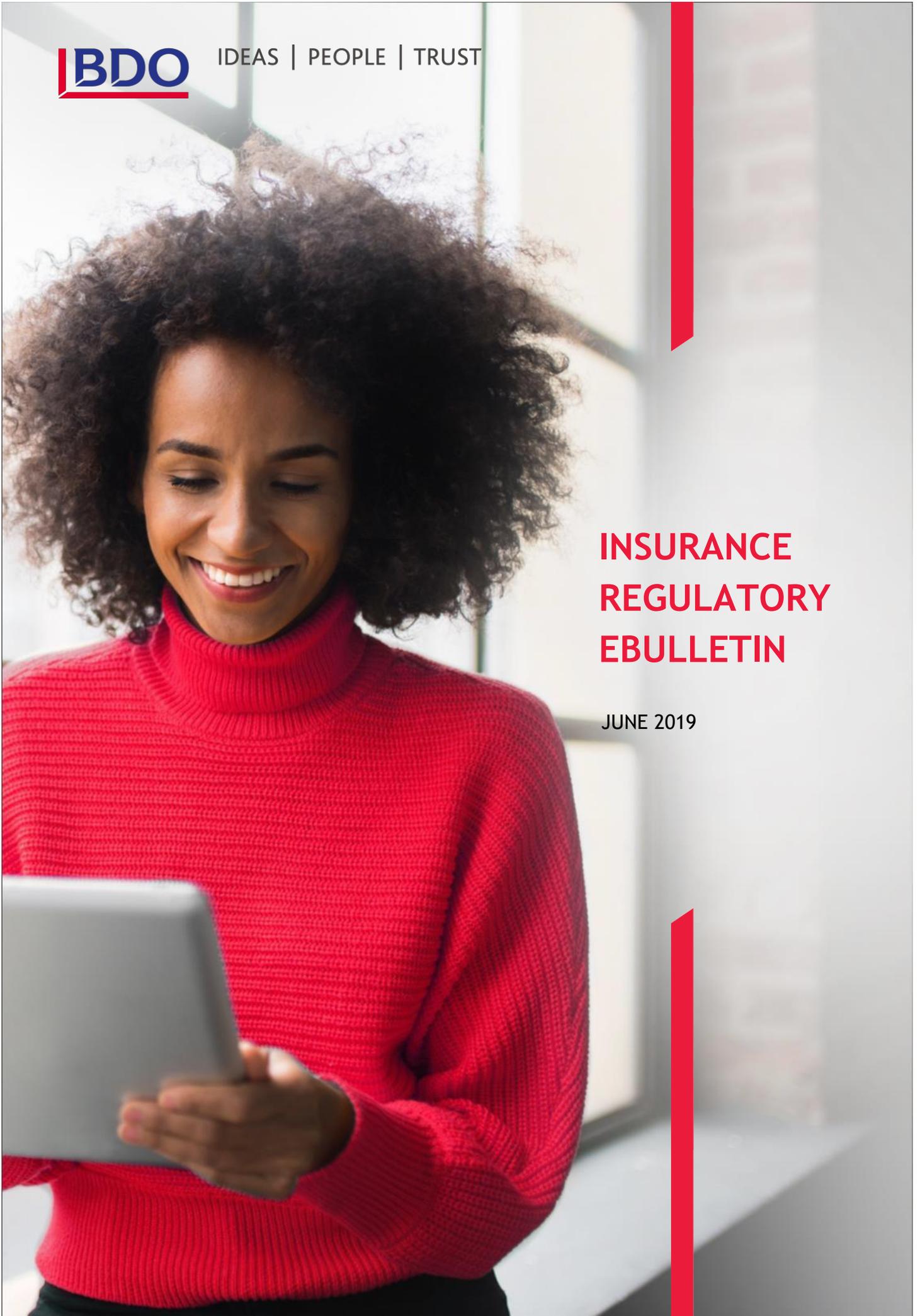




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INSURANCE REGULATORY EBULLETIN

JUNE 2019



WELCOME TO OUR INSURANCE REGULATORY EBULLETIN

Welcome to this edition of our Insurance Regulatory eBulletin, which aims to keep you updated with significant regulatory developments and their implications across the insurance sector.

