
FINAL NOTICE

To: Richard Ralph

Date of birth: 27 April 1946

Date: 12 November 2008

TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS ("the FSA") gives you final notice about a requirement to pay a financial penalty.

1. THE PENALTY

- 1.1. The FSA gave Richard Ralph a Decision Notice on 12 November 2008 which notified Mr Ralph that pursuant to section 123(1) of the Financial Services and Markets Act 2000 ("the Act"), the FSA had decided to impose on Mr Ralph a financial penalty of £117,691.41 for engaging in market abuse.
- 1.2. The financial penalty consists of the following elements:
 - 1.2.1. a disgorgement of financial benefit arising from the market abuse of £12,691.41 (being the profit derived by Mr Ralph from the purchase and sale of the shares); and
 - 1.2.2. an additional penalty element of £105,000.
- 1.3. Mr Ralph agreed to settle at an early stage of the FSA's investigation. He therefore qualified for a 30% (Stage 1) reduction in the additional penalty element of the financial penalty under the FSA's executive settlement procedures. Were it not for this discount, the FSA would have imposed a financial penalty consisting of the disgorgement set out in paragraph 1.2.1 above and an additional penalty element of £150,000.

- 1.4. The level of the penalty reflects the fact that Mr Ralph approached the FSA and has admitted to dealing with the benefit of inside information. He has also co-operated in the FSA's investigation. But for that co-operation, the FSA would have proposed to impose a greater financial penalty. Alternatively, the FSA may have brought criminal proceedings against Mr Ralph.
- 1.5. Mr Ralph has confirmed that he will not be referring the matter to the Financial Services and Markets Tribunal.
- 1.6. Accordingly, for the reasons set out below and having agreed with Mr Ralph the facts and matters relied on, the FSA imposes a financial penalty on Mr Ralph in the amount of £117,691.41.

2. REASONS FOR THE ACTION

Summary

- 2.1. Richard Ralph was appointed Executive Chairman on 14 August 2006 of Monterrico Metals Plc ("the company"), a resource development company incorporated in the UK whose shares are quoted on the Alternative Investment Market of the London Stock Exchange ("AIM"). By November 2006 Mr Ralph was actively involved in takeover discussions for the company.
- 2.2. Mr Ralph:
 - 1.2.1. dealt in the company's shares on the basis of inside information; and
 - 1.2.2. disclosed inside information to another person otherwise than in the proper course of the exercise of his employment, profession or duties.
- 2.3. On or about 28 January 2007, Mr Ralph asked a friend, Mr Filip Boyen ("Mr Boyen") to buy shares in the company on his behalf to the value of £30,000, thereby recklessly disclosing inside information to Mr Boyen. He did so during a takeover period, shortly before the announcement on 5 February 2007 of an agreed takeover offer for the company at 350 pence per share.
- 2.4. On 29 and 30 January 2007, 12,350 shares were purchased on behalf of Mr Ralph at a cost of £30,533.59 (8,500 shares at 236 pence per share and 3,850 shares at 262.25 pence per share, plus dealing costs). The shares were sold at 350 pence per share in the general settlement following the takeover. Mr Ralph made a profit of £12,691.41 from the purchase and sale of these shares.
- 2.5. Following Mr Ralph's disclosure to Mr Boyen, Mr Boyen bought the company's shares prior to the takeover announcement on his own account and made substantial profits on the sale of the company's shares.
- 2.6. Mr Ralph's behaviour constituted insider dealing in breach of section 118(2) of the Act and improper disclosure of information in breach of section 118(3) of the Act.

Relevant Statutory and Regulatory Provisions

- 2.7. Section 118(1) of the Act defines "market abuse" as behaviour (whether by one person alone or by two or more persons jointly or in concert) which:

occurs in relation to (i) qualifying investments admitted to trading on a prescribed market; ... and

falls within any one or more of the types of behaviour set out in subsections (2) to (8).

