



Article Side

Regulatory Crackdown for UK Wealth Mangers by [Kevin Cook](#)

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In UK fund firms and asset managers responsible for millions of pounds of clients' cash have so far been largely spared the intense scrutiny other financial professionals have got used to in the fallout from the global financial crisis. However the Financial Services Authority (FSA) now has the industry firmly in its sights after a handful of probes uncovered shortcomings that could be more common than first feared. As per Joanne Smith, chief executive of The Consulting Consortium he relatively small insular world of wealth management has not always coincided with a strong culture of compliance. She is predicting an uptick "in the region of 100 percent" in the volume and frequency of enforcement actions against money managers this year.

The compliance advisers stated that many investment houses allowed a relaxed attitude towards regulation to take root, while watchdogs chased rogue traders, tax dodgers and the figure-heads of ailing banks in recent years. Because of this many are oblivious to the standards they are duty-bound to uphold and penalties that apply to the companies and individuals who fall short. Insufficient transaction reporting, lax anti-money laundering controls poor checks on the suitability of investment recommendations and sloppy exchanges of price-sensitive information are top of the list of the compliance traps asset managers are most likely to fall into. The FSA has demonstrated its hard-line approach following the March publication of its Retail Conduct Risk Outlook, doling out an 8.75 million pound (\$14 million) fine to private bank Coutts & Company for soft-touch handling of high-risk customers.

This month far smaller firms have also been censured, with Christchurch Investment Management and its compliance officer, David Thornberry, fined a total 38,150 pounds for mishandling client cash, with faults dating back to November 2007. The FSA banned Thornberry from acting as a compliance officer again after discovering that he had no formal training for the role and no awareness of the regulator's rules for the protection of client assets, which were communicated in writing to all firms some months before. Apply for text loans and get easy funds.

The FSA has started on-site visits to buy- and sell-side firms to look at transaction reporting arrangements. That information is key for them to be able to detect market abuse. They send those reports to other European authorities and if that information is found to be inaccurate or incomplete, it would not reflect well on the FSA

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