A relatively quiet month on the regulatory front from both the European and prudential regulatory perspective. The PRA has issued its Annual Report on last year's activity and is considering the future of finance and what that might mean. The FCA has been a little more active and has published some large enforcement fines relating to Bank of Scotland and Raphaels Bank. It has also issued its first Annual Perimeter Report setting out an overview of the perimeter and explains how the FCA manages issues on the edge of it. This is of course particularly topical given recent events involving London Capital & Finance and the Woodford Equity Income Fund.

I hope you enjoy reading this latest update. Please do not hesitate to contact myself or your normal BDO contact if you have any concerns over any matter highlighted in this update.



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EIOPA

DRAFT OPINION ON SUSTAINABILITY WITHIN SOLVENCY II

On 3 June, EIOPA published a [Consultation Paper](#) on a draft opinion on sustainability within Solvency II. The draft opinion is part of the sustainable finance strategy. The draft opinion aims at integrating sustainability risks, in particular those related to climate change, in the investment and underwriting practices of (re)insurers. The opinion addresses the valuation of assets and liabilities, assesses current investment and underwriting practices and seeks to contribute to the integration of sustainability risks in market risks and natural catastrophe underwriting risks for the solvency capital requirements for standard formula and internal model users. The opinion:

- ▶ covers the valuation of assets and liabilities
- ▶ assesses current investment and underwriting practices
- ▶ seeks to contribute to the integration of sustainability risks in market risks and natural catastrophe underwriting risks for the solvency capital requirements for standard formula and internal model users.

Comments should be made by 26 July 2019.

EIOPA RE-CONSULTS ON NEW AMENDMENTS TO TECHNICAL STANDARDS ON THE MAPPING OF ECAIS

In October 2018 the Joint Committee of the three European Supervisory Authorities (EBA, EIOPA and ESMA) launched a consultation on amending the Implementing Regulations on the mapping of credit assessments of External Credit Assessment Institutions (ECAIs) for credit risk. The amendments were necessary to reflect the outcomes of a monitoring exercise on the adequacy of existing mappings, namely changes to the Credit Quality Steps (CQS) allocation for two ECAIs and the introduction of new credit rating scales for ten ECAIs. The Implementing Regulations are part of the EU Single Rulebook for banking and insurance aimed at creating a safe and sound regulatory framework consistently applicable across the European Union (EU).

Solvency II allows the use of external credit assessments of ECAIs for purpose of calculating technical provisions and the Solvency Capital Requirement (SCR). External credit assessments can only be used by (re)insurance if they have been issued or endorsed by an ECAI in accordance with the CRA Regulation. This draft ITS specifies the allocations that should be used for determining the credit risk for the purpose of calculating the SCR with the standard formula. A re-consultation is required because:

- ▶ The approach chosen in October 2018 for the respondents to share their views related to the amendments linked with the SCR was not fully functional.
- ▶ References to Capital Requirement Regulation (CRR) and elements in the mapping table required an update to take into account the latest assessments.

