INVESTIGATIONS AND ENFORCEMENT

KEY THEMES

1 July 2014 – 30 June 2015

FMA
FINANCIAL MARKETS AUTHORITY
TE MANA TATAI HOKOHOKO - NEW ZEALAND

FMA
FINANCIAL MARKETS AUTHORITY
TE MANA TATAI HOKOHOKO - NEW ZEALAND

fma.govt.nz

AUCKLAND

Level 5, Ernst & Young Building 2 Takutai Square, Britomart PO Box 106 672, Auckland 1143

Phone: +64 9 300 0400 Fax: +64 9 300 0499

WELLINGTON

Level 2, 1 Grey Street PO Box 1179, Wellington 6140

Phone: +64 4 472 9830 Fax: +64 4 472 8076

Contents

Key outcomes

$51.1 million
will be handed back to investors as compensation for losses

$1.7 million
was paid in fines and penalties

8
directors will not be involved in aspects of the financial markets for agreed periods of time

7
directors were fined for failing to file financial statements

28
firms were removed from the Financial Service Providers Register

77%
of our completed investigations resulted in sanctions that did not involve going to court.

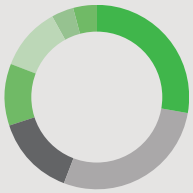
Investigation outcomes

- FMA-imposed sanctions **77%**
- court proceedings **23%**

Litigation outcomes

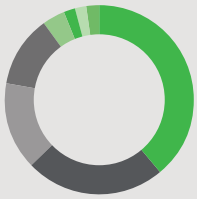
- ongoing in court **43%**
- other **29%**
- court judgment **21%**
- settled and investors compensated **7%**

Litigation matters in 2015



- finance companies **28%**
- financial reporting by public issuers **28%**
- financial adviser and FSPR regime **14%**
- primary markets including offer disclosure, unlawful offers, compliance with management bans **11%**
- secondary markets, including market manipulation and disclosure obligations **11%**
- Financial Advisers Disciplinary Committee **4%**
- s34 proceeding **4%**

Inquiries and investigations in 2015



- primary markets including offer disclosure, unlawful offers, compliance with management bans **39%**
- secondary markets, including insider trading, market manipulation and disclosure obligations **24%**
- financial adviser and FSPR regime **15%**
- financial reporting by public issuers **12%**
- potential s34 actions **4%**
- potential AFA code breaches **2%**
- finance companies **2%**
- AML/CFT **2%**

Executive summary

Purpose of this report

The Financial Markets Authority (FMA) has a wide mandate as New Zealand's financial markets regulator.

Our role includes licensing, monitoring and supervising; providing information, guidance and education; and contributing to policy-setting and law reform. We must also enforce the law. Our aim across all our activities is to raise the standard of conduct, and increase investor and market confidence to support economic growth in New Zealand.

This report highlights the key themes and issues in our investigation and enforcement activity in the year to 30 June 2015. It is intended to provide insight into the work we do, and help businesses and professionals better understand the behaviour we expect.

Key outcomes

During the year, our enforcement team was involved in 51 inquiries and investigations, and 28 litigation matters.

Key outcomes included:

- $51,140,000 was secured to compensate investors
- $1,710,625 was awarded in penalties and fines
- we received undertakings or representations from eight directors not to participate in aspects of the financial markets for agreed periods of time
- seven directors were prosecuted for failing to file their financial statements
- we issued public warnings about specific companies, scams, cold-calling, and UK pension transfers
- 28 companies were removed from the Financial Service Providers Register (FSPR).

Key issues and themes

This report summarises activity during the year that reflects our focus on the seven strategic priorities we identified in our *Strategic Risk Outlook 2015*.

These priorities are: governance and culture, conflicted conduct, capital market growth and integrity, sales and advice, investor decision-making, effective frontline regulators, and FMA effectiveness and efficiency. Some overall themes are outlined below.

