

FSA Update

Last week at the FSA:-

£100,000 market abuse fine and ban confirmed for former managing director

The FSA has (on 8 October) issued a Final Notice to **John Blake**, the former managing director of Welcome Financial Services Limited ("Welcome"), imposing a financial penalty of £100,000 on him and prohibiting from performing any function in relation to any regulated activity.

The FSA issued a Decision Notice to Mr Blake in January 2012 at the same time as it issued Final Notices to several of his co-directors, Welcome, and its subsidiary Cattles plc (now Cattles Limited – "Cattles") (see FSA Update – 3 April 2012). He had referred the matter to the Upper Tribunal, but withdrew his reference in September.

The FSA took action against him as it found that he had engaged in market abuse under section 118(7) of the Financial Services and Markets Act 2000 ("FSMA") and had been knowingly concerned in breaches by Welcome of Principle 3 (management and control) of the FSA's Principles for Businesses by allowing false and misleading statements in relation to the quality of Welcome's loan book.

The penalty imposed on Mr Blake was reduced from £400,000 as he was able to show that a penalty at that level would cause him serious financial hardship.

<http://www.fsa.gov.uk/static/pubs/final/john-blake.pdf>

<https://onlineservices.cliffordchance.com/online/freeDownload.action?key=OBWlbFgNhLNomwBl%2B33QzdFhRQAhp8D%2BxrlGRel2crGqLnALtlyZez9Ql8EUn2uV7SqWBWY%2Bn5%2Fp%0D%0A5mt12P8Wnx03DzsaBGwsIB3EVF8Xi hbSpJa3xHNE7tFeHpEbaelf&attachmentsize=150955>

Lord Turner warns of difficult times ahead

In his fourth Mansion House speech, Lord Turner has (on 11 October) given a frank account of his view of the causes of the financial crisis and the areas where regulation of financial services has failed in the past. In what is likely to be the last Mansion House speech before the transfer of the FSA's functions to the Financial Conduct and the Prudential Regulation Authority, the latter of which he will

head, he described the apparent lack of major threats to stability in the first eight years of the FSA's existence, and the "multiple failures in policy and practice" which caused the crisis which followed. He summarised how he expects the changes to rules on capital liquidity and regulatory structure which have been made, combined with necessary changes to the culture of regulators and regulated alike will help to avoid a repetition of the crisis in future. He concluded that significant challenges remain, particularly in managing the tensions which frequently arise between more effective regulation and ensuring a transition to economic growth.

<http://www.fsa.gov.uk/library/communication/speeches/2012/1011-at.shtml>

Key issues

- £100,000 market abuse fine and ban confirmed for former managing director
- Lord Turner warns of difficult times ahead

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