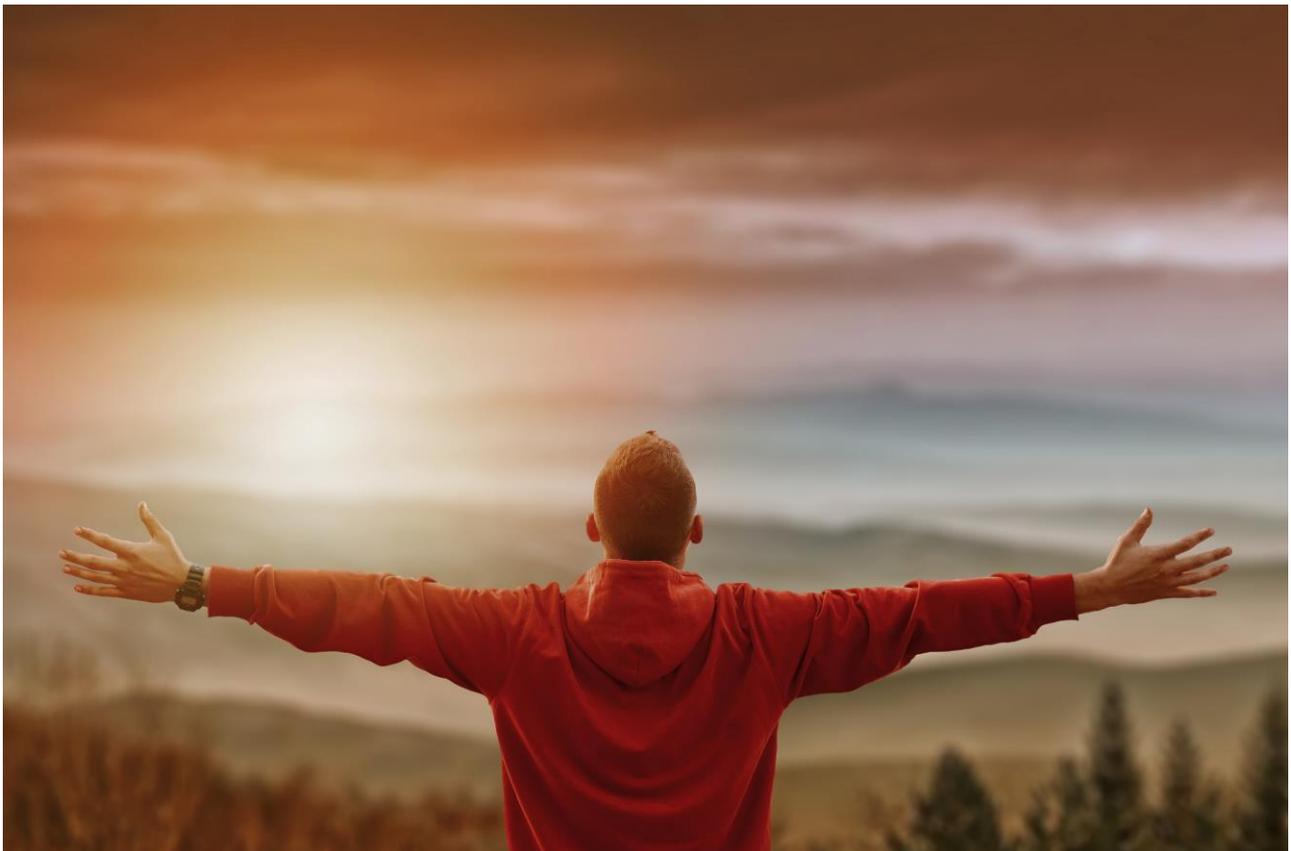
Responses to the consultation are requested by 10 July.

EIOPA 2018 ANNUAL REPORT

On 14 June, EIOPA published its [2018 Annual Report](#), which sets out its activities and achievements of the past year. In its 2018/19 supervisory convergence plan, EIOPA identified priorities and implemented

actions to foster a common approach to supervision and address risks to the internal market. The work included:

- ▶ peer reviews, participation in colleges of supervisors to improve supervision of cross-border groups and training activities for national supervisors.
- ▶ work related to the review of Solvency II, where EIOPA provided advice to the EC on the review of the SCR.
- ▶ updating its conduct of business strategy to reflect changes to the regulatory landscape and developing a framework for conduct risk assessment.
- ▶ publishing key reports in 2018 on cyber insurance, the causes and early identification of failure or near misses in insurance, the development of a macro prudential framework for insurance and the first annual insurance overview.



PRUDENTIAL REGULATION

OCCASIONAL CONSULTATION PAPER - CP13/19

On 7 June, the PRA published an Occasional Consultation Paper (CP13/19) proposing amendments to PRA Rulebook Parts, supervisory statements (SSs), and the relevant templates and LOG files.

The chapters contained in the CP, the Rulebook Parts, SSs, and relevant templates and LOG files they propose to change, and the appendices containing the draft policy, are set out in the table below.