Governance, culture and conflicted conduct

The most notable issues in our enforcement activities continue to be in governance, culture and conflicted conduct. In several cases, we observed an absence of robust systems and controls, and ineffective implementation of existing internal policies. We also noted a lack of awareness of basic regulatory requirements, particularly for disclosure in both primary and secondary markets. The main focus of our supervisory and monitoring work will continue to be in these areas, and we will continue to seek higher standards of conduct.

Primary and secondary markets

Almost two-thirds (63%) of our inquiries and investigations over the past year involved primary and secondary markets. This includes disclosure obligations, insider trading and market manipulation. Our focus on these areas is likely to continue to increase as our broader regulatory remit takes hold.

Non-filing of financial statements

Our main litigation workload in terms of cases (39%) has been prosecutions over non-filing of financial statements, and civil proceedings on secondary markets matters. In February 2015, our review of filing compliance revealed a significant improvement in filing compared to the previous year.

Misuse of the FSPR

Responding to misuse of the FSPR by offshore companies, and New Zealand-based companies offering services outside the scope of their registration or authorisation, has been a significant challenge. This has been compounded by confusion about our responsibilities. Many of the FSPR issues raised with us have involved firms not licensed or otherwise regulated in New Zealand and therefore not subject to our oversight. Nevertheless, we have used considerable resources dealing with them, and responding to complaints and queries.

Our supervisory and enforcement teams have worked with the Companies Office to deregister 28 companies from the FSPR during the year, and to warn the public about those we are unable to regulate.

Wider range of regulatory tools

Over the past year, we have used a wider range of regulatory tools across a broad range of issues.

- Only 23% of completed investigations resulted in court proceedings being prepared for filing. The rest resulted in FMA-imposed sanctions, including warnings, enforceable undertakings, and payments in lieu of a pecuniary penalty. Where we have identified failures in governance, systems and processes, we have worked with firms to improve compliance and resolve the issues, including by returning money to investors

- 21% of litigation matters resulted in court judgments. We have used settlements sparingly (7% of litigation matters), using our powers instead to impose sanctions and achieve recoveries and protection for investors.

Moving to harms-based regulation

The remaining work on finance company cases accounted for only 2% of investigations and 28% of litigation matters during the year. With all these investigations now complete, our workload is more clearly reflecting our transition to harms-based conduct regulation. As more financial services become licensed or authorised, we expect our interaction with firms to be effective in driving change and addressing issues without the need, initially at least, to involve our strong enforcement powers.

With investigations into failed finance companies now over, we are also able to focus more broadly on our regulatory objectives and their impact on the market. The wider range of powers available to us under the *Financial Markets Conduct Act 2013* (FMA Act) may, in the right circumstances, provide a quicker and more effective way of achieving those objectives than going to court.

We are, however, able and willing to pursue conduct in court when that is appropriate, and particularly when we believe it is in the best interest of investors or victims of financial crime.

This broader and more nuanced regulatory approach aligns well with the intentions and contents of the FMC Act, as well as the IOSCO principles of securities regulation, which specifically envisage use of a broader range of powers than just court proceedings. However, we acknowledge the importance of improving understanding among those we regulate, and the public generally, about the options available to us and the criteria and the processes we use to choose our response.

It is clear there are, in some quarters, misplaced expectations of the appropriate speed and transparency of investigations, particularly when they might lead to civil or criminal sanctions. While we are acutely aware of the need for efficiency, speed and transparency in our enforcement actions, we are also mindful of the potential seriousness of the consequences for individuals and firms. We will therefore continue to balance the objectives of openness and promptness with a fair and thorough process, particularly for significant investigations, potential court proceedings, or other sanctions.

Our strategic priorities

In our *Strategic Risk Outlook 2015,* we reported that we would prioritise our resources on conduct that poses the most significant risk to our objective of fair, efficient and transparent markets.

We identified the root causes of risk, and identified seven strategic priorities that reflect these risks and drivers of risk.

