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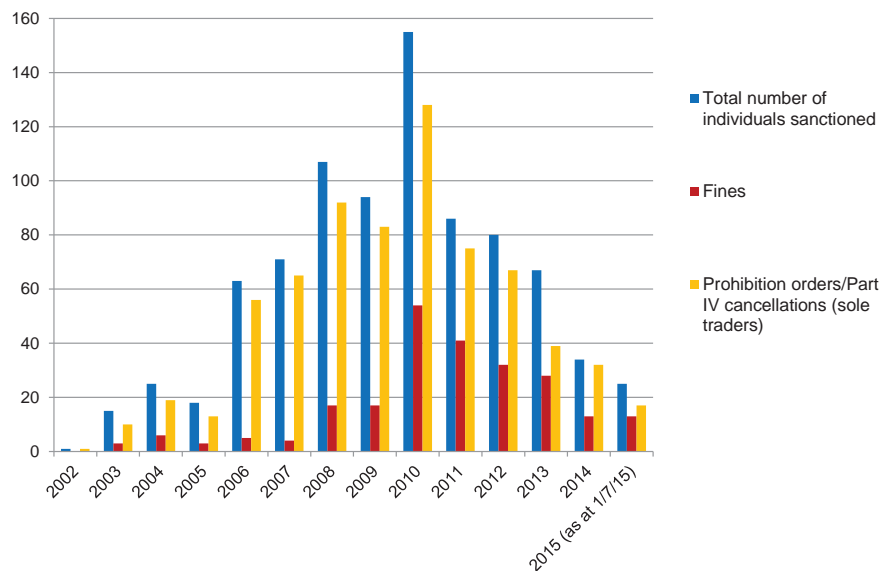


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Reed Smith is pleased to announce the launch of its FCA Enforcement Notice Database

Reed Smith's Financial Markets and Regulatory Group is delighted to announce the creation of its Enforcement Notice Database. This Database, which has been created from an extensive review of Financial Conduct Authority (FCA) final notices, allows us to quickly produce insight and analysis of enforcement trends, which we can then share with our clients through regular briefing notes. The notes will analyse the statistics and will help identify patterns on enforcement, and to track the changing approach of the FCA in relation to different offences.

Total number of Approved Persons sanctioned between 2002 and 2015



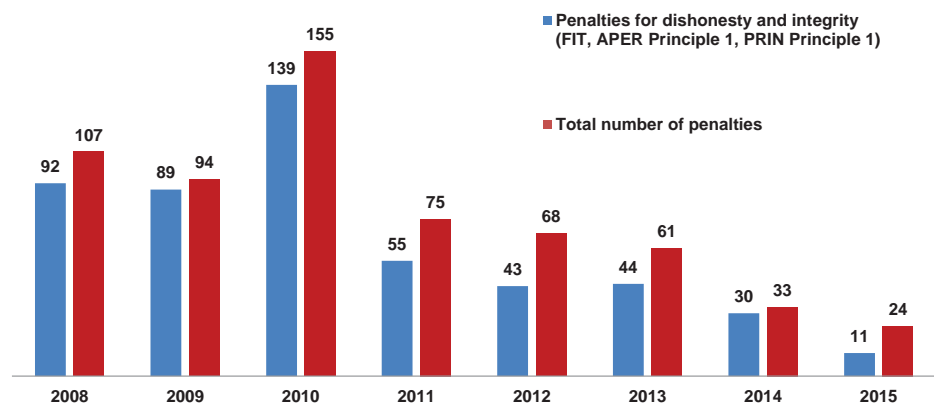
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The focus of the FCA on penalties (prohibition orders and fines) against individuals (Approved Persons) is intensifying, with particular regard to senior managers. In light of this, the material in this first note provides a high-level analysis of trends with respect to FCA enforcement action against individuals.

In relation to senior management and persons with significant-influence functions (SIFs), the most frequently quoted rules are Principles 5 (effective control) and 6 (due care, skill and diligence) of the Statement of Principles for Approved Persons (APER). These account for 9 per cent and 17 per cent of all breaches committed by individuals from 2008 to 2015. Generally, we note that breaches of APER Principles are accompanied by failure of the FIT criteria and/or breaches of PRIN Principle 11 (cooperation with regulators).

As individuals are often sanctioned for breaches of several rules simultaneously, there are certain sets of breaches that arise frequently. The most common set of rules breached relate to honesty and integrity. These include the failure to fulfil the fit and proper criteria (FIT) and breaches of PRIN Principle 1 and APER Principle 1.

Penalties for dishonesty and integrity 2008 to 2015



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As seen above, breaches relating to dishonesty and integrity constitute the majority of breaches per year. The proportion over the years 2008 to 2015 (to 1 July 2015) ranges between 65 per cent and 90 per cent.

Note The Reed Smith FCA Enforcement Notice Database is built and maintained by the firm’s Financial Markets and Regulatory Group.

The Group offers a full service, ‘one stop’ legal regulatory service. Spanning contentious and non-contentious matters, the practice offers a deep bench of experienced specialists. Our global reach means we can be specialists in global regulatory matters and developments and we are regularly appointed to advise on cross border, cross practice transactions. Our practice spans Europe, the Middle East, the United States and Asia, with a 32-strong team in London alone.

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