



Financial Services
Regulatory Group -
U.K. Capabilities

ReedSmith

The business of relationships.

Financial Services Regulatory Group

U.K. Capabilities

The Financial Services Regulatory Group has a wide breadth of experience across the FSA regulated industry.

We have advised a broad range of clients, ranging from banks, insurance companies, fund managers, asset managers, corporate finance boutiques, brokers, traders, exchanges and fund platforms.

We provide advice to both the buy side and sell side and cover both retail and wholesale business.

Typical work involves advising clients regulated by the FSA on:

- Authorisation with the FSA (such as advising whether authorisation is required or can be avoided and if required, assist with FSA applications)
- Variation of permission
- Change of legal status
- Waiver applications
- Conduct of business requirements
- Outsourcing
- The regulation of derivatives, commodities and energy trading
- Systems and controls requirements
- Treating customers fairly
- Senior management responsibilities in the Outcomes Focused Regulatory environment
- Financial resources requirements and bank liquidity and stability measures
- Risk management
- Market abuse and insider trading rules
- Money laundering requirements
- EU passporting issues
- EU directives (such as concerning prospectus rules, market abuse, Basel II Directive, the Capital Resources Directive and MiFID)
- The structuring, promotion and sale of financial products, including funds, derivatives, insurance products and mortgages

We have experience of drafting terms of business, outsourcing agreements, compliance documentation, including risk monitoring programmes and compliance manuals. We also have experience of carrying out “health checks” using compliance checklists and of carrying out internal investigations.

We have a wealth of experience in acting in corporate transactions involving FSA regulated entities across the broad spectrum of the FSA regulated industry, including IPOs, sale purchases and asset purchases. We typically draft regulatory pre-conditions, warranties and indemnities, assist with change of control consents and notifications both in the U.K. and globally (where required), advise on licensing requirements (where required), advise on promotion issues and carry out regulatory due diligence.

What we have done in London – a few examples

- Carrying out a health check of a wealth management arm of a private bank.
- Carrying out a compliance check of a corporate finance house, including compliance with all of the rules applicable to them.
- Carrying out a compliance streamlining programme for a Swiss investment bank, involving setting out red flag issues regarding their business in key jurisdictions.
- Investigating and reporting upon a suspicious trading incident at a corporate finance boutique.
- Providing advice to a number of energy companies on what activities require authorisation and relevant exemptions.
- Advising an authorised Energy Market Participant, on rules relating to them, including on the consequences of tailoring products for specific clients in relation to MiFID.
- Advising indirectly the Japanese Government on the regulation of emissions trading in the U.K..
- Advising a company whether they can trade when they are in receipt of information in relation to the underlying investment.
- Advising a bank outsourcing its back office and some of its front office to Bangalore, involving advising on FSA outsourcing issues, drafting the Statement of Work and providing a checklist report against the issues.
- Advising a company seeking a waiver from consolidated supervision, including advising on whether the waiver conditions are satisfied and completing the waiver application form.
- Advising a fund manager on its reporting requirements, including assisting in the completion of relevant forms.
- Advising a company on the sale of property interests in the U.K., including advising on structuring and promotion issues.
- Advising a U.K. insurance broker on the issues relating to selling insurance underwritten by a Bermudan insurance company.
- Advising an Indian asset manager setting up of a subsidiary in the U.K., including advising on what activities can be carried out prior to authorisation, assisting with the FSA application and advising on financial resources requirements.
- Assisting a fund manager with a change of legal status application and providing ongoing legal and compliance advice.

- Advising a manager on the COLL rules, including advising on investment and borrowing restrictions.
- Advising one of the first wrap administrators with its FSA application and providing ongoing advice.
- Advising a fund manager wishing to include its funds on a fund platform, including negotiating the distribution agreement, ensuring compliance with the permitted link requirements and advising on treating customers fairly issues.
- Advising a company setting up an execution only fund platform, including drafting and negotiating the distribution agreements and advising on the drafting of the promotion literature.
- Reviewing numerous websites for compliance with regulatory rules.
- Advising numerous companies on the appointed representative regime, including drafting appointed representative agreements.

What else can we offer?