Our regulatory approach is to identify problems as quickly as possible and to make an early assessment of how the harm or potential harm should be treated. In some cases, a lower-level response may be justified, including direct and confidential engagement with the business or individual concerned, issuing a private warning, or sending a compliance advice letter. In other cases, more stringent action may be justified, including a full forensic investigation, resulting in FMA-imposed sanctions. In more serious cases, we may decide that a civil or criminal proceeding is the appropriate response.

This year's report shows that we do not take a litigation-by-default approach – we use the wide range of responses and powers available to us. When deciding to use a power, or begin a proceeding, we follow a robust governance process. We make decisions based on evidence, and consider the particular facts and circumstances of each case, our enforcement policy, and our regulatory objectives. Our prosecution policy, which is available on our website, sets out our approach. The FMA board – with advice from the FMA executive and, where appropriate, external legal counsel – decides whether we will begin a court proceeding. The decision to begin litigation is not taken lightly.

Governance and culture

Good governance is critical for fair, efficient and transparent markets. It also contributes to better outcomes for investors, shareholders and the New Zealand economy. The drivers of risk that underpin this priority – governance, culture and conduct – have been evident in several enforcement cases this year.

Market manipulation – the importance of effective systems and controls

Example: In June 2015, we completed our investigation into potential market manipulation at Milford Asset Management. We were concerned that certain trading activity at Milford might constitute market manipulation. During the course of our investigation, we identified that the Milford board had failed to ensure there was sufficient monitoring and assessment of the firm's trading activities. Milford accepted responsibility for its inadequate oversight of the trading conduct, paid $1.1 million in lieu of a pecuniary penalty, and contributed to our costs. It also provided undertakings to improve its trading systems and controls, but did not admit to market manipulation. Shortly after the period covered in this report, we filed civil proceedings against the portfolio manager who conducted the trading in question.

Our view: This case highlights that boards and managers of any financial services business are responsible for ensuring appropriate systems and controls are in place. These systems and controls exist to protect customer and shareholder interests, to protect market integrity, and to ensure that financial services operate at the standards expected.

Non-filing of financial statements

Example: This year, seven directors have been fined for failing to file financial statements with the Companies Registrar. All these companies raised funds from the public, either by offering securities or operating proportionate ownership schemes. Failing to provide investors with financial statements poses undue risk as it significantly reduces their ability to monitor and assess their investments, and leaves them uninformed. In the case of Apple Fields, the court acknowledged the difficulties directors can face when they have incomplete financial information. However, the court's view was that an issuer cannot be non-compliant on an ongoing basis. If it is unable to meet the criteria, directors must consider whether an issuer can continue at all. Leaving investors to assess their investments without access to financial statements is not a trivial matter. This case is now under appeal.

Our view: These cases highlight the need for directors to pay attention to investor outcomes and to ensure those outcomes match the board's aspirations.

They reinforce the message that companies raising capital from the public are expected to file their financial statements in an accurate and timely way. To make informed investment decisions, investors need to be able to assess the financial health of a company.

Insider trading

Example: In one suspected insider trading case referred to the FMA by NZX, the company involved stated that the person had followed an existing insider trading policy, and got internal permission to trade. Our inquiries revealed that, in our view, although the company's policy had been followed, the person approving the trade gave insufficient thought to whether the person intending to trade had, or might be perceived to have had, material inside information.

Our view: This case highlights that where there is a possibility that information held by an insider might be material, or be perceived to be material, a prudent approach should be taken. In any event, a record should be kept of the determination and the key relevant factors considered.

The health and strength of financial markets depends on directors recognising and meeting high standards of governance, which includes being prudent and careful when making decisions which may affect investor confidence in the equality of information available to the market.

Conflicted conduct

Conflicts of interest are often at the core of conduct-related risks. They can be embedded in business structures and exacerbated by poor culture and inadequate monitoring.

Example: One inquiry considered the impact of a vertically integrated business structure on the risk that investors might not receive appropriate advice.

