Director of Swinton Group Limited ("Swinton") a total of £928,000 and issued partial prohibition orders in respect of each of them for failings relating to a sales strategy that led to widespread misselling of insurance add-on products.

Together, the notices are amongst the clearest indications yet of the FCA's focus on culture, particularly where failings impact on consumers' interests. They follow the imposition of a financial penalty of £7.38 million on Swinton in July 2013 (see This week at the UK regulators, 22 July 2013).

<http://www.fca.org.uk/static/documents/final-notices/peter-joseph-halpin%20.pdf>

<http://www.fca.org.uk/static/documents/final-notices/anthony-peter-clare.pdf>

<http://www.fca.org.uk/static/documents/final-notices/nicholas-bowyer.pdf>

<http://www.fca.org.uk/static/documents/final-notices/swinton-group-limited.pdf>

<https://onlineservices.cliffordchance.com/online/freeDownload.action?key=OBWlbFgNhLNomwBI%2B33QzdFhRQAhp8D%2BxrlGRel2crGqLnALtlyZezV5D268UeOWNkl6KnJSfa3p%0D%0A5mt12P8Wnx03DzsaBGwsIB3EVF8XihbSpJa3xHNE7tFeHpEbaelf&attachmentsize=158477>

FCA extends support for Connaught negotiations

The FCA has (on 5 November) issued an update in respect of its position on the negotiations being pursued on behalf of investors in the Connaught Income Series 1 Fund. The FCA had previously indicated (in July 2014) that it was prepared to support the ongoing negotiations until 31 October, but has now stated that it will do so until January 2015. The update is the latest in a series of statements warning investors of the risks of investing in the funds and supporting a negotiated alternative to other more lengthy and expensive schemes which could be pursued to provide redress.

The statement came on the same day as the judgment was handed down in proceedings in the High Court in respect of claims brought by investors in the fund. The Court decided that claims brought by individual investors under sections 150 or 138D of the Financial Services and Markets Act 2000 may be assigned to the liquidator of the fund. Those claims remain to be determined by the Court in those proceedings.

<http://www.fca.org.uk/news/financial-conduct-authority-statement-on-connaught>

<http://www.fca.org.uk/news/consumers/connaught-income-funds>

Case reference: *Connaught Income Fund Series 1 (In Liquidation) v Capita Financial Managers Ltd [2014] EWHC 3619 (Comm)*

FCA imposes temporary prohibition on short selling

On 5 November, the FCA imposed a temporary prohibition on short selling in shares in Portugal Telecom SGPS S.A. The prohibition, imposed following action taken by the Portuguese regulator, lapsed at the end of the trading day on 5 November.

<http://www.fca.org.uk/news/temporary-prohibition-of-short-selling-portugal-telecom>

FCA warnings

Name of firm	Date of warning	Details
BlackRock Wealth Partners / BlackRock Wealth / BlackRock Wealth Group / BlackRock-Wealth SA	7 November 2014	Clone firm http://www.fca.org.uk/news/warnings/blackrock-wealth-partners-clone
Taito Securities Group	5 November 2014	Not authorised http://www.fca.org.uk/news/warnings/taito-securities-group
Prime Financial Management Services Limited	5 November 2014	Not authorised http://www.fca.org.uk/news/warnings/prime-financial-management-services-limited
Wolffe Commodities	4 November 2014	Not authorised http://www.fca.org.uk/news/warnings/wolffe-commodities
Aspen Greene Ltd	4 November 2014	Not authorised http://www.fca.org.uk/news/warnings/aspen-greene-ltd

The Cash Monkey Ltd	4 November 2014	Not authorised http://www.fca.org.uk/news/warnings/the-cash-monkey-ltd
Goldman Potts Limited	3 November 2014	Not authorised http://www.fca.org.uk/news/warnings/goldman-potts-limited

Policy developments			
FCA		PRA	
Finalised policy and guidance			
		Implementation/effective date	
Policy statements	<p>Further to a consultation paper in July 2014 (CP 14/12), the FCA has (on 7 November) issued a policy statement (PS14/15) summarising feedback and setting out changes to the Disclosure and Transparency Rules to remove the requirement under the Transparency Directive to publish interim management statements.</p> <p>http://www.fca.org.uk/static/documents/policy-statements/ps14-15.pdf</p> <p>http://www.fca.org.uk/static/documents/consultation-papers/cp14-12.pdf</p>	7 November 2014	

	<p>Further to a joint consultation paper published in September 2014 (FCA CP 14/19 / PRA CP 17/14), the FCA and PRA have (on 7 November) published a joint policy statement (FCA PS 14/14 / PRA PS 11/14) detailing the finalised version of amended rules contained within the Supervision manual relating to high earners and benchmarking information.</p> <p>http://www.fca.org.uk/static/documents/consultation-papers/cp14-19.pdf</p> <p>http://www.fca.org.uk/static/documents/policy-statements/ps14-14.pdf</p> <p>http://www.fca.org.uk/your-fca/documents/policy-statements/ps14-14</p>	7 November 2014		See opposite
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Further Afield

Hong Kong and Chinese regulators approve launch of cross-border trading scheme

The Hong Kong Securities and Futures Commission and China Securities Regulatory Commission have (on 10 November) announced that, having completed all necessary preparatory measures and testing, they have approved the launch of the Shanghai-Hong Kong Connect pilot scheme, which will provide mutual access to both

stock exchanges. They have announced that trading will commence on 17 November. The announcement follows close collaboration between the authorities, including the signing of a new memorandum of understanding in relation to arrangements for co-operation and enforcement (see This week at the UK regulators, 20 October 2014).

<http://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/corporate-news/doc?refNo=14PR136>

<https://onlineservices.cliffordchance.com/online/freeDownload.action?key=OBWIbFgNhLNomwBI%2B33QzdFhRQAhp8D%2BxrlGRel2crGqLnALtlyZeZdYWtLg1xCf9IUc6P%2F1wanp%0D%0A5mt12P8Wnx03DzsaBGwsIB3EVF8XihbSpJa3xHNE7tFeHpEbaelf&attachmentsize=123099>

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