

COMPLIANCE UPDATER

Regulatory and compliance news in brief

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SEC chair warning re crypto assets.

US Securities & Exchange Commission (SEC) chair Gary Gensler called on Congress to give additional powers to regulators over crypto assets. Seeing few signs that crypto assets were catching on as a medium of exchange, Gensler described crypto as “like the wild west” and “rife with fraud, scams and abuse”.

Compliance and legal combination concerns at Softbank.

Compliance concerns surfaced at Japan’s Softbank when it simultaneously sold its stake in T-Mobile and instituted Japan’s biggest share buyback. There is a risk that, prior to the announcement of the sale of T-Mobile, purchasing its own stock could mean Softbank breached insider dealing rules. Such concerns are heightened by Softbank’s combination of Chief Compliance Officer and Chief Legal Officer, so that the person legally approving deals is also looking at whether those deals comply with regulations.

UK’s FCA considering block on bank branch closures.

The UK’s Financial Conduct Authority (FCA) is considering introducing new rules that would allow it to block banks from closing high street branches. The rationale is to guarantee reasonable public access to cash facilities.

German asset manager tries to flip insolvency preference on Wirecard.

Union Investment, Germany’s third largest asset manager filed a lawsuit against collapsed payment processor Wirecard that it hopes will result in it being prioritised alongside other creditors, rather than behind them. The lawsuit claims that Union was “induced” to buy shares due to “fraudulent and misleading statements” by Wirecard.

Cyber-attack steals data on millions of T-Mobile customers.

T-Mobile US has suffered a “highly sophisticated cyber-attack” that has seen personal details of almost fifty million customers stolen. The company specified that there was “no indication” that the data contained any financial information relating to payments and cards.

US SEC charges three former Netflix engineers with insider trading.

A former Netflix engineer, Sung Mo Jun, and two others who assisted him have been charged with insider dealing by the US Securities & Exchange Commission. The trading allegedly involved taking advantage of subscriber growth statistics ahead of Netflix earnings announcements.

Kroll report shows no let up on AML fines.

Governance and risk consultancy Kroll's latest review found that the first six months of 2021 saw fines of almost \$1bn in seventeen large AML actions. These included a €480m settlement with Dutch prosecutors by ABN Amro for violating AML laws over a number of years.

FCA concludes Binance is not capable of being properly supervised.

The international cryptocurrency exchange Binance was deemed "not capable of being properly supervised" by the UK's FCA. The Cayman Islands incorporated firm that is based nowhere in particular is supposedly the world's largest cryptocurrency exchange and is proving difficult for regulators like the FCA to oversee and discipline.

EY fined £2.2m over audit failings.

Professional services firm EY was fined £2.2m for failings in relation to its audit of transport company Stagecoach in 2017. Although not alleging the accounts were misstated, the Financial Reporting Council said EY failed to obtain sufficient evidence and apply sufficient professional scepticism. The audit partner was also fined £70,000.

AUTHOR

Martin Mitchell
Director, Training Services
MMitchell@cclacademy.com