

This week at the UK regulators

Thirty second guide: The week in overview

The main enforcement developments last week were the first appearance of a former senior executive of a listed company in connection with charges of insider dealing and the refusal by the FCA of an application for approval of an individual based on concerns about his previous involvement in breaches of trading rules.

In separate important disclosures, the FCA released statistics showing successive increases in the numbers of suspicious transaction reports released over the past seven years and put its commitment to greater transparency in relation to its policy of the use of attestations into action with the release of information attestations made during 2014.

Away from the FCA, the Treasury Select Committee has released details of agreements reached between the FSA and banks in 2012 and 2013 in relation to past business reviews and redress exercises concerning interest rate hedging products.

Further afield, in a stark illustration of differences of approach of regulators and courts to misconduct in the financial services sector, a Chinese court has imposed a suspended death sentence on one individual and a sentence of life imprisonment on another for mis-selling of wealth management products.

Individual appears in court on insider dealing charges

The FCA has (on 11 February) reported that Mr Ryan Wilmott, the former Group Reporting and Financial Manager for Logica PLC, has appeared at Westminster Magistrates' Court in respect of three counts of insider dealing contrary to section 52 of the Criminal Justice Act 1993. The charges relate to alleged insider dealing in shares in Logica PLC in May and June 2012. No further details have been released at this stage.

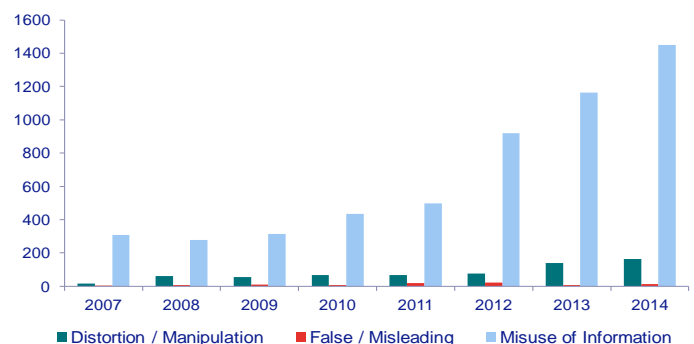
<http://www.fca.org.uk/news/former-group-reporting-and-financial-planning-manager-for-logica-plc-appears-in-court>

Suspicious transaction reports continue to rise

The FCA has (on 10 February) released statistics showing significant and successive rises in numbers of suspicious transaction reports (STRs) submitted since 2007. The figures show that a total of 1,626 STRs were submitted during 2014, compared with only 328 in 2007. Throughout the period covered by the statistics, the majority of STRs related to suspicions about the misuse of inside information, with only a relatively small proportion relating to distortion

and manipulation or the dissemination of false or misleading information.

Suspicious transaction reports (STRs) received by the FCA - February 2015



<http://www.fca.org.uk/static/documents/number-of-suspicious-transaction-reports.pdf>

FCA releases details of attestations

The FCA has given the clearest indication yet of its more transparent approach to the use of attestations as a regulatory tool. On 13 February, it released for the first time statistics breaking down the numbers of attestations required of firms during 2014 by sector and by type of firm. The figures show that most attestations during 2014 were required of firms in the wholesale and investment

management and long term savings and pensions sectors and that approved persons at firms classified as "C2", the tier below those with the largest customer numbers and those with the most significant market presence were the most likely to be required to give attestations.

The FCA has stated that it will publish similar statistics on a quarterly basis. Its decision to do so, and its commitment to greater transparency in this area, follows concerns raised by the outgoing Chair of the FCA Practitioner Panel about the circumstances of their use (see This week at the UK regulators – 2 September 2014).

<http://www.fca.org.uk/about/what/regulating/how-we-supervise-firms/attestations>

<https://onlineservices.cliffordchance.com/online/freeDownload.action?key=OBWlbfqNhlNomwBI%2B33QzdFhRQAhp8D%2BxrlGRel2crGqLnALtlyZe5qZK%2BzTancAZk8ZLj4%2F1Lp%0D%0A5mt12P8Wnx03DzsaBGwslB3EVF8XihbSpJa3xHNE7tFeHpEbaelf&attachmentsize=140553>

Treasury Select Committee publishes key interest rate swap agreements

The Treasury Select Committee has (on 12 February) published the terms of the agreement entered into by the FSA in 2012 with nine banks by which they agreed to undertake a past business review and redress exercise in relation to sales by them of interest rate hedging products. An accompanying letter from the then Director of Supervision of the FSA, Mr Clive Adamson and a supplementary agreement entered into between the FSA and banks in 2013 have also been released.

http://www.parliament.uk/documents/commons-committees/treasury/the_January_letter.pdf

[http://www.parliament.uk/documents/commons-committees/treasury/Pro_Forma_Agreement_and_Undertaking_\(June%202012\).pdf](http://www.parliament.uk/documents/commons-committees/treasury/Pro_Forma_Agreement_and_Undertaking_(June%202012).pdf)

[http://www.parliament.uk/documents/commons-committees/treasury/Supplemental_Agreement_\(01.02.2013\).pdf](http://www.parliament.uk/documents/commons-committees/treasury/Supplemental_Agreement_(01.02.2013).pdf)

<http://www.parliament.uk/business/committees/committees-a-z/commons-select/treasury-committee/news/treasury-committee-publishes-agreement-between-fca-and-banks-on-irhp-review/>

Final Notices

The FCA has (on 10 February) refused an application made by JB Drax Honore (UK) Limited for the approval of Mr Rogerio Pinto to occupy the CF30 (Customer) function. The FCA based its decision on concerns as to his fitness and propriety linked to his involvement in a transaction breaching LIFFE trading procedures in October 2013 and on its findings in relation to Mr Pinto's understanding of the regulatory framework.

<http://www.fca.org.uk/static/documents/final-notice/rogerio-pinto.pdf>

The FCA has (on 12 February) cancelled the permission of LAFM Limited (formerly known as Lloyd Anderson Financial Management Limited) for failing to notify the FCA of a change to its principal place of business.

<http://www.fca.org.uk/static/documents/final-notice/lafm-limited.pdf>

FCA warnings

Name of firm	Date of warning	Details
Pathfinder Capital Limited	13 February 2015	Not authorised http://www.fca.org.uk/news/warnings/pathfinder-capital-limited
FTG GmbH aka Germany Financel Ltd	12 February 2015	Not authorised http://www.fca.org.uk/news/warnings/ftg-gmbh-aka-germany-financel-ltd

Eclips Property Bond Limited	12 February 2015	Not authorised http://www.fca.org.uk/news/warnings/eclips-property-bond-limited
Ownbrix Client Services Limited/ Ownbrix International Ltd t/a Ownbrix	10 February 2015	Not authorised http://www.fca.org.uk/news/warnings/ownbrix-client-services-limited
Douglas Cooper Associates	10 February 2015	Not authorised http://www.fca.org.uk/news/warnings/douglas-cooper-associates

Further Afield

Chinese court imposes suspended death sentence for misselling

Press reports indicate that a court in Shanghai has (on 12 February) imposed a suspended death sentence on Ms Chen Yi, the former Chief Executive of broker Shanghai Fanxin Insurance for selling illegal wealth management

products to approximately 4,400 investors, who are estimated to have suffered losses of approximately 800 million Yuan (approximately £83.3 million). The action followed an investigation carried out by the China Securities Regulatory Commission. Chen Yi was extradited back to China in 2013 having travelled to Fiji, and is expected to now be imprisoned for life. A senior adviser, Jiang Jie, was also sentenced to life imprisonment in connection with involvement in the sale of illegal products.

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