Our view: Where the adviser, investment manager and provider of research information for a fund are connected, it is important that advisers test the investment information, and consider whether the products are suitable for the customer. Although we do not oppose vertically integrated business structures, robust processes must be used to ensure customers' interests are protected and put ahead of the profit-making interests of the providers involved. Although no action was taken in this particular case, distribution channels need to be carefully monitored and managed. Advisers in vertically integrated structures play a key role. It is important that advisers are able and willing to question the information given by the provider and manager, and always put their customers' interests first.

Role of professional advisers

Example: A former solicitor and legal adviser to those involved in Belgrave Finance, Hugh Hamilton, was found guilty as a party to offending. This case focused on theft by a person in a special relationship, by perpetrating the related-party transactions that breached Belgrave's trust deed. Mr Hamilton also transacted a portion of the loan funds through his firm's trust account on behalf of another defendant, who was alleged to be at the centre of the conduct of concern. Mr Hamilton was sentenced to four years and nine months' imprisonment.

Our view: The FMA and SFO took this case given the critical role that professional advisers play in companies that raise money from the public, and their responsibility to ensure they do not enable wrongdoing. We expect high standards of conduct from participants in New Zealand's financial markets, including professional advisers. This case demonstrates the consequences if those standards are not met.

Capital market growth and integrity

One of our key priorities is to help grow capital markets and support market integrity. For our markets to thrive, investors must have trust and confidence in them. Therefore, we take very seriously any conduct that undermines the integrity and reputation of our markets. Most of our investigations and litigation matters relate to this priority.

Market manipulation

Example: In 2013, we began civil proceedings against Brian Peter Henry for breaches of the market manipulation prohibitions in the Securities Act.

In August 2014, Mr Henry admitted all of the allegations brought by the FMA including:

- executing wash trades (trading in listed shares with himself, which moved the share price without any change in the share ownership)
- creating a false and misleading appearance of trading in listed shares by layering transactions (placing multiple orders for buying and selling the shares without completing the trade), a practice that artificially inflates the share price and gives a false appearance of activity
- giving an artificial impression of the level of trading interest in the shares.

The High Court imposed a pecuniary penalty of $130,000.

Warning in relation to market manipulation

Example: In January 2015, we issued a warning to an individual online trader for suspected market manipulation involving trading that resulted in no change in beneficial ownership of the shares, and 'bait and switch' trading conduct.

We considered it appropriate to give a warning in this case, given that the individual was an inexperienced trader, was using an online trading platform that did not provide guidance on permitted and prohibited activity, and was unaware that such trades were prohibited. The trading occurred over a short period of time and the individual was committed to receiving professional advice about their investments and trading.

Our view: There is a strong public interest in deterring share trading that creates a false and misleading appearance of the price, demand or volume of shares. As the cases above illustrate, we will take action when conduct undermines integrity and trust in the fair and orderly operation of equity markets. In taking action, we consider factors relevant to the individual case to ensure the regulatory response is appropriate, effective and proportionate.

We intend to raise awareness and understanding of the rules and prohibitions and regulatory expectations relating to trading conduct. As a consequence of these and other secondary markets investigations, the FMA and NZX have formed an industry working group to review trading practices to clarify the expected standards of good market conduct.

Investor funds at risk

Example: In May 2015, we secured asset preservation orders over the assets of Arena Capital, trading as BlackfortFX, and associated entities and people, because of our concerns that investor funds may be at risk. We also got orders appointing receivers and managers over the assets to ensure they could be safely managed.

Our view: Arena was registered on the FSPR, but purported to offer foreign exchange services to clients that would not require it to be licensed or otherwise regulated. We took action when we had grounds to suspect that client funds may be at risk, and that Arena might be in breach of financial markets legislation. We are now working with the SFO on a criminal investigation.

FSPR and the regulatory perimeter

Example: This year we have used significant resources to police the perimeter of regulation, particularly due to the misuse of,and misunderstanding about, the FSPR.

Our view: Our main concern is companies registered on the FSPR that are not actually operating in New Zealand. We have seen instances where such companies promote their registration to investors as a form of purported validation of their services by us or other New Zealand regulatory agencies. We have reviewed offshore companies and companies controlled by offshore parties, and directed the Companies Registrar to deregister them from the FSPR where appropriate. We have also issued public warnings about companies offering services outside the scope of their registration. Our powers also enable us to prevent registration if we believe the registration is not for legitimate purposes.

