

This week at the UK regulators

Thirty second guide: The week in overview

In a week of little enforcement action in the UK, the main development was the FCA's publication of a Final Notice against the former compliance officer of Keydata Investment Services Limited. The FCA imposed a public censure and prohibition order on Peter Francis Johnson in respect of breaches between July 2005 and June 2009 of Principles for Approved Persons 1 and 4.

In other developments, the FCA published a consultation paper about proposed changes to the Client Assets and Collective Investment Schemes sourcebooks and the PRA published a policy statement and revised supervisory statement about changes to audit committee requirements.

Further afield, the Hong Kong Securities and Futures Commission announced the completion of restoration payments to investors affected by the Tiger Asia Management LLC insider dealing case, as well as the Commission's entry into a memorandum of understanding with the US Financial Industry Regulatory Authority for mutual assistance in cross-border supervision and oversight. The US Securities and Exchange Commission made further announcements of more than US\$5 million in awards to whistleblowers, bringing payments in the past 10 days to US\$10 million.

FCA censures and bans former compliance officer

The FCA has (on 19 May) published a Final Notice issued to Peter Francis Johnson, the former compliance officer of Keydata Investment Services Limited, imposing a public censure and a prohibition order on him in respect of breaches of Principles 1 and 4 of the Statements of Principle for Approved Persons between July 2005 and June 2009. The notice refers to steps taken in relation to the sale of life settlement policies to investors and statements made to the FSA during its investigation. The FCA accepted that the imposition of a financial penalty of £200,000 (as proposed in its May 2015 Decision Notice) would cause him serious financial hardship. The Final

Notice follows the withdrawal of a reference to the Upper Tribunal previously pursued by Mr Johnson. Tribunal proceedings continue in respect of references pursued by Stewart Ford (former CEO of Keydata) and Mark Owen (former sales director of Keydata). The FCA issued Decision Notices to them in May 2015 setting out its decision to fine them £75 million and £4 million, respectively.

<https://www.fca.org.uk/static/documents/final-notice/peter-francis-johnson.pdf>

<http://www.fca.org.uk/news/press-releases/fca-published-decision-notice-three-former-members-keydatas-senior-management>

FCA warnings

Name of firm	Date of warning	Details
Unsecured Loan Call Me	19 May 2016	Clone firm http://www.fca.org.uk/news/warnings/unsecured-loan-call-me-cc

Unsecured Loan For All / Unsecured Loan 4 All	19 May 2016	Clone firm http://www.fca.org.uk/news/warnings/unsecured-loan-for-all-cc
Sameday Loans	19 May 2016	Not authorised http://www.fca.org.uk/news/warnings/sameday-loans-cc
Woolworth Investment International/Woolworth Investment	17 May 2016	Clone firm http://www.fca.org.uk/news/warnings/woolworth-investment-international-clone

Policy developments

FCA		PRA	
Finalised policy and guidance			
		Implementation/effective date	
Policy statements			<p>The PRA has (on 18 May) published a policy statement (PS16/16) and accompanying revised supervisory statement (SS21/15) in respect of changes to audit committee requirements for PRA-regulated firms under the revised Statutory Audit Directive.</p> <p>http://www.bankofengland.co.uk/p/ra/Documents/publications/ps/2016/ps1616.pdf</p> <p>http://www.bankofengland.co.uk/p/ra/Documents/publications/ss/2016/ss2115update.pdf</p>

Proposed development			
		Deadline for responses	
Consultation papers	<p>The FCA has (on 19 May) published a consultation paper (CP16/14) setting out its proposed changes to the Client Assets sourcebook (CASS) and the Collective Investment Schemes sourcebook (COLL), following the adoption of the Undertakings for Collective Investment in Transferable Securities V Level 2 Regulation.</p> <p>http://www.fca.org.uk/static/documents/consultation-papers/cp16-14.pdf</p>	19 July 2016	

Further Afield

SFC announces distribution of restoration payments to investors affected by insider dealing case

The Hong Kong Securities and Futures Commission has (on 19 May) announced that court-appointed administrators have completed the distribution of HK\$43.7 million in restoration payments to more than 1,500 investors affected by the insider dealing of Tiger Asia Management LLC and two of its senior officers, Bill Hwang and Raymond Park. The payments follow admissions by the Tiger Asia parties in proceedings brought in December 2013 by the SFC, following an investigation that included the cooperation of the US Securities and Exchange Commission.

<http://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=16PR46>

SFC announces MOU with FINRA for cross-border supervision and oversight

The SFC has (on 20 May) announced that it entered into a memorandum of understanding with the US Financial Industry Regulatory Authority, effective 9 May 2016. The MOU provides for mutual assistance in the supervision and

oversight of regulated entities that operate on a cross-border basis in Hong Kong and the US.

<http://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=16PR47>

http://www.sfc.hk/web/EN/files/ER/PDF/MOU/MOU_FINRA_May%202016.PDF

Six US agencies publish proposed rule to limit incentive-based pay that encourages inappropriate risk-taking

The US Securities and Exchange Commission, US Federal Reserve Board of Governors and four other US federal agencies have (on 16 May) published for comment by 22 July 2016 a proposed rule to prohibit incentive-based compensation arrangements that encourage inappropriate risks at covered financial institutions. The proposal applies to institutions with total assets of US\$1 billion or more and sets out requirements of their senior executive officers and employees who are significant risk-takers.

<http://www.sec.gov/news/pressrelease/2016-89.html>

<https://www.sec.gov/rules/proposed/2016/34-77776.pdf>

SEC announces more than US\$5 million in further whistleblower awards

The US Securities and Exchange Commission has (on 17 and 20 May) announced two awards to whistleblowers, further to its announcement last week of a US\$3.5 million award. The SEC will award US\$5-6 million to a former company insider, whose detailed tip was considered vital to the SEC's discovery of securities violations, and more than US\$450,000 to two individuals for their tip leading to, and ongoing assistance with, a corporate accounting investigation. These awards bring the total paid to more than US\$10 million in 10 days and US\$68 million since the inception of the SEC's whistleblower scheme in 2011.

<http://www.sec.gov/news/pressrelease/2016-91.html>

<http://www.sec.gov/news/pressrelease/2016-94.html>

<http://www.sec.gov/news/pressrelease/2016-88.html>

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

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

Scott Girvin
Senior Associate

E: scott.girvin
@cliffordchance.com

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

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