

Corporate & Financial Weekly Digest

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FSA Fines and Bans Firm and Its Partners for Improperly Promoting Unregulated Funds

On January 19, the UK Financial Services Authority (FSA) published final disciplinary notices to Clark Rees LLP (CR) and its two partners, Ceri Rees and Paul Clark. Mr. Rees was fined £17,500 (approximately \$27,800), and Mr. Clark was fined £10,500 (approximately \$16,700). Both partners were banned for two years from performing customer functions in relation to unregulated collective investment schemes (a category of fund products which includes almost all private funds including all hedge funds other than those established within the EU Undertakings for Collective Investment in Transferable Securities framework), and both were permanently banned from carrying out senior management functions in a regulated firm. The FSA revoked CR's permission to carry on investment business.

The FSA found that both Mr. Clark and Mr. Rees had failed to educate themselves about the statutory and regulatory provisions relating to the marketing of unregulated collective investment schemes and in particular the limited circumstances in which they can be promoted to retail customers. Promotion of such funds is permitted only to retail investors when they met specific qualifying criteria primarily in relation to investment experience. Neither partner of CR was aware of these restrictions, and as a result, promoted and recommended unregulated collective investment schemes to ordinary retail investors.

This specific disciplinary action by the FSA follows from its general announcement on the sale of private investment funds, as reported in the August 13, 2010, edition of [Corporate and Financial Weekly Digest](#).

To read Paul Clark's final notice, click [here](#).

To read Ceri Rees's final notice, click [here](#).

To read Clark Rees LLP's final notice, click [here](#).

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