- **Creative Solutions** - we are particularly experienced in finding solutions to regulatory issues and continually look for creative solutions for our clients. Importantly, we always seek to find a way round regulatory issues rather than simply stating that proposals cannot be carried out for regulatory reasons.
- **Flexibility with Fees** - we are not bound to charging on an hourly basis; we will be flexible and imaginative in discussing alternative fee arrangements, such as fixed fees, capped fees and volume discounts.
- **Global Service** – we are all members of one global regulatory team and manage ourselves, and our client relations, in that way. As a client, you only have to instruct one integrated firm to manage any given regulatory cross-jurisdictional issue – not a number of different firms with the attendant management time and costs that entails.
- **Training and Know-how** - we have a dedicated professional support function which works with the team to keep us and clients apprised of the latest market and legal developments – we regularly share that know-how with, and offer focused and practical training sessions to, our clients.
- **'Hands On' Sector Experience** - a number of our lawyers have spent time on secondment to various parts of the financial services industry, including a number of regulators such as the FSA.

Financial Services Regulatory Group



Jacqui Hatfield is a partner of and is head of the U.K. Financial Services Regulatory Group, which forms part of wider Financial Institutions Group. She has a wealth of experience advising clients operating in the financial sector (retail banks, asset managers, brokers, fund managers, energy traders, fund platforms, exchanges, investment managers, insurance companies, insurance intermediaries, corporate finance boutiques and investment banks) on all aspects of regulation, including on issues relating to authorisation, conduct of business, promotion, regulatory capital, commodities trading, market abuse, insider dealing, money laundering and the structuring and distribution of funds and insurance products, including structured products. She also has experience of consumer credit issues.

jhatfield@reedsmith.com

Tel: +44 (0)20 3116 2971

Publications – Jacqui is a frequent commentator for legal and financial journals and has recently published the following articles:

- “The Good Bad Bank Act” published in Legal Week, comparing the German and U.K. asset protection schemes (8.06.09);
- A FTSE Global Markets article on the shift to outcomes-focused regulation (1.05.09);
- An International Financial Law Review article on banking issues (8.01.09);

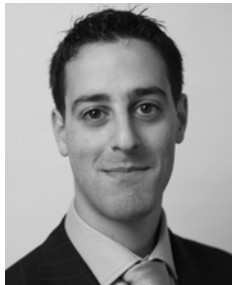
- Jacqui was a panellist on Acquisition Monthly's webinar entitled: "What implications do proposed regulatory changes have for mergers and acquisitions activity?" (7.05.09).



Sebastian J. Barling is an associate in the U.K. Financial Services Regulatory Group. He has experience of working on a range of finance and regulatory issues, most recently in relation to energy trading, broking and the distribution of unit trusts and structured products. Sebastian has recently returned from a one year secondment to a leading CFD and spreadbetting company.

sbarling@reedsmith.com

Tel: +44 (0)20 3116 2817



Gil Cohen is an associate in the U.K. Financial Services Regulatory Group. His broad regulatory experience includes advising on consumer credit licensing and promotional issues, the structure, promotion and sale of financial products, market abuse and insider trading rules, the variation of permissions, and advising on conduct of business requirements.

gcohen@reedsmith.com

Tel: +44 (0)20 3116 2874

Publications – Gil's publications include those on the following subjects:

- the UK asset protection scheme;
- the FSA's Retail Distribution Review;
- the Treasury white paper on reforming financial markets; and
- the Turner Review.

Other Regulatory Contacts:



Luca Salerno is Counsel in the Energy, Trade and Commodities Group and is an English and Italian qualified lawyer. He has worked as a commodities derivatives lawyer in London for the last seven years. His experience derives from in-house positions in an energy trading company and subsequently in an investment bank where he was responsible for the legal set up of non-oil energy trading in the EMEA region. Luca's experience encompasses physically and financially settled transactions, having energy commodities, base metals, carbon emission allowances and freight as underlying.

lsalerno@reedsmith.com

Tel: +44 (0)20 3116 3560

Publications & Presentations – Luca is a regular speaker on derivatives, energy trading, regulatory capital and financial regulation; he recently contributed to the drafting of the "MiFID Guide" (Markets in Financial Instruments Directive) for commodity traders.

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Phone: +44 (0)20 3116 3000
Fax: +44 (0)20 3116 3999
DX 1066 City/DX18 London

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