

This week at the UK regulators

Thirty second guide: The week in overview

The main enforcement development last week was the sentencing of two individuals for insider dealing, with both receiving suspended sentences and unpaid work requirements. The FCA also announced that it has issued a Warning Notice to an individual in connection with regulatory enforcement proceedings for market abuse. In a separate case, it issued a "cold shoulder" notice in respect of two individuals following action by the Takeover Panel.

Further afield, in the UK, the government issued a paper inviting views from corporate entities about ways in which corporate criminal liability may be extended, whilst the US Department of Justice announced that a second foreign exchange trader has pleaded guilty to conspiring to fix prices and a further three individuals have been indicted in connection with the investigation.

Two individuals sentenced in FCA insider dealing case

Following a prosecution by the FCA, Mr Manjeet Mohal and Mr Reshim Birk have received suspended sentences of 10 months' and 16 months' imprisonment respectively and ordered to complete 180 and 200 hours of community work respectively. Mr Mohal was convicted in respect of two counts of insider dealing and Mr Birk was convicted in respect of one count of the same offence. A confiscation order in the sum of £162,876.69 was made against Mr Birk, the recipient of the inside information in question.

<https://www.fca.org.uk/news/press-releases/two-sentenced-insider-dealing-case>

FCA announces details of market abuse Warning Notice issued to individual

The FCA has (on 13 January) released details of a Warning Notice issued to an unnamed individual, stated to have been a bond trader employed by a bank. The notice sets out the FCA's findings that the individual engaged in market abuse contrary to section 118(5) of the Financial Services and Markets Act 2000 (manipulating transactions) on 12 instances in July and August 2014 by entering "best bid" or "best offer" quotes for government bonds on an inter-dealer trading platform. The enforcement proceedings against the individual are ongoing.

<https://www.fca.org.uk/publication/warning-notices/warning-notice-statement-17-1-individual.pdf>

FCA issues statement on Takeover Panel "Cold-Shouldering"

The FCA has (on 11 January 2017) published a statement following the statement issued by The Panel on Takeovers and Mergers on 10 January 2017 in connection with the "cold-shouldering" of Mr Arthur Morton and Mr John Garner. "Cold-shouldering" effectively means that no FCA-regulated entity can act for these individuals on any transaction subject to the Takeover Code.

The FCA used its statement to draw attention to the provisions of Chapter 4.3 of the Code of Market Conduct ("MAR"), which relate to "cold-shouldering". It has stated that regulated firms should not deal with these two individuals, or their principals, on any transactions to which the Takeover Code applies. The FCA has reminded regulated firms that it expects them to inform all approved persons that they should not deal with these individuals on such transactions and that a breach of MAR 4.3 may leave a firm and any individuals involved open to enforcement action.

<https://www.fca.org.uk/publication/corporate/statement-on-takeover-panel-cold-shouldering.pdf>

FCA warnings

Name of firm	Date of warning	Details
Diamond Loans	13 January 2017	Clone firm https://www.fca.org.uk/news/warnings/diamond-loans-clone
Belmont Group/Belmont Wealth Advisory	13 January 2017	Not authorised https://www.fca.org.uk/news/warnings/belmont-group-belmont-wealth-advisory
Diamond Loans	13 January 2017	Clone firm https://www.fca.org.uk/news/warnings/diamond-loans-clone
Rhine & Associates/ Rhine Associates	12 January 2017	Not authorised https://www.fca.org.uk/news/warnings/rhine-associates
Colbert & Welling	11 January 2017	Not authorised https://www.fca.org.uk/news/warnings/colbert-welling
Liffe Exchange	11 January 2017	Clone firm https://www.fca.org.uk/news/warnings/liffe-exchange-clone
Capital Value Brokers	10 January 2017	Not authorised https://www.fca.org.uk/news/warnings/capital-value-brokers
Savage Finance Limited	10 January 2017	Not authorised https://www.fca.org.uk/news/warnings/savage-finance-limited
Cash Float	9 January 2017	Clone firm https://www.fca.org.uk/news/warnings/cash-float-clone
Firecrest Limited	9 January 2017	Clone firm https://www.fca.org.uk/news/warnings/firecrest-limited-clone
Little Loans Limited	9 January 2017	Clone firm https://www.fca.org.uk/news/warnings/little-loans-limited-clone

Further Afield

UK government invites views on extension of corporate criminal liability

The UK government has (on 13 January) issued a much anticipated call for evidence exploring various possibilities in relation to the extension of corporate criminal liability. At present, corporate entities may be criminally liable for failures to prevent bribery under section 7 of the Bribery Act 2010. This offence will soon be supplemented by that of failure to prevent the facilitation of tax evasion under the provisions of the Criminal Finances Bill, which is currently working its way through Parliament. The paper released by the UK government sets out a number of ways in which the law could be changed to provide for criminal liability for corporate entities in respect of a much wider range of economic offences (namely fraud, false accounting and money laundering offences), addressing a long standing difficulty with attributing the conduct of individuals to corporate entities under the law as it currently stands. The paper, which acknowledges the substantial changes made in recent years in the financial services sector through, in particular, the introduction of the Senior Managers and Certification Regimes, has invited responses by 24 March 2017.

https://consult.justice.gov.uk/digital-communications/corporate-liability-for-economic-crime/supporting_documents/corporateliabilityforeconomiccrimeconsultationdocument.pdf

US: Second FX trader pleads guilty to antitrust conspiracy

The US Department of Justice has (on 12 January 2017) announced that a second foreign currency exchange dealer has pleaded guilty to conspiring to fix prices.

Mr Christopher Cummins was a dealer of Central and Eastern European, Middle Eastern and African (CEEMEA) currencies on the FX desk of a New York-based financial institution. Mr Cummins and FX dealers at competing institutions were alleged to have conspired to suppress and eliminate competition by fixing prices in CEEMEA currencies between approximately January 2007 and July 2013.

In addition to the guilty plea entered by Mr Cummins, another FX dealer pleaded guilty on 4 January 2017 to

fixing prices of CEEMEA currencies. Three other individuals were charged on 10 January 2017 with allegations of conspiring to fix prices and rig bids in the Euro / US Dollar currency pair.

<https://www.justice.gov/opa/press-release/file/925391/download>

Contacts

Roger Best
Partner

E: roger.best
@cliffordchance.com

Helen Carty
Partner

E: helen.carty
@cliffordchance.com

Carlos Conceicao
Partner

E: carlos.conceicao
@cliffordchance.com

Dorian Drew
Partner

E: dorian.drew
@cliffordchance.com

Jeremy Kosky
Partner

E: jeremy.kosky
@cliffordchance.com

Rae Lindsay
Partner

E: rae.lindsay
@cliffordchance.com

Michael Lyons
Partner

E: michael.lyons
@cliffordchance.com

Kelwin Nicholls
Partner

E: kelwin.nicholls
@cliffordchance.com

Judith Seddon
Partner

E: judith.seddon
@cliffordchance.com

Luke Tolaini
Partner

E: luke.tolaini
@cliffordchance.com

Editors

Chris Stott
Lawyer

E: chris.stott
@cliffordchance.com

Jason Epstein
Lawyer

E: jason.epstein
@cliffordchance.com

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www.cliffordchance.com

Clifford Chance, 10 Upper Bank Street, London, E14 5JJ

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