We are also concerned that the purpose and function of the FSPR may be misunderstood. It is an administrative registration process that does not involve any regulatory approval. Registration on the FSPR does not mean the company is licensed or regulated by the FMA or any other government agency. Through our supervisory and enforcement activities, and associated media releases, we have tried to highlight how important it is for investors to ascertain whether a company is regulated, whether it has an actual place of business in New Zealand, and whether its services and purported returns are genuine.

The extent of our activity around the perimeter this year has highlighted the need to continue raising awareness about what falls inside and outside our reach.

Sales and advice

When investors and consumers buy financial products or services, they expect to be treated fairly whether or not they receive advice. We have identified examples where providers have failed to take account of gaps in investor understanding and information asymmetries in promoting their products, which has resulted in poor customer outcomes.

Interest-rate swaps

Example: We engaged with ANZ, Westpac, and ASB Bank following their settlements with the Commerce Commission over conduct associated with selling interest-rate swaps to rural customers. The banks agreed to each engage third parties to review their processes and procedures for future sales and marketing of interest-rate swaps and other similar products.

Our view: The purpose of the independent reviews was to ensure robust sales and advice processes are in place, including the disclosure of all relevant information, to help redress the imbalance of information that can exist between customers and financial service providers.

Where those products might be described as complex, bearing in mind their novelty to customers, particular care needs to be taken in describing how they will perform in different economic or market scenarios. The settlements reflect the need for members of the public to receive full and accurate information when purchasing financial products or services.

Investor decision-making

Promoting conduct that supports good investor decision-making is a key priority. This includes encouraging timely and accurate disclosure, appropriate and customer-focused advice, and ensuring investors have access to resources and information to help them make informed financial decisions. Many of our enforcement cases across primary and secondary markets have touched on this priority this year. The following cases illustrate that we have, and will use, a range of tools to respond to harms threatening New Zealand's financial markets.

Failing to keep investors informed

Example: Following an investigation, we reached the view that the directors of SPI Property Fund had breached aspects of securities regulation. The directors provided enforceable undertakings that they would not participate in seeking or holding investment funds from the public for five years, and would repay $640,000 to SPI Property Fund investors.

Our view: These sanctions were justified, due to repeated incidents of the directors failing to keep their investors informed and failing to put their investors' interests first. Accepting these undertakings was a pragmatic response to our concerns about the directors' conduct and poor compliance, providing a process to repay investors and protect the market and investors.

Substantial shareholder disclosure obligations

Example: We filed civil proceedings against Archer Capital and Healthcare Industry for alleged breaches of the substantial shareholder disclosure obligations in the Securities Markets Act, in their proposed bid for Abano Healthcare. In that proceeding we allege that substantial shareholder disclosure notices regarding agreements, arrangements or understandings between holders of shares in Abano Healthcare Group should have been filed earlier. The case is still before the courts.

Our view: These cases highlight that timely and accurate disclosure is central to the promotion of a well-informed and transparent market. Immediate disclosure is particularly important in the case of understandings or arrangements among shareholders that may lead to a takeover proposal.

Continuous disclosure obligations

Example: We issued a public warning to Pacific Edge about potential breaches of its continuous disclosure obligations over the company's entry into two overseas agreements in October 2013. Pacific Edge agreed to compensate shareholders who purchased shares during the period between when the agreements were signed and their announcement to NZX. It also undertook a compliance audit, on the auditor's recommendation.

Our view: Our continuing focus in this area aims to:

- ensure that relevant information is disclosed to investors in a timely way
- reinforce that timely and accurate disclosure is central to the promotion of a well-informed, fair, efficient, and transparent market
- redress the imbalance of information that can exist between customers and financial service providers
- maintain and enhance confidence and participation in New Zealand's financial markets.

