

The following Compliance articles are for the week ending 22 May 2009.

## COMMENTARY

### FSA – BANS TRADER FOR CONCEALING HIS TRADING POSITION

On 20 May, FSA announced that they had banned a trader on the freight desk of Morgan Stanley's commodities division in London. In February 2008, he had built up a substantial short position and concealed the position overnight exposing the firm to the risk of incurring a significant loss.

The following day, rather than informing the firm of his actions, he traded out of the position, only admitting the truth when directly challenged by the firm.

Margaret Cole, director of enforcement at the FSA, said this trader's conduct showed "a lack of honesty and integrity that falls short of the standards the FSA expects of approved persons. Having created a large short position which he tried to hide overnight, he continued to get his priorities seriously wrong when he focused on trading out of the position rather than telling his managers. Traders must not seek to conceal their positions from their firms."

The FSA has banned the trader from performing any function in relation to any regulated activity on the grounds that he is not a fit and proper person.

Although he was approved to carry out the "customer" function (CF30), the trader was carrying out proprietary trading at the time rather than trading customer accounts so there was no risk to consumers.

The FSA took into account that the trading took place over two days rather than an extended period and that there was no risk to consumers.

As the trader expressed remorse, admitted his actions and co-operated with the FSA's investigation, and the fact that his behaviour also appears to have been out of character and unpremeditated, the FSA has indicated that it is likely to agree to an application to lift the ban after two years, provided there is no further evidence of misconduct.

The FSA makes no criticisms of Morgan Stanley or any other individuals at the firm in this case. Morgan Stanley promptly identified and investigated the issue and took swift action against the trader who was suspended by the firm and subsequently dismissed.

**Source: FSA Website**

### APRIL GROSS MORTGAGE LENDING FIGURES

Gross mortgage lending declined to an estimated £10.4 billion in April, down 9% from £11.4 billion in March and 60% from £26.1 billion in April 2008, according to new data from the Council of Mortgage Lenders (CML). There is a slight fall for seasonal reasons as Easter fell in April this year (Easter was in March in 2008). Taken together, lending for March and April is down 57% on a year earlier.

CML Director General Michael Coogan said: "It's still too early to spot a clear pattern of recovery in the housing market as some commentators have suggested. Activity remains weak, and we have said we will see volatility in monthly lending figures as we bounce along at the bottom of the market. Our forecast for gross lending of £145 billion in 2009 remains unchanged."

**Source: CML Website**

**FSSC - OPEN LETTER TO SUPPORTERS AND STAKEHOLDERS**

The Financial Services Skills Council (FSSC) has published a letter to their supporters and stakeholders following their failure to be automatically re-licensed.

The letter, signed jointly by the Chairman and Chief Executive, states "The Commission's recommendation to Ministers gives us some obvious challenges but we are determined to meet these, address the issues raised, and achieve our re-licensing in the autumn. We look forward to working with all the industry stakeholders in this process.

The financial services sector has a highly complex constituency of practitioners and stakeholders which makes the task of the FSSC perhaps the most difficult of any SSC.

We operate with devolved governments in a sector which is populated by many professional bodies which have long established and highly developed training and accreditation programmes.

We have tried to be sensitive to the needs of the regions and not usurp the many good quality operations which exist in the different professional bodies. We want to work closely with these bodies to draw on their expertise while retaining our overarching industry perspective across a number of financial sectors.

The aim is to be recognised and accepted as the independent pan-industry body that sets standards to deliver both employer and employee needs.

The FSSC considers the National Audit Office (NAO) report to be a fair assessment of where it stands and was arrived at following extensive work with employers and strategic stakeholders. It indicates a strong direction of travel in the last year, particularly in the devolved administrations.

The FSSC is confident that satisfactory outcomes will be delivered but it is early in the current process for tangible evidence to be clear in a rapidly evolving financial services market place.

Ministers and many employers have been sympathetic to our situation and we decided not to appeal against the Commission's recommendation but rather get on with the job.

There is no better evidence of success than delivering successful outcomes against our shared goal of a competent, skilled workforce which will meet the needs of employers and stakeholders for the future.

A committee of the board has been established to review the remit for the FSSC as requested by the UK Commission. Meanwhile it is important that current operations are not held back nor damaged and the FSSC has been assured that current funding will continue to allow all work to be maintained.

We want to encourage all interested parties to join in helping us to shape our role going forward to meet employers' needs and our remit as a Skills Council."

**Source: [FSSC Website](#)**



## Annual Public Meeting - Thursday 23 July 2009

### Aim

At this annual event, we will discuss our Annual Report and key priorities.

### Who Should Attend?

Firms, consumers, trade associations and others with an interest in the FSA's work.

### Format

Half-day morning meeting.

### Timings:

09.00-09.30	Coffee and registration
09.30-10.35	Speeches
10.35-12.00	Questions to speakers and panel
12.00-12.30	Coffee break

### Speakers:

Lord Turner, Chairman, Financial Services Authority  
Hector Sants, Chief Executive, Financial Services Authority  
Adam Phillips, Financial Services Consumer Panel  
Nick Prettejohn, Financial Services Practitioner Panel,  
Simon Bolam, Smaller Businesses Practitioner Panel,

The presentations will be followed by questions from the delegates to a panel consisting of the speakers and other members of the FSA's senior management team.

### Other information

The meeting will be held on Thursday 23 July at The Brewery, Chiswell Street, London, EC1Y 4SD.

For security reasons, delegates must register their place at our Annual Public Meeting in advance. To confirm your attendance, please download the registration form at <http://www.fsa.gov.uk/pages/Doing/Events/apm.shtml>

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