- 2.8. Section 130A of the Act provides that the Treasury may specify the markets and investments to which Part VIII (Penalties for Market Abuse) applies. AIM is a prescribed market by reason of the Financial Services and Markets Act 2000 (Prescribed Markets and Qualifying Investments) Order 2001, being a market established under the rules of a UK recognised investment exchange.

- 2.9. Section 118(2) provides:

The first type of behaviour is where an insider deals, or attempts to deal, in a qualifying investment or related investment on the basis of inside information relating to the investment in question.

- 2.10. Section 118(3) provides:

The second [type of behaviour] is where an insider discloses inside information to another person otherwise than in the proper course of the exercise of his employment, profession or duties.

- 2.11. Section 118B provides in relation to insiders:

For the purposes of this Part an insider is any person who has inside information—

(a) as a result of his membership of an administrative, management or supervisory body of an issuer of qualifying investments, or ...

(c) as a result of having access to the information through the exercise of his employment, profession or duties.

- 2.12. Section 118C defines inside information:

(2) In relation to qualifying investments, or related investments, which are not commodity derivatives, inside information is information of a precise nature which—

(a) is not generally available,

(b) relates, directly or indirectly, to one or more issuers of the qualifying investments or to one or more of the qualifying investments, and

(c) would, if generally available, be likely to have a significant effect on the price of the qualifying investments or on the price of related investments.

(5) Information is precise if it—

(a) indicates circumstances that exist or may reasonably be expected to come into existence or an event that has occurred or may reasonably be expected to occur, and

(b) is specific enough to enable a conclusion to be drawn as to the possible effect of those circumstances or that event on the price of qualifying investments or related investments.

(6) Information would be likely to have a significant effect on price if and only if it is information of a kind which a reasonable investor would be likely to use as part of the basis of his investment decisions.

2.13. The FSA is authorised pursuant to section 123(1) of the Act to exercise its power to impose a financial penalty where it is satisfied that a person (A) has engaged in market abuse or by taking or refraining from taking any action has required or encouraged another person or persons to engage in behaviour which, if engaged in by A, would amount to market abuse. Statutory defences are set out at section 123(2) of the Act.

Code of Market Conduct

2.14. The FSA has issued the Code of Market Conduct ("MAR"), pursuant to section 119 of the Act.

2.15. MAR 1.2.3 provides that there is no requirement for the person engaging in the behaviour in question to have intended to commit market abuse.

2.16. MAR 1.2.7 (insiders) provides that, other than section 118B(e) insiders, there is no need for the person concerned to know that the information concerned is inside information.

2.17. MAR 1.2.12 E (inside information): factors which the FSA regards as relevant in deciding whether information is generally available include:

- whether the information has been disclosed to a prescribed market;
- whether the information is contained in records open to the public;
- whether the information is otherwise generally available or can be obtained from analysing or developing other information which is generally available.

- 2.18. MAR 1.4.5 E (improper disclosure): factors which the FSA regards as relevant in deciding whether the disclosure was made by a person in the proper course of the exercise of his employment, profession or duties include:
- whether the disclosure is permitted by the rules of a prescribed market, of the FSA or the Takeover Code.

The Listing Rules: LR 9 Annex 1R – The Model Code

2.19. The Model Code within the Listing Rules (“the Model Code”) imposes restrictions on persons discharging managerial responsibilities (“PDMRs”), such as directors, in terms of dealing in the securities of a listed company. Its stated purpose is to ensure that PDMRs do not abuse, and do not place themselves under suspicion of abusing, inside information that they may be thought to have, especially in periods leading up to an announcement of the company's results.

2.20. Paragraph 3 of the Model Code provides that:

A restricted person [i.e. a PDMR or employee insider] must not deal in any securities of the company without obtaining clearance to deal in advance....