Chapter	Rulebook Part/SS/ Template/LOG file	Appendix
2. Solvency II: The quality of capital instruments	SS3/15 'Solvency II: The quality of capital instruments'	1
3. Solvency II - minor updates to supervisory statements	SS8/14 'Subordinated guarantees and the quality of capital for insurers'	2
	SS2/15 'Solvency II: Own funds'	3
4. Regulatory Reporting - Discontinuation of FSA006	Reporting Part of the PRA Rulebook	4
	SS34/15 'Guidelines for completing regulatory reports'	5
5. National Specific Templates (NSTs), internal model output templates and associated LOG files - minor updates, corrections and clarifications	Reporting Part of the PRA Rulebook	6
	SS25/15 'Solvency II: Regulatory reporting internal model outputs'	7
	Draft updates to National Specific (NS.07) Template	8
	Draft updates to National Specific (NS.08) Template	9
	Draft updates to National Specific Templates LOG files	10
	Draft updates to internal model output (IM.00) template	11
	Draft updates to internal model output (IM.00) LOG file	12
Draft updates to internal model output (IM.03) template	13	
Draft updates to internal model output (IM.03) LOG file	14	

Comments should be submitted before 7 August 2019. The proposed implementation dates are:

- ▶ on publication of the final policy for chapters 2-4; and
- ▶ on Saturday 30 November 2019 for Chapter 5.

PRA ANNUAL REPORT 2019

On 6 June, the PRA published its [2019 Annual Report](#). The report sets out the work the PRA has completed in pursuing its Business Plan, compliance with the Financial Services and Markets Act (FSMA), annual competition report and the PRA's financial review of 2018-19.

Members of the public are invited to comment on the PRA Annual Report in relation to how the PRA has, or hasn't, fulfilled its responsibilities during the period covered by the report, and the extent to which it

has advanced its objectives and the regulatory principles to which it must adhere to when carrying out certain functions. Also, commenters are requested to review the way in which the PRA has enabled effective competition in the markets in which PRA-authorized firms provide services.

Comments are before 13 September 2019.

REGULATED FEES AND LEVIES: RATES PROPOSALS 2019/20 - PS12/19

On 13 June, the PRA published a [Policy Statement \(PS12/19\)](#) setting out an overview of the responses received to its consultation paper CP9/19 - 'Regulated fees and levies: Rates proposals 2019/20'. The PRA received one response to the CP which has not resulted in any changes being made to the proposals.

The PS also provides the PRA's final policy with respect to the fee rates to meet the PRA's 2019/20 Annual Funding Requirement (AFR) for the period from 1 March 2019 to 29 February 2020; updates to Supervisory Statement SS3/16 'Fees: PRA approach and application'; and amendments to the Fees Part of the PRA Rulebook.

The implementation date for the PRA Periodic Fees (2019/20) and Other Fees Instrument 2019 and the revised SS3/16 is 1 July 2019.

INSURANCE STRESS TEST 2019

On 18 June, the PRA issued a [Dear CEO letter](#) asking the largest regulated life and general insurers to supply information on the impact of various stress tests on their business. The letter also asks participating firms to complete an exploratory exercise relating to climate change, while general insurers are invited to complete exercises on cyber underwriting and commercial liability exposures. Some of the scenarios will be co-ordinated with the Bermuda Monetary Authority as Bermuda faces similar risks to London market insurers.

The responses will allow the PRA to examine market resilience and be better prepared for similar scenarios, as well as improving its understanding of sector exposures and how London and Bermuda's jurisdictions relate in the event of a stressed scenario. Responses will also give the PRA an overview of firms' risk management systems. The PRA will publish a summary of the results but not those of individual firms.

Sections A and B must be submitted by 5pm on Monday, 30 September 2019 and Section C by 5pm on Thursday, 31 October 2019.

The PRA will also host three roundtable discussions: for life and general insurance on Friday, 12 July and for Section C on Monday, 9 September.

Insurers that have not been asked to participate in the stress test may find the materials useful to inform their own stress testing exercises.

OBSERVATIONS FROM RECENT REGULATORY REVIEWS - LETTER TO CHIEF ACTUARIES OF LIFE INSURERS

On 19 June, the PRA published a [Dear Chief Actuary letter](#) from Sid Malik, Head of PRA Life Insurance and Pensions Risk Division, sharing the PRA's findings from their regulatory activities over the past year which are relevant to the Chief Actuaries of life insurers.

