



Financial Services Authority

FINAL NOTICE

To: Christian Arthur Littlewood
Date of Birth: 18 April 1973
Individual Reference Number: CXL01100
Date: 31 May 2012

1. ACTION

- 1.1. The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (the "FSA") gave Mr Christian Arthur Littlewood ("Mr Littlewood") a Decision Notice on 24 February 2012 (the "Decision Notice") which notified him that for the reasons set out below and pursuant to section 56 of the Financial Services and Markets Act 2000 (the "Act"), the FSA had decided to make an order prohibiting him from performing any function in relation to any regulated activity carried out by an authorised person, exempt person or exempt professional firm on the grounds he is not a fit and proper person (the "Prohibition Order").

- 1.2 Mr Littlewood has not referred the matter to the Upper Tribunal (Tax and Chancery Chamber) within 28 days of the date of which the Decision Notice was given to him.
- 1.3 Accordingly, the FSA hereby makes an Order pursuant to section 56 of the Act. The Prohibition Order takes effect from 7 June 2012.

2. REASONS FOR THE ACTION

- 2.1. The FSA has concluded that Mr Littlewood is not fit and proper to perform any function in relation to any regulated activity carried on by any authorised or exempt person or exempt professional firm because of his involvement in serious criminal offences spanning the period 2000 to 2008. During this period Mr Littlewood was employed at Dresdner Kleinwort Wasserstein Ltd (“DKW”) and at Shore Capital and Corporate Ltd, part of Shore Capital Group plc (“Shore Capital”) in corporate finance roles involving mergers and acquisitions. Mr Littlewood was an approved person at both of these firms.
- 2.2. On 8 October 2010 at Southwark Crown Court Mr Littlewood entered guilty pleas to eight counts of insider dealing contrary to Part V of the Criminal Justice Act 1993. These convictions demonstrate a lack of honesty and integrity and a serious and sustained breach of trust by an approved person in a position of responsibility. On 2 February 2011 Mr Littlewood was sentenced to a custodial sentence of 3 years 4 months. In sentencing the Judge stated:

“The behaviour was deliberate and inevitably dishonest ... your offending had a significant impact to the overall confidence and integrity of the market ...A number of cases have been considered at this Court and I bear them in mind; none are on the same scale in terms of seriousness and profit or culpability of the central person.”

3. RELEVANT STATUTORY AND REGULATORY PROVISIONS

Statutory provisions

- 3.1. The FSA’s statutory objectives, set out in section 2(2) of the Act, are market confidence, financial stability, the protection of consumers and the reduction of financial crime.

- 3.2. The FSA has the power pursuant to section 56 of the Act to make an order prohibiting an individual from performing a specified function, any function falling within a specified description, or any function, if it appears to the FSA that that individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by an authorised person. Such an order may relate to a specified regulated activity, any regulated activity falling within a specified description, or all regulated activities.

Fit and Proper Test for Approved Persons

- 3.3. The purpose of the part of the FSA Handbook entitled Fit and Proper Test for Approved Persons ("FIT") is to outline the main criteria for assessing the fitness and propriety of a candidate for a controlled function. In this instance the criteria set out in FIT are relevant in considering whether the FSA will exercise its powers to make a prohibition order in respect of an individual in accordance with the Enforcement Guide ("EG") paragraph 9.9.
- 3.4. FIT 1.3.1G provides that the FSA will have regard to a number of factors when assessing the fitness and propriety of a person, including the person's honesty and integrity. FIT 2.1.1G provides that, in determining a person's honesty and integrity, the FSA will have regard to matters including, but not limited to, those set out in FIT 2.1.3G.
- 3.5. FIT Section 2.1.3G(1) indicates that in determining a person's honesty, integrity and reputation, the FSA will have regard to matters including whether the person has been investigated for, or convicted of, any criminal offence. It goes on to say that particular consideration will be given to offences of dishonesty, fraud, financial crime or other offences under legislation relating to banking and financial services, companies, insurance, consumer protection, money laundering, market manipulation or insider dealing.
- 3.6. FIT 2.1.3G refers to various matters, including: whether the person is or has been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any potential proceedings or of any investigation which might lead to those proceedings (FIT 2.1.3G(4)); whether the person has contravened any of the

requirements and standards of the regulatory system (FIT 2.1.3G(5)); whether the person has been dismissed, or asked to resign and resigned, from employment or from a position of trust, fiduciary appointment or similar (FIT 2.1.3G(11)) and whether, in the past, the person has been candid and truthful in all his dealings with any regulatory body and whether the person demonstrates a readiness and willingness to comply with the requirements and standards of the regulatory system and with other legal, regulatory and professional requirements and standards (FIT 2.1.3G(13)).