2.21. The process for obtaining clearance to deal is set out in paragraph 4 of the Model Code. It requires, for instance, that the executive chairman of a company should not deal in any securities of the company without first notifying the board and receiving clearance to deal.

The Disclosure and Transparency Rules

2.22. The Disclosure and Transparency Rules (“DTR”) deal with the notification obligations of persons discharging managerial responsibilities, which include directors.

2.23. DTR 3.1.2R provides that:

persons discharging managerial responsibilities and their connected persons, must notify the issuer in writing of the occurrence of all transactions conducted on their own account in the shares of the issuer... within four business days of the day on which the transaction occurred.

2.24. DTR 3.1.4R provides that:

An issuer must notify a Regulated Information Service of any information notified to it in accordance with DTR 3.1.2R.

The Takeover Code

- 2.25. The City Code on Takeovers and Mergers issued by the Takeover Panel (“the Takeover Code”) emphasises the vital importance of secrecy before an announcement:

All persons privy to confidential information, and particularly price-sensitive information, concerning an offer or contemplated offer must treat that information as secret and may only pass it to another person if it is necessary to do so and if that person is made aware of the need for secrecy.

Relevant Guidance

- 2.26. In deciding to take the action proposed, the FSA has had regard to section 124 of the Act and to guidance published in the FSA Handbook. The FSA has also had regard to the equivalent provisions in the Enforcement Manual, part of the FSA Handbook at the time of the misconduct.
- 2.27. Section 124 of the Act requires the FSA to issue a statement of its policy with respect to the imposition of penalties for market abuse and the amount of such penalties. The FSA’s policy in this regard is contained in Chapter 6 of the Decision Procedure and Penalties manual (“DEPP”). In deciding whether to exercise its power under section 123 in the case of any particular behaviour, the FSA must have regard to this statement.
- 2.28. DEPP 6.2 sets out a number of factors to be taken into account when the FSA decides to take action for behaviour appearing to be market abuse. They are not exhaustive, but include the nature and seriousness of the suspected behaviour and the conduct of the person concerned after the behaviour was identified.
- 2.29. In enforcing the market abuse regime, the FSA’s priority is to protect prescribed markets from any damage to their fairness and efficiency caused by the misuse of information in relation to the market in question. Effective and appropriate use of the power to impose penalties for market abuse will help to maintain confidence in the UK financial system by demonstrating that high standards of market conduct are enforced in the UK financial markets. The public enforcement of these standards also furthers public awareness of the FSA’s protection of consumers objective, as well as deterring potential future market abuse.
- 2.30. DEPP 6.5 states that the FSA will consider all the relevant circumstances of a case when it determines the level of a financial penalty that is appropriate and in proportion to the breach concerned. DEPP 6.5 identifies a non-exhaustive list of factors which may be relevant including deterrence, the nature, seriousness and impact of the breach in question, the extent to which the breach was deliberate or reckless, whether the person on whom the penalty is to be imposed is an individual, the amount of benefit gained or loss avoided, the difficulty of detecting the breach and conduct after the breach.

- 2.31. The FSA has made it clear that wrongdoers must not only realise that they face a real and tangible risk that they will be held to account but that they must also expect a significant penalty. The FSA has stated that it will seek to ensure that the sanctions it imposes, including financial penalties, are fixed at levels that are sufficient to deter potential wrongdoers and that, where necessary, the FSA will increase penalties to achieve this.