The letter sets out areas where the PRA is expecting to carry out further industry-wide activity in the next year including:

- ▶ Model drift

- ▶ Proxy modelling
- ▶ Treatment of expenses in SII technical provisions and the SCR
- ▶ Firms' monitoring of matching adjustment portfolios

It also address past issues where there is no further industry-wide PRA activity planned.

THE FUTURE OF FINANCE

On 20 June 2019, the PRA published [a report](#) on its future of finance project which looked at how financial services might evolve over the next decade, and what this could mean for everyone who uses, provides or regulates them. The Bank of England commissioned Huw van Steenis in May 2018 to lead this research and to report his findings and recommendations. The Bank also published its [response](#).

In summary, the report found:

- ▶ The economy is becoming more digital
- ▶ the use of data is increasing rapidly
- ▶ economic growth places greater demands on the world's natural resources and climate
- ▶ a digital economy means use of cash in the UK is declining rapidly
- ▶ investment in technology can boost productivity and innovation
- ▶ investment can also help to address the challenges to our climate.

The Bank in its response set out the following priority areas for its work each of which is explored in more detail on the Bank's website:

- ▶ [Enhancing the payments system](#) for the digital age
- ▶ [championing a platform](#) to boost access to finance for small businesses
- ▶ [supporting the transition](#) to a carbon-neutral economy
- ▶ [developing a world-class regtech](#) and data strategy
- ▶ [facilitating firms' use of technology](#), like the cloud, to increase their operational resilience.

CONDUCT REGULATION

REGULATION ROUND UP

On 20 June, the FCA published its monthly Regulation round-up. The Hot Topics included the FCA's overdraft reforms, a Podcast of an interview with Baroness Sally Greengross on intergenerational issues and publicising the FCA's Annual public meeting on 17 July.

This edition includes the following articles that are relevant to insurers or insurance intermediaries:

- ▶ Proposals to promote shareholder engagement: Feedback and final rules.*
- ▶ Digital Regulatory Reporting event on 5 July.
- ▶ RDR & FAMR Review Roadshows.
- ▶ The retail intermediary market in 2018 update.*

*covered below

FCA CROSS-SECTORAL SANDBOX: CALL FOR INPUT

On 29 May the FCA issued a [call for input](#) on the concept of a cross-sectoral sandbox - a single-point-of-entry sandbox for firms to test innovative propositions with multiple UK regulators, in a controlled environment. The current FCA sandbox allows firms to test innovative products, services and business models in a live market environment, on a small scale, ensuring that appropriate safeguards are in place to protect test participants.

A cross-sectoral sandbox could ultimately provide a mechanism for firms to test products, services or ideas across multiple regulators. It would also create a forum for regulators to share practical understandings and lessons learned from overseeing emerging technologies and innovative business models.

Comments should be submitted by 30 August 2019.

IMPROVING SHAREHOLDER ENGAGEMENT AND INCREASING TRANSPARENCY AROUND STEWARDSHIP - PS19/13

On 31 May the FCA published [PS19/3](#) which introduces new requirements to improve shareholder engagement and increase transparency around stewardship.

From 10 June 2019, asset managers and life insurers will need to disclose and make publicly available:

- ▶ Their policies on how they engage with each other and the companies they invest in.
- ▶ How their strategies create long-term value.

Issuers will also need to make new disclosures on their related party transactions (RPTs).

These rules, which were consulted on in January, implement the provisions of the amended Shareholder Rights Directive (SRD II).

THE RETAIL INTERMEDIARY MARKET 2018

On 6 June the FCA published [its latest retail intermediary market update](#). The update provides an update of trends to 2018 and focuses on analysis of the sector based on the data intermediary firms that provide

advice on, or arrange, mortgages, insurance policies or retail investment products for consumers, have submitted via the Retail Mediation Activities Return (RMAR).