Enforcement Policy

- 3.7. The FSA's policy in relation to the decision to make a prohibition order is set out in Chapter 9 of EG. Extracts from Chapter 9 of EG are set out in Annex A.
- 3.8. EG 9.1 explains the purpose of prohibition orders in relation to the FSA's regulatory objectives.
- 3.9. EG 9.4 describes the scope of the FSA's power to make prohibition orders: they may be unlimited or they may be limited to specific functions in relation to specific regulated activities, depending on the reasons why the individual is not fit and proper and the severity of the risk he poses to consumers or the market generally.

4. FACTS AND MATTERS RELIED ON

- 4.1. Between 12 October 1998 and 30 March 2008 Mr Littlewood was employed by the investment bank DKW. Mr Littlewood was registered with the Securities and Futures Authority from November 1998 to November 2001 to carry out functions in relation to securities. From 1 December 2001 to 16 January 2003 he was an FSA Approved Person holding Controlled Function CF21. From 16 January 2003 to 31 October 2007 he held Controlled Function CF23 and from 1 November 2007 to 21 December 2007 he held Controlled Function CF30. Between 11 August 2008 and 28 April 2009, Mr Littlewood was employed at Shore Capital, and held Controlled Function CF1 and Controlled Function CF30 between 16 September 2008 and 28 April 2009.
- 4.2. As a result of his employment in both of these companies, Mr Littlewood had legitimate access to confidential, specific or precise information which, had it been made public, would have had a significant effect on the share price ("inside

information”). On a number of occasions during this employment, he instigated a course of conduct that involved inappropriate disclosure of inside information to his wife Angie Littlewood a.k.a. Siew-Yoon Lew a.k.a. Angie Lew (“Mrs Littlewood”) and, through her, to a Singaporean national Mr Helmy Omar Sa’aid (“Mr Sa’aid”), who was a friend of Mrs Littlewood.

- 4.3. Mrs Littlewood used the inside information obtained through her husband’s position to facilitate the placing of trades in eight separate stocks by herself or by Mr Sa’aid, on multiple occasions, just prior to announcements to the market. As a result of these trades, Mr Littlewood, his wife and Mr Sa’aid made profits of around £590,000.
- 4.4. Mr Littlewood held a position of responsibility and trust at both DKW and Shore Capital and as an Approved Person had a clear understanding of the prohibitions on the use of inside information. He received extensive training on the subject of market abuse and insider dealing. Mr Littlewood circumvented the personal account dealing rules and compliance function at DKW and Shore Capital when he failed to declare his wife’s trading.
- 4.5. Mr Littlewood persisted in his course of conduct after his wife received a letter addressed to her in her maiden name from the FSA inquiring about her trading in 2005. He and his wife then modified their behaviour to seek to avoid detection in that Mrs Littlewood ceased trading personally and Mr Sa’aid became the sole trader for the joint enterprise.
- 4.6. Mr Littlewood provided a false statement to the FSA in the course of the investigation. The statement was signed and contained a declaration of truth. Mr Littlewood has acknowledged that the contents were untrue through his guilty pleas.
- 4.7. Mr Littlewood engaged in a serious and sustained course of criminal insider dealing over a nine year period which was only brought to an end by his arrest on 31 March 2009.