Effective frontline regulators

The strength of New Zealand's financial markets depends on effective frontline regulators who will intervene when standards fall short. Our supervision teams particularly focus on working with supervisors, trustees, auditors of issuers, and the NZX who perform these frontline roles in their compliance and oversight activities. Where we can achieve a compliance outcome, that will be our main focus.

Trustees

Example: In August 2014, we used for the first time our powers under section 34 of the *Financial Markets Authority Act 2011* to file a civil case against a trustee we believe breached its obligations to investors and the Crown.

Our view: It is vital that the public has confidence that trustees will protect investors' rights. Our s34 powers enable us to stand in the shoes of another person, and exercise their right to take action against an individual or company who is, or has been, involved in financial markets. However, the threshold for taking such a case is high and the decision to take this case was based on our view of the significant role that trustees play. The case – against Prince and Partners Trustee Company, trustee of failed finance company Viaduct Capital – is still before the courts.

FMA effectiveness and efficiency

As the conduct regulator, we must have our own house in order. Our processes reflect the seriousness of our enforcement mandate and the scope of our powers. We carefully and robustly consider our actions to ensure they are proportionate and appropriate, as well as timely, effective and efficient in our use of public resources.

We aim to use the full range of regulatory tools, particularly to ensure that litigation is not our default response. When we choose to take no action or to resolve a court proceeding, it is not without careful assessment of public and investor interests and our broader regulatory objectives.

We know there are times when the market and public may have a different view about the action we should take. Where possible, we try to be transparent about our decisions and the criteria applied. A particular tension often arises when the media want to report specific details of potential misconduct that we are investigating, at a point where we believe it would be detrimental to the investigation or the principles of fair process. This is particularly acute when we may be considering civil or criminal proceedings. It requires us to make some difficult and sensitive judgment calls, and the FMA board is actively and closely involved in making decisions in such cases.

Future focus

The *Financial Markets Conduct Act 2013* is now in force and businesses and professionals have up to two years to transition to some of the new requirements. Our regulatory scope has been extended, and we have been given extra regulatory tools. Our focus for the future is to continue to ensure we use the appropriate regulatory response to respond to harms threatening the market and, where possible, to act before they require a severe enforcement response. The administrative powers given to us by the FMC Act are a critical part of our regulatory armoury.

We expect our supervisory team to use an increasing range of regulatory responses as we work with those we regulate to address issues and harms as they arise. However, our enforcement mandate remains and, as the past year has illustrated, in appropriate cases we will use our stronger intervention powers where warranted. The deterrent effect of strong action needs to be respected by everyone taking part in our financial markets.

Appendix 1 – Key enforcement outcomes

Non-court outcomes – FMA sanctions:

- The directors of SPI Property Fund and related entities provided non-participation undertakings and agreed to pay $640,000 compensation to investors following investigation into compliance with Securities Act obligations.
- Pacific Edge provided undertakings to make compliance improvements and pay up to $500,000 compensation to investors following our investigation into its compliance with continuous disclosure obligations.
- Milford Asset Management paid $1.5 million in lieu of a pecuniary penalty and contributions towards our investigation costs, following our investigation into alleged market manipulation. It also provided undertakings to improve systems and controls.
- We issued a warning to an individual trader following our investigation into market manipulation.
- ASB, Westpac and ANZ provided undertakings to review sales and marketing processes and procedures for interest-rate swaps and futures products following the Commerce Commission's investigation into the sales and marketing of interest-rate swaps.

Investor protection

- We issued public warnings about specific companies, scams and cold-calling, and UK pension transfers.
- We deregistered 28 offshore companies which appeared to be inappropriately registered on the FSPR.

Court outcomes

- Judgments were issued in four cases relating to failures to file financial statements with the Companies Registrar, resulting in fines against seven directors totalling $210,625.
- The lawyer to Belgrave Finance was convicted and sentenced to imprisonment following a joint SFO and FMA prosecution.
- The High Court awarded a $130,000 pecuniary penalty in a case of market manipulation.