The FCA's key findings included:

- ▶ Revenue earned by intermediary firms increased in 2018 compared to 2017, continuing the trend seen in recent years. Revenue earned by mortgage, retail investment and non-investment insurance firms increased by 16%, 12% and 8% respectively in 2018.
- ▶ Commission remains the dominant source of revenue for mortgage and insurance broking, accounting for 79% and 84% of revenue respectively. For retail investment business, commission accounted for 17% of revenue while fees/charges accounted for 80%.
- ▶ 96% of financial adviser firms reported making a profit with total pre-tax profits up to £872m from £698m in 2017.
- ▶ Small firms remain a significant part of the intermediary sector. Nearly 9 in 10 financial adviser and mortgage broker firms have 5 or fewer adviser staff. Over 6 in 10 financial adviser and mortgage broker firms are required to hold only the minimum base capital specified for their type of business.
- ▶ Premiums paid in 2018 for renewal of professional indemnity insurance (PII) cover remained steady as a proportion of revenue (around 1.5% across all firm types). The smallest firms pay a higher proportion of their revenue at around 4%.
- ▶ The proportion of revenue earned by financial adviser firms from restricted advice has been increasing relative to fully independent advice, up from 33% in 2016 to 37% in 2018.

QUARTERLY CONSULTATION PAPER NO 24 - CP9/19

On 7 June the FCA issued its latest [quarterly Consultation Paper](#) in which it consults on proposed miscellaneous amendments to the FCA Handbook. This consultation proposes:

- ▶ amendments to General Provision (GEN) and fees and levy rate rules (FEES) for 2019/20 relating to Gibraltar-based firms
- ▶ introduction of new notification procedures for changes to the management body - with respect to Directors and Non-executive Directors who are not Senior Managers
- ▶ amend Handbook form SUP 10C Annex 10D 'Statement of Responsibilities' for minor amendments to the prescribed responsibilities language in this form to make it consistent with the wording used in both the FCA and the PRA's SM&CR rules
- ▶ amend Handbook form SUP 8 Annex 2 Application form for a waiver or modification of rules.

Comments should be submitted on or before 7 August 2019

UK AND US REGULATORY CO-OPERATION NOW AND IN THE FUTURE: A SPEECH

On 11 June Nausicaa Delfas, Executive Director of International, [spoke](#) at the British American Business Transatlantic Finance Forum, New York City. She discussed how the US and the UK are two of the largest financial centres in the world and that common standards and close regulatory cooperation can support global financial markets.

She noted the FCA's work on preparing for Brexit had reiterated the importance of regulatory co-operation, as a means of ensuring not only effective oversight, but also market access and continuity. The aim has been to ensure as smooth a transition as possible in the event of leaving the EU, in any scenario,

including one in which the UK leaves without a deal - a possibility which still remains, at 31 October this year.

She went on to emphasise the importance of an outcomes based approach to regulation such that whilst individual regimes may not be identical, the essential ingredients for supporting open markets will be strong regulatory cooperation, coupled with rules seeking to achieve common outcomes. Where markets are cross-border, regulators need to co-operate to ensure frameworks are consistent in terms of outcomes, and that opportunities for regulatory arbitrage are minimised. Where markets are more local, best practice is shared and common approaches are promoted wherever appropriate.

FCA BOARD MINUTES: 24 AND 25 APRIL 2019

On 13 June the FCA published the [minutes of the Board meeting](#) held on 24 and 25 April 2019.

Matters discussed included, inter alia:

- ▶ The 2019 FCA Employee Survey
- ▶ cloud-based resource procurement
- ▶ the latest FCA board effectiveness evaluation
- ▶ the review of London Capital & Finance plc directed by HM Treasury
- ▶ the Regulatory Perimeter and reporting on issues outside its remit.

FCA FRAMEWORK FOR ASSESSING ADEQUATE FINANCIAL RESOURCES - CP19/20

On 13 June the FCA published a [Consultation Paper \(CP19/20\)](#) explaining the purpose of, and the approach to the assessment of, adequate financial resources and providing further guidance on the meaning of 'adequate financial resources' in the FCA's Threshold Conditions and Principles for Business. The assessment of adequate financial resources is an important component of the FCA's supervisory work and they aim to be clear and transparent about this work and their expectations of firms.

In the 5 years between 2013 and 2017, the Financial Services Compensation Scheme (FSCS) have paid a total of £846 million in compensation for claims made against FCA solo-regulated firms. Over 70% of these are for firms not subject to detailed prudential standards.

Therefore, the FCA are consulting on the purpose of adequate financial resources, what they look for from firms, and their expectations as to the practices firms should adopt within their assessments of adequate financial resources. This should lead to appropriate approaches that may result in the mitigation of harm to consumers and to the integrity of the UK financial system.