5. REPRESENTATIONS, FINDINGS AND CONCLUSIONS

Representations

- 5.1. Mr Littlewood did not avail himself of the opportunity to make oral representations nor did he submit anything that he characterised as ‘written representations’. However the FSA deemed some of the correspondence sent to it by Mr Littlewood to constitute written representations and thus these were considered by the Regulatory Decisions Committee (“RDC”).
- 5.2. Mr Littlewood did not seek to suggest that he had entered his guilty pleas in error and there was no suggestion that he would be seeking to challenge his convictions. Nonetheless Mr Littlewood sought in his representations to dissuade the FSA from taking the action set out in this notice as he argued that it was inappropriate and unfair to proceed against him at this time. Furthermore he sought to argue that it would not be appropriate to impose upon him a prohibition order in the terms set out in paragraph 1.1.
- 5.3. Mr Littlewood contended that the FSA should not bring regulatory proceedings against him whilst confiscation proceedings before the criminal court were ongoing. He submitted that as an indication had been given by the FSA that regulatory proceedings would await the resolution of the criminal proceedings it was unfair and precipitous of the FSA to have instituted this action whilst matters still had to be resolved. Furthermore he argued that it was also otiose for the FSA to seek to prohibit him whilst he remained incarcerated.
- 5.4. In addition to arguing that the FSA should not proceed, when he felt that to do so ran contrary to an indication that he had previously received, Mr Littlewood also contended that the FSA had made the process unfair in other ways. He submitted that he was unable to properly engage with the process because his attentions were focussed upon the confiscation proceedings. Moreover one of the consequences of the lack of resolution to the confiscation proceedings was that his assets were still restrained. This in turn meant that he was unable to retain legal representation to act for him in these regulatory proceedings. He complained that without the time to focus on this action and without legal representation it was impossible for him to be able to

submit adequate representations which would present a proper challenge to the FSA's case against him.

- 5.5. Mr Littlewood argued that as well as being unable to submit meaningful representations he was also not able to make oral representations. He submitted that he was unable to make worthwhile oral representations for the same reasons that he was unable to submit written representations, whilst he also complained about the difficulties he faced in trying to make oral representations when he is currently incarcerated. Mr Littlewood concluded that the conduct of the RDC in dealing with these issues had demonstrated that it had already pre-judged the issue and that the RDC was biased towards the Enforcement and Financial Crime Division.
- 5.6. The principal focus of Mr Littlewood's representations was upon why it was not appropriate for the FSA to continue with the regulatory proceedings at this time. However he also addressed the appropriateness of the sanction though he only did so having added the caveat that his representations on this subject were necessarily limited as a consequence of the difficulties he faced in engaging with the process. Mr Littlewood submitted that it would be inappropriate to impose on him a prohibition order drafted in such wide terms. He argued that it was both unnecessary and also that it would be unfair to impose such an order as this would have the effect of preventing him from earning a living at some point after his release from prison.
- 5.7. Alongside the foregoing, Mr Littlewood raised other matters which have not been set out here as they are not relevant to the matters set out in this notice or the decision to give this notice to Mr Littlewood.

Findings

- 5.8. In the light of his admitted misconduct the FSA concludes that Mr Littlewood is not a fit and proper person. The FSA reaches this conclusion having taken into account both the mitigating and aggravating features of his misconduct. The FSA consequently finds that it is appropriate to impose upon Mr Littlewood the Prohibition Order which is set out in paragraph 1.1 notwithstanding the impact that this may have upon Mr Littlewood's future earning capacity and regardless of the fact that the FSA is not seeking to impose a prohibition order on Mr Sa'aid who is now resident outside

of this jurisdiction. In coming to this finding the FSA rejects Mr Littlewood's representations that it would be unfair to take this action.

- 5.9. The FSA does not consider that it is obliged to await the resolution of the confiscation proceedings before bringing this regulatory action. The FSA notes that Mr Littlewood is incarcerated and that consequently he currently poses a limited risk to market participants and the wider public. Nonetheless the FSA considers that it is appropriate to take action at this time having reached the conclusion that Mr Littlewood is not a fit and proper person and that it is appropriate to impose a prohibition order upon him. The FSA considers that when deciding to take this action it will not be making findings which could be inconsistent with any conclusions which may be made by the court when it finally resolves the confiscation proceedings, because the FSA's regulatory action is solely reliant upon Mr Littlewood's pleas of guilty and the facts underlying those guilty pleas. Therefore the FSA considers that as the confiscation proceedings are irrelevant to this action it is appropriate to take this action now.
- 5.10. Additionally the FSA notes that because of the freezing of his assets, which is a consequence of an order made in the course of the ongoing confiscation proceedings, Mr Littlewood has been unable to retain legal representation in these regulatory proceedings, though he has had the benefit of representation in the confiscation proceedings. The FSA rejects Mr Littlewood's submissions on this point because the FSA does not consider that it would be appropriate to delay this process until he is able to pay to instruct legal representation. The FSA considers that as this is an administrative process the subject of the proceedings does not have a right to legal representation and therefore whilst the FSA will attempt to accommodate reasonable requests made by the subjects of regulatory proceedings to facilitate the involvement of legal representation, the RDC considers that in Mr Littlewood's case it would be inappropriate to adjourn these proceedings when he has had ample opportunity to consult with lawyers about this matter and whilst it remains unclear when he might instruct legal representation.
- 5.11. Furthermore the FSA also rejects Mr Littlewood's other representations concerning the fairness of the process. The FSA considers that it is not unfair to take this action whilst the confiscation proceedings are still to be concluded. The FSA does not

consider that Mr Littlewood has been prevented from engaging with these regulatory proceedings by the ongoing confiscation proceedings regardless of whether or not he has retained lawyers to act for him in this matter. Instead the FSA considers that Mr Littlewood has demonstrated through his correspondence that he has the capacity to deal with this matter.

