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Former Corporate Broking Managing Director Fined £350,000 for Inside Information Disclosure

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On February 16, following on from the disciplinary actions against David Einhorn, Greenlight Capital, Alexander Ten-Holter and Caspar Agnew reported in the January 27, 2012 and February 3, 2012 editions of *Corporate and Financial Weekly Digest*, the UK Financial Services Authority (FSA) published a further final notice and announced that it had imposed a fine of £350,000 (approximately $550,000) on Andrew Osborne, a former Corporate Broking Managing Director of a major investment bank, for engaging in market abuse by improperly disclosing inside information ahead of a significant equity fundraising by Punch Taverns Plc (Punch) in June 2009.

The FSA found that during a conference call between Punch management and Greenlight, Osborne improperly disclosed inside information - namely that Punch was at an advanced stage of the process towards a significant equity fundraising, probably within a week after the call. As an approved person with considerable experience, Osborne was fully aware of his duties not to disclose inside information and to consider the risk of market abuse. He failed in both these duties and engaged in market abuse by the improper disclosure of inside information to Greenlight.

The FSA also found that shortly after the conference call, Osborne became aware that Greenlight was selling Punch shares. He failed to raise concerns with senior management, legal or compliance personnel or take any steps to address the risk that Greenlight's conduct constituted market abuse.

Tracey McDermott, acting director of enforcement and financial crime, said: "Osborne was a highly experienced broker in a position of considerable responsibility at a leading financial institution. He was trusted as the gatekeeper of inside information and should have been extremely cautious in proceeding with the call with Greenlight in light of the clear legal and regulatory risks involved. By disclosing inside information, Osborne engaged in serious market abuse. His actions undermined the orderliness and integrity of the market and the high penalty reflects the seriousness of his breach. There should be no doubt about the FSA's commitment to take tough action where approved persons fail in their responsibilities."

For more information, click here.

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