The CP sets out:

- ▶ The role of assessing adequate financial resources
- ▶ what the FCA look for from firms when assessing adequate financial resources
- ▶ the FCA's expectations as to the practices firms should adopt in their assessment of adequate financial resources.

The FCA expectations include:

Proportionate and regular assessment of risks:

- ▶ Forward-looking approach to risks and how these evolve throughout the economic cycle, that is proportionate to the likelihood of risks to which the firm is exposed occurring and the amount of risk it poses. For some firms, this might be limited to demonstrating the ability to pay debts as they fall due.
- ▶ To be at least annual, reflecting the fact that the business environment is dynamic.
- ▶ Balance between ensuring financial soundness while avoiding excessive costs.

Understand the business model and strategy:

- ▶ Existing and emerging risks and vulnerabilities might affect their ability to generate acceptable returns, and have access to adequate capital to support the business, including any losses.

Prevent harm from occurring:

- ▶ Firms should be able to detect, identify, and rectify problems themselves. A sound risk management and controls framework is important.

Put things right when they go wrong:

- ▶ Identify sources of potential harm and estimate their impact, taking into consideration that not all events might occur at the same time and some might be covered by Professional Indemnity Insurance (PII) (it is not a worst case scenario).
- ▶ Consider the potential depletion of financial resources, and the inability to monetise assets in a timely manner.

Minimise harm in failure:

- ▶ Consider the scenarios leading a firm to experience financial stress and how resources are maintained whilst the firm exits the market.
-

Comments are requested by 13 September.

FCA ANNUAL PERIMETER REPORT 2018/19

On 19 June, the FCA published its [first Annual Perimeter Report](#) on the regulatory perimeter aimed at providing clarity about the FCA's role and to respond to particular issues that have arisen in the last year. The 2019 report sets out an overview of the perimeter and explains how the FCA manages issues on the edge of it. The perimeter determines which firms require FCA authorisation and what level of protection consumers can expect for the financial services and products they purchase. The complexity of the perimeter can create uncertainty and ambiguity for consumers and firms.

The report, which will be published annually in future, sets out:

- ▶ what the FCA does and does not regulate
- ▶ what challenges the perimeter presents and the actions the FCA is taking to overcome them
- ▶ what this means for consumers
- ▶ whether there are any issues with the perimeter which might require legislative or other changes.

The report highlights the current particular difficulties facing consumers in the retail investment sector and ends by summarising the specific steps the FCA plan to take and the questions to be considered as part of the debate on the future of regulation.

The report notes two particular issues on the insurance perimeter:

- ▶ discretionary insurance - where the provider claims to have absolute discretion as to whether to pay claims
- ▶ warranties where firms claim that the contracts are service contracts for repairs rather than insurance contracts for loss or damage.



ENFORCEMENT ACTION

FCA REGULATORY FINES ROUND-UP

FCA regulatory fines for 2019 now total [£319.2m](#). The following fines and related enforcement actions have been announced in the past month:

Bank of Scotland plc

The FCA has fined Bank of Scotland (BOS) £45.5m for failures to disclose information about its suspicions that fraud may have occurred at the Reading-based Impaired Assets (IAR) team of Halifax Bank of Scotland. The FCA found that BOS failed to be open and cooperative and failed to disclose information appropriately to the then regulator, the Financial Services Authority (FSA).

BOS identified suspicious conduct in the IAR team in early 2007. The Director of the Impaired Asset Team in Reading had been sanctioning limits and additional lending facilities beyond the scope of his authority undetected for at least three years. BOS knew by 3 May 2007 that the impact of these breaches would result in substantial losses to BOS.

Over the next two years, on numerous occasions, BOS failed properly to understand and appreciate the significance of the information that it had identified despite clear warning signs that fraud might have occurred. There was insufficient challenge, scrutiny or inquiry across the organisation and from top to bottom. At no stage was all the information that had been identified properly considered. There is also no evidence anyone realised, or even thought about, the consequences of not informing the authorities, including how that might delay proper scrutiny of the misconduct and prejudice the interests of justice.