- 5.12. Moreover the FSA considers that it has made all reasonable efforts to afford Mr Littlewood the opportunity to engage with the process. The FSA notes that a considerable period of time has elapsed since he was given the Warning Notice. The FSA considers that in this time Mr Littlewood would have been quite able to prepare any representations in response to the Warning Notice had he been inclined to do so. The FSA also finds that as a consequence of the various delays in this matter Mr Littlewood has had ample opportunity, despite being in prison, to ensure that he was able to make oral representations either by presenting these in person or via some other medium.
- 5.13. The FSA also rejects the submission that the RDC has acted unfairly. The FSA denies that the RDC had decided this matter before having heard from Mr Littlewood and the FSA also denies that the RDC has demonstrated a bias towards the Enforcement and Financial Crime Division.
- 5.14. As a consequence of the foregoing findings the FSA rejects the submission that Mr Littlewood has suffered any unfairness in the course of this process and consequently the FSA finds that it is appropriate to impose a prohibition order upon Mr Littlewood in the light of the finding that he is not a fit and proper person.

Conclusions

- 5.15. The facts, matters and findings described above lead the FSA to the following conclusions:
- (1) Mr Littlewood has been convicted of criminal offences involving dishonesty of such seriousness as to justify a lengthy custodial sentence;
 - (2) Those convictions, and the admitted conduct which gave rise to them, go directly to impugn Mr Littlewood's honesty, integrity and reputation and

therefore to demonstrate that he is not a fit and proper person to perform any function in relation to any regulated activity carried on by any authorised person; and

- (3) The FSA considers that because of the nature and seriousness of Mr Littlewood's misconduct, and the severity of the risk he poses to confidence in the market generally, it is appropriate for the FSA to exercise its powers to make the prohibition order against Mr Littlewood. Further analysis of this sanction is set out below.

6. ANALYSIS OF THE SANCTION

- 6.1. In deciding to take the action set out at paragraph 1.1 above, the FSA has considered, amongst other things, the seriousness and nature of Mr Littlewood's conduct and the likely effect of the action on him.

- 6.2. The FSA considers the following to be mitigating factors:

- (1) Although Mr Littlewood did not admit his guilt in interview or during the FSA's investigation, he did enter guilty pleas on 8 October 2010, some seven months after charge; and
- (2) No previous regulatory action has been taken against Mr Littlewood by the FSA.

- 6.3. The FSA considers that the seriousness of Mr Littlewood's criminality was aggravated by the following factors:

- (1) That he engaged in this misconduct in breach of his position of trust; and
- (2) The length of time during which he engaged in this misconduct; and
- (3) That he was an FSA Approved Person.

Prohibition

- 6.4. The FSA's effective use of the power to prohibit individuals who are not fit and proper from carrying out functions in relation to regulated activities helps the FSA to work towards its statutory objectives.

- 6.5. The FSA has concluded that Mr Littlewood's convictions and the admitted conduct that gave rise to them demonstrate a lack of honesty and integrity such that he is not a fit and proper person to perform any function in relation to any regulated activity carried on by any authorised person. Therefore the FSA has concluded that it is appropriate to impose upon Mr Littlewood a prohibition order which prohibits him from performing any function in relation to any regulated activity carried on by any authorised or exempt person or exempt professional firm on the grounds that Mr Littlewood is not a fit and proper person.

7. DECISION MAKERS

- 7.1. The decision which gave rise to the obligation to give this Final Notice was made by the Regulatory Decisions Committee.

8. IMPORTANT

- 8.1. This Final Notice is given to Mr Littlewood in accordance with section 390(1) of the Act.

