

COMPLIANCE UPDATER

Regulatory and compliance news in brief

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H2O funds suspended by French regulator.

France's markets regulator (AMF) has forced H2O Asset Management to suspend a series of funds due to over exposure to hard-to-sell assets. The London-based subsidiary of French bank Natixis had more than three times the allowed level of illiquid bonds in its €3.5bn Multi Bonds funds.

Thirteen sued over £178m alleged fraud at LCF.

Administrators at Smith and Williamson of bankrupt London Capital & Finance (LCF) have launched lawsuits against thirteen individuals. The administrators claim that ten of the thirteen 'misappropriated' bondholders' money with spending including nightclub memberships and a helicopter.

Insurers lose FCA Covid 19 legal case.

Judges found in favour of claimants on the majority of key issues in a legal case brought by the Financial Conduct Authority (FCA) on the claimants' behalf. The case concerned whether business interruption policies should pay out based on the Covid 19 pandemic and the conclusions could impact as many as three-hundred and seventy-thousand policyholders.

Deloitte fined for audit lapses.

After a failure to act with integrity, objectivity, or professional scepticism in the audit of Autonomy, an independent tribunal concluded Deloitte should pay a fine of £15m plus legal costs of £5.6m. The serious misconduct also saw two audit partners fined £500,000 and £250,000 – both have already left Deloitte.

Big four in joint ESG reporting initiative.

The leaders of the big four accounting firms came together in a joint initiative to provide a reporting framework on environmental, social and governance (ESG) standards. The framework has twenty-one core metrics and thirty-four extended metrics, covering issues ranging from emissions to pay and gender ratios.

FinCEN SARs leaked.

Buzzfeed News in co-operation with the International Consortium of Investigative Journalists (ICIJ) revealed the so-called “FinCEN files”. The files contain over two-thousand suspicious activity reports (SARs) that were submitted to the US Financial Crimes Enforcement Network (FinCEN) in the period from 1999 to 2017. Amounting to a tiny proportion of the total number of SARs submitted to FinCEN, the files relate to a range of different banks, people and organisations and continue to be analysed and reported upon.

JPMorgan Chase agrees a \$920m settlement over spoofing.

JPMorgan Chase agreed a \$920m settlement with US authorities for manipulating precious metals and Treasuries by spoofing. Spoofing involves quickly placing and then withdrawing orders to give a false impression of demand. The settlement with the US Department of Justice, Securities and Exchange Commission and the Commodity Futures Trading Commission covers JPMorgan’s activities dating back to 2009. It will avoid any criminal indictment but will see JPMorgan Chase enter into a three-year deferred prosecution agreement.

AUTHOR

Martin Mitchell
Director, Training Services
MMitchell@cclacademy.com