It was not until July 2009 that BOS provided the FSA with full disclosure in relation to its suspicions, including the report of the investigation it had conducted in 2007. BOS also did not report its suspicions to any other law enforcement agency. The FSA reported the matter to the National Crime Agency (then the Serious Organised Crime Agency) on 26 June 2009.

In 2017, following an investigation by Thames Valley Police, six individuals including two BOS employees were sentenced for their part in the fraud committed through the IAR.

R. Raphael & Sons plc

The FCA and PRA have fined R. Raphael & Sons plc (“Raphaels”) for failing to manage its outsourcing arrangements properly between April 2014 and December 2016. Raphaels received separate fines of £775,100 from the FCA and £1,112,152 from the PRA in respect of these breaches (a combined fine of £1,887,252).

Raphaels is a retail bank providing banking and related financial services. Its Payment Services Division (PSD) operates prepaid card and charge card programmes in the UK and Europe and relies on outsourced service providers to perform certain functions that are critical to the operation of the card programmes. These functions include the authorisation and processing of card transactions, a service performed by third party card processors.

Raphaels failed to have adequate processes to enable it to understand and assess the business continuity and disaster recovery arrangements of its outsourced service providers - particularly how they would support the continued operation of its card programmes during a disruptive event. The absence of such processes posed a risk to Raphaels’ operational resilience and exposed its customers to a serious risk of harm.

These risks crystallised on the 24 December 2015 when a technology incident occurred at a card processor. The incident caused the complete failure of the authorisation and processing

services it provided to Raphaels and lasted over eight hours. During the period, 3,367 customers were unable to use their prepaid cards and charge cards. In total, the card processor could not authorise 5,356 customer card transactions attempted at point of sale terminals, ATM machines and online. Seasonal workers, who depended on their cards to receive their wages, used the largest prepaid card programme affected by the incident. The timing of the incident, on Christmas Eve, is likely to have exacerbated the impact of the outage.

Raphaels' specific failings resulted from deep flaws in its overall management and oversight of outsourcing risk from Board level down. The joint FCA and PRA investigation identified weaknesses throughout the Firm's outsourcing systems and controls. These included a lack of adequate consideration of outsourcing within its Board and departmental risk appetites, the absence of processes for identifying critical outsourced services and flaws in its initial and on-going due diligence of outsourced service providers.

Cathay International Holdings Limited and 2 of its directors

The FCA has published Decision Notices concerning Cathay International Holdings Limited (Cathay) and 2 of its directors, Mr Jin-Yi Lee and Mr Eric Siu. The FCA considers that Cathay breached the FCA's Listing Principles and Disclosure Rules and Transparency Rules (DTR) and has imposed a fine of £411,000. In the FCA's view, Mr Lee was knowingly concerned in the company's breaches and so has been fined £214,300. The FCA also considers that Mr Siu was knowingly concerned in one of the company's breaches and so has been fined £40,200.

Cathay's financial performance deteriorated over the course of 2015 due to various issues in its group. In the FCA's view, there were serious procedures, systems and controls failings within the company which meant that Cathay did not monitor the full impact of these issues on its expected financial performance for the year ended 31 December 2015 compared to market expectations.

The FCA considers that Cathay recklessly breached Listing Principle 1, which requires a listed company to take reasonable steps to establish adequate procedures, systems and controls to enable it to comply with its obligations.

As a result of these failings, the FCA also considers that Cathay recklessly failed to disclose to the market as soon as possible on or shortly after 6 December 2015 a material change in its actual and expected performance for the year ended 31 December 2015 compared to market expectations. This breached DTR 2.2.1R and meant relevant information was not released to the market as soon as it should have been, in breach of Premium Listing Principle 6.

The FCA also considers that between 29 February 2016 and 16 August 2016 Cathay breached Listing Principle 2, which requires a listed company to deal with the FCA in an open and co-operative manner.

The FCA considers that Mr Lee, the company's Chief Executive Officer, was knowingly concerned in the company's breaches, and acted recklessly in respect of Cathay's breaches of Listing Principle 1, DTR 2.2.1R and Premium Listing Principle 6. The FCA also considers that Mr Siu, the company's Finance Director, was knowingly concerned in Cathay's breach of Listing Principle 2.

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