Publicity

- 8.2. Sections 391(4) and 391(7) of the Act apply to the publication of information about which this Final Notice relates. Under these provisions the FSA must publish such information about the matter to which this Final Notice relates as in the FSA considers appropriate. The information may be published in such a manner as the FSA considers appropriate. However, the FSA may not publish information, if such publication would, in the opinion of the FSA, be unfair to Mr Littlewood or prejudicial to the interests of consumers.

FSA contacts

- 8.3. For more information concerning this matter please contact Matthew Nunan (direct line: 020 7066 2672) or Evan Benge (direct line: 020 7066 1660) at the FSA.

Matthew Nunan

Acting Head of Department

FSA Enforcement and Financial Crime Division

Annex A

Relevant Rules, Guidance and Other Regulatory Provisions

1. Enforcement Guide

- 1.1. EG 9.3-9.7 sets out the FSA's general policy in deciding whether to make a prohibition order and/or withdraw an individual's approval. The FSA will consider all the relevant circumstances including whether other enforcement action should be taken or has been taken already against that individual by the FSA. In some cases the FSA may take other enforcement action against the individual in addition to seeking a prohibition order.
- 1.2. EG 9.4 provides that the FSA has the power to make a range of prohibition orders depending on the circumstances of each case and the range of regulated activities to which the individual's lack of fitness and propriety is relevant. Depending on the circumstances of each case, the FSA may seek to prohibit individuals from performing any class of function in relation to any class of regulated activity, or it may limit the prohibition order to specific functions in relation to specific regulated activities. The FSA may also make an order prohibiting an individual from being employed by a particular firm, type of firm, or any firm.
- 1.3. EG 9.5 provides that the scope of a prohibition order will depend on the range of functions which the individual concerned performs in relation to regulated activities, the reasons why he is not fit and proper and the severity of the risk which he poses to consumers or to the market generally.
- 1.4. EG 9.8-9.14 sets out additional guidance on the FSA's approach to making prohibition orders against approved persons and/or withdrawing such persons' approvals.
- 1.5. EG 9.8 provides that when the FSA has concerns about the fitness and propriety of an approved person, it may consider whether it should prohibit the person from

performing functions in relation to regulated activities, withdraw its approval, or both. In deciding whether to withdraw its approval and/or make a prohibition order, the FSA will consider in each case whether its regulatory objectives can be achieved adequately by imposing disciplinary sanctions or by issuing a private warning.

1.6. EG 9.9 provides that when it decides whether to make a prohibition order against an approved person and/or withdraw its approval, the FSA will consider all the relevant circumstances of the case. The paragraphs of EG 9.9 relevant to this Notice include:

- (2) Whether the individual is fit and proper to perform functions in relation to regulated activities. The criteria for assessing the fitness and propriety of approved persons are set out in FIT 2.1(Honesty, integrity and reputation); FIT 2.2 (Competence and capability); and FIT 2.3 (Financial soundness).
- (3) Whether, and to what extent, the approved person has: (a) failed to comply with the Statements of Principle issued by the FSA with respect to the conduct of approved persons.
- (5) The relevance and materiality of any matters indicating unfitness.
- (6) The length of time since the occurrence of any matters indicating unfitness.
- (7) The particular controlled function the approved person is (or was) performing, the nature and activities of the firm concerned and the markets in which he operates.
- (8) The severity of the risk which the individual poses to consumers and to confidence in the financial system.
- (9) The previous disciplinary record and general compliance history of the individual including whether the FSA, any previous regulator, designated professional body or other domestic or international regulator has previously imposed a disciplinary sanction on the individual.

1.7. EG 9.10 provides that the FSA may have regard to the cumulative effect of a number of factors which, when considered in isolation, may not be sufficient to show that the individual is fit and proper to continue to perform a controlled function or other function in relation to regulated activities. It may also take account of the particular

controlled function which an approved person is performing for a firm, the nature and activities of the firm concerned and the markets within which it operates.

- 1.8. EG 9.11 states that it is not possible to produce a definitive list of matters which the FSA may take into account when considering whether an individual is not a fit and proper person to perform a particular, or any, function in relation to a particular, or any, firm. EG 9.12 sets out a list of examples of types of behaviour which have previously resulted in the FSA deciding to issue a prohibition order or withdraw the approval of an approved person. This includes at EG 9.12(3) severe acts of dishonesty which may have resulted in financial crime.
- 1.9. EG 9.13 provides that certain matters which do not fit squarely, or at all, within the matters referred to above may also fall to be considered and that in these circumstances the FSA will consider whether the conduct or matter in question is relevant to the individual's fitness and propriety.