



Editorial Comment

The events of the last few months must have convinced even the most die hard sceptic that, whilst the UK may be an island in the geographical sense, is far from being so, either politically or economically. If the Eurozone collapses, only an ostrich would really believe that there would be no knock-on effect on The UK. The British Prime Minister has an unenviable task, as the hounds of the Conservative right wing are baying at his heels to come away from his next Brussels encounter with *“either a promise that Britain will be able to repatriate powers from Brussels in the coming years or at the very least that London will be able to fend off a series of new EU directives that the government says would hurt the City”*. (*The Times front page November 24th 2011*).

Interestingly, the FSA, in the days of its decline, chose last month to raise the issue of the *“FSA’s International Agenda”* with an article on its website homepage. They refer to the increasingly global nature of the financial services market place which, in their view, has raised the level of regulatory communication and co-operation and enhanced the role of international standard setting regulatory organisations. The financial crisis that has enveloped the entire globe has pushed the issue of financial services regulation even further up the international political agenda, with the G20 Heads of State taking a direct interest. The FSA reckon that *“The crisis made it clear that there is an interconnectedness of the global economy and of the global financial markets. Risks posed by those interconnected global markets and firms are driving the need to build a strategic global approach to regulation. Only a coordinated approach among regulators will allow us to manage these risks through coordinated macro-prudential analysis, harmonised prudential rules, effective supervision of cross-border firms and fair, orderly and clean global markets.”* The international arena has become ever more critical for achieving many domestic objectives. At CPA, we aim to keep our clients updated on all of the issues that may have an impact on their day to day business objectives. We do this through our relationship management system and through our Regulatory Bulletins and Financial Crime Summaries, published periodically on our website.

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CPA Audit LLP is an independent consultancy that advises on Regulatory Compliance, Internal Audit, Risk Management and Corporate Governance issues. © CPA Audit LLP

New Faces



Bill Tatham has worked in the offshore financial

services market for over 20 years, focusing on the design, incorporation, marketing and risk management of sophisticated offshore investment products to institutional investors. Formerly a main board director of Towry Law Plc in the UK & HK, Bill has been based in Dubai since 2003 and has lived and worked outside of the UK for most of the past 20 years. He has most recently been the Managing Director of two boutique fund management groups and a senior manager at one of the Abu Dhabi Sovereign Wealth funds.



Yifan Li has a degree in Accounting and Finance from the University

of East Anglia. She speaks both English and Mandarin fluently and, since joining the firm, has assisted with a major presentation to a visiting Chinese business delegation. Yifan is active in enabling CPA's Far East marketing programme.

A fond farewell and don't forget to send a postcard!

Unfortunately in December, we waved goodbye to one of our partners, Hugh Parry, as he embarks on his retirement. Hugh has been a great asset to CPA Audit for nearly seven years and will be greatly missed. However, we wish him and his wife the best of luck with the exciting future they have planned.



John Bull's Comment Column

Last month saw the latest incarnation of the FSA's transaction reporting system which has now been named 'Zen'. Ironic considering the lack of 'peace and meditation' that operators will experience.

Who says that the FSA don't have a sense of humour? Reporting details are complicated and resource heavy. Minor transgressions and small field errors are quickly picked up by the FSA requiring resubmission of the whole. Major transgressions attract large fines. Out of all the 27 countries within MiFID, it is only the FSA that have ever fined a firm for transaction reporting. Increasingly the FSA is seen as the regulator with the most 'bite'.

Last month, the FSA published a report on the failure of RBS, in which they admit to their own failings in the supervision of RBS and, in particular, their lack of monitoring of the fatal acquisition of ABN Amro. This report has been strongly criticised by the financial secretary to the Treasury in a statement to the House. All of this cost the taxpayer some £45 billion with everybody and nobody getting the blame. In this case, the FSA did not only manage to 'not bite' they didn't even 'bark'. Was this really lack of experience or a lack of will on the part of FSA? The FSA blame the Board of RBS and propose, in future, that directors of failed banks are banned, fined and stripped of their remuneration. No penalties are suggested for the regulators and mandarins on whose watch such failures occurred. On the contrary, Mr Sants, CEO of the FSA, and Sir Mervyn King, the Governor of the Bank of England, have both extended their power bases. The civil servant in charge of the Treasury, both then and now, has been knighted.



Hong Kong



The Hong Kong Securities and Futures Commission, in its final quarterly report of last year, noted the major regulatory activities taken to strengthen investor protection and strengthen market standards. They have taken steps to minimise risk exposure that could arise from the use of financial derivatives and they have consulted the public on the issue of a new set of guidelines to help the industry comply with a new ordinance on anti-money laundering and counter-terrorist financing. See the full report [here](#).



Dubai

Dubai's economy has been hit just as much as any other over the last few years. Never to do things by halves, they continue to focus on providing perfectly planned business Free Zones. These Free Zones have attractive benefits, such as, zero personal and corporate tax, 100% foreign ownership and, in the Dubai International Financial Centre (DIFC), access to UK Company Law, rather than Sharia Law.



Here at CPA Audit we have had our feet on the ground in Dubai for some time now. We have found in the past year of supporting start-up firms setting up in DIFC, the local climate is changing. They are far less inclined to support start-up entities and seem to be favouring established global business. It appears that they are focused on extremely high capitalisation, a criteria which for most start-up entities is just not possible.

Contact one of our international compliance specialist on info@cpaaudit.co.uk to discuss your international opportunities.

What else do we do?

Here at CPA Audit we like to think we're a one stop shop for compliance related issues. Whether you are a start-up business, have general monitoring requirements, compliance related resourcing needs, or just need a compliance health check to get you back on track, we're here for you.



We offer project management for all types of applications to the FSA may it be Part IV Authorisation, Change of Control or Variation of Permission, we will guide you through the process from start to finish.

Our most popular service is Compliance Watch!, where we carry out on-site and off-site work for a fixed annual fee. With Compliance Watch!, you are always in the safest of hands, with our experienced team of industry experts.



Other services that we offer:

- One off systems and controls health checks
- Documentation
- Anti-money laundering training
- Corporate services
- Financial Reporting
- Recruitment
- Training
- Risk management
- ICAAP
- Internal Audit
- Corporate Governance

To talk to a client specialist about which services would be best for you, contact us:

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