

Corporate & Financial Weekly Digest

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FSA Bans Three Stockbroker Directors

On July 28, the UK Financial Services Authority (FSA) banned Stephen Coles, Luke Ryan and Michael Yamoah, the three directors of Simply Trading Group Limited (STG) (a small private client advisory stockbroker) from holding any financial services senior management positions.

Coles, Ryan and Yamoah shared responsibility for the management of STG, which specialized in telephone sales of securities traded on the London Stock Exchange and higher risk securities traded on the AIM and PLUS markets, through two “appointed representatives.”

The FSA investigation found that Coles, Ryan and Yamoah:

- i. relied too heavily on an external compliance consultant for advice on how to run the compliance aspects of STG’s business;
- ii. failed to make sure that STG met regulatory requirements, including capital resources and systems and controls requirements; and
- iii. failed to monitor adequately their two appointed representatives, creating a serious risk that customers would received unsuitable investment advice. This included a failure to ensure that call monitoring equipment was in place at one of the appointed representatives.

As a result of the ban imposed on its three directors, STG no longer met FSA authorization requirements and its FSA permission to conduct investment business was cancelled.

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