Settlement

- We reached a settlement of civil proceedings relating to disclosure of offers made by the Hanover finance companies, securing $18 million compensation for investors, and undertakings and representations of non-participation from the defendants.
- The FMA and receivers and liquidators of Dominion Finance and North South Finance reached a settlement with the directors of those companies securing $10 million in compensation for investors.

Compensation recoveries for investors

We secured compensation for investors totalling $51,140,000:

- $22 million – Strategic Finance
- $18 million – Hanover finance companies
- $10 million – Dominion Finance / North South Finance
- $500,000 – Pacific Edge
- $640,000 – SPI Property Fund.

New proceedings

- We began civil proceedings under s34 of the Financial Markets Authority Act 2011 against Prince and Partners Trustee Company, trustee to Viaduct Capital.
- We began civil proceedings under the Securities Markets Act 1978 against Archer Capital and Healthcare Industry for alleged breaches of the substantial shareholder disclosure obligations relating to their potential takeover bid for Abano Healthcare.
- We secured asset preservation orders against individuals and entities associated with Arena Capital, trading as BlackfortFX, subject to investigation for breach of financial markets legislation.

Financial Advisers Disciplinary Committee

- We began investigations into two potential referrals to the Financial Advisers Disciplinary Committee.

Appendix 2 – Timeline

JULY 2014

Prosper Hills director fined for failure to file financial statements

Belgrave Finance lawyer sentenced for fraud

JUL

AUGUST 2014

Civil proceedings filed against Prince and Partners

Brian Peter Henry admits market manipulation and ordered to pay pecuniary penalty

AUG

SEPTEMBER 2014

Public warning issued about General Equity

Directors of Heritage Park Taupo and Prudential Real Estate fined for failing to file financial statements

SEP

OCTOBER 2014

Public warning issued about cold calling investment offers and big win scams

Civil proceedings filed against Archer Capital and Healthcare Industry

OCT

NOVEMBER 2014

Directors of SPI provide non-participation undertakings, investors to be compensated

NOV

DECEMBER 2014

ANZ gives undertakings to review sales and marketing processes for future products, including interest-rate swaps

DEC

JANUARY 2015

Warning issued to an online trader for market manipulation

Public warning issued about potentially misleading promotions of UK pension scheme transfers

JAN

FEBRUARY 2015

Public warning issued about Eco Investments Group offer

Westpac gives undertakings to review sales and marketing processes for future products, including interest-rate swaps

Improvements in filing of financial statements reported

FEB

MARCH 2015

Warning issued to MSL Capital Markets for failing to perform AML/CFT audit

MAR

APRIL 2015

Directors of SPI fined for failing to file financial statements

APR

MAY 2015

Asset preservation orders obtained over BlackfortFX, receivers and managers appointed

Warning issued to Pacific Edge; it gives undertakings on compliance audit and agrees to pay compensation

Directors of Apple Fields fined for failing to file financial statements

Deregistrations from FSPR reported

MAY

JUNE 2015

Hanover case settled, investors to be compensated and non-participation assurances given.

ASB gives undertakings to review sales and marketing processes for future products, including interest-rate swaps

Milford makes payment in lieu of penalty, and gives undertakings to improve trading systems and controls

Dominion and North South Finance case settled, investors to be compensated

JUN

Glossary

AML/CFT	Anti-money laundering and countering financing of terrorism
Companies Registrar	The official responsible for the Companies Office, which is the government agency responsible for corporate body registers, occupational registers, and the register of personal property securities.
Enforceable undertaking	An undertaking enforceable through the courts under section 46 of the Financial Markets Authority Act
FADC	Financial Advisers Disciplinary Committee
FMA	Financial Markets Authority
FMC Act	Financial Markets Conduct Act 2013
FSPR	Financial Service Providers Register
Information asymmetries	Where information is not shared equally
IOSCO	International Organization of Securities Commissions
NZX	New Zealand Exchange, the company that operates New Zealand's main stock exchange
Securities Act	Securities Act 1978
SFO	Serious Fraud Office
s34	Section 34 of the Financial Markets Authority Act 2011