Facts And Matters Relied On

(a) Background

- 2.32. At the time of the share transactions referred to in this Notice, the company was a junior exploration company traded on AIM which was developing certain mining projects in Peru. The company was seeking a partner to invest in its projects. The company had talks with a Chinese mining consortium, Xiamen Zijin Tongguan Investment Development Co Ltd (“Zijin”) and it was announced on 5 February 2007 that Zijin had made an agreed cash offer for the company’s shares.
- 2.33. Richard Ralph was appointed Executive Chairman of the company on 14 August 2006 after retiring from HM Diplomatic Service. Prior to that appointment Mr Ralph was a career diplomat, having held several ambassador level appointments including British ambassador to Peru from 2003 to 2006. As ambassador to Peru, Mr Ralph established close links with British mining companies in Peru and gained knowledge of the company and its operations in Peru during that period.
- 2.34. Mr Ralph was the Executive Chairman of the company when, on about 28 January 2007, he asked Mr Boyen to buy £30,000-worth of shares in the company promptly on his behalf, in the process disclosing inside information to Mr Boyen. He did so during a takeover period, shortly before the announcement on 5 February 2007, and has admitted to the FSA that he was acting on inside information when he asked Mr Boyen to buy the shares. Mr Ralph did not notify the Board of his intentions and receive clearance to deal. Mr Ralph did not disclose his purchase of shares to the company. Mr Ralph made a profit of £12,691.41 from the purchase and sale of these shares.
- 2.35. Mr Ralph remained Executive Chairman until 31 May 2007 when he resigned following completion of the takeover but was reappointed non-executive chairman of the company.
- 2.36. On completion of the takeover in 2007, Zijin held nearly 90% of the shares of the company. The company’s shares are still quoted on AIM.

(b) Takeover discussions

- 2.37. Richard Ralph was closely involved in the company’s negotiations with Zijin. On 20 October 2006, the company made an announcement in response to an increase in its share price that it had received a very preliminary approach from a party expressing an interest in formulating an offer for the company but that no terms had been indicated or details provided. This was an approach from Zijin. Following further discussions, the company announced on 22 December 2006 that it had

received an indicative takeover proposal at a modest premium to the share price on 21 December 2006 of 257.5 pence. Again, this was an offer from Zijin.

- 2.38. On 26 January 2007, as Mr Ralph was aware, Zijin increased its offer for the company's shares to 350 pence per share, and this offer was agreed in principle. On 30 January 2007 at 15.12, the company announced that, further to its announcement on 22 December 2006 that it had received an indicative proposal from a party interested in making a takeover offer, it had provided the potential offeror with all the due diligence information requested and that discussions were ongoing. The closing market price on Monday 29 January 2007 was 239 pence. On Tuesday 30 January 2007, following the announcement, the closing market price was 259 pence.
- 2.39. On 5 February 2007, it was announced that Zijin and the company had reached agreement on the terms of a recommended cash offer at 350 pence per share. Zijin announced on 30 April 2007 that its offer had successfully closed following receipt of acceptances equal to 89.90% of shares with voting rights.
- 2.40. The directors of the company (including Mr Ralph) were advised by the company's advisers on restrictions on directors' dealings, particularly during the offer period. Mr Ralph has admitted that these restrictions were explained to him, that he did not seek clearance for his purchase of shares of the company and that he was aware that he was prohibited from buying or selling shares during the offer period. Mr Ralph told the FSA that the company and Zijin agreed to keep confidential all the information discussed about the takeover in order to preserve price sensitivity. Mr Ralph also told the FSA that his service contract with the company required him to inform and consult the Board about any conflicts of interest, and that he accepted that this included the purchase of shares in the company.
- 2.41. There was no notification of Mr Ralph's share dealing pursuant to DTR 3.1.4 as Mr Ralph concealed his dealing from the company.

(c) Purchase and sale of shares

- 2.42. On about 28 January 2007, Mr Ralph asked Mr Boyen to buy £30,000-worth of shares in the company without delay on his behalf at the prevailing price of approximately 250 pence per share. Mr Ralph has admitted that he recognised that he was in possession of price sensitive information at the time. As noted above, Zijin's offer of 350 pence per share had been agreed in principle on 26 January 2007.
- 2.43. Mr Ralph asked Mr Boyen to purchase shares on his behalf in order to conceal the fact that he was purchasing shares when in possession of inside information at a time when it was publicly known that the company was engaged in takeover discussions.
- 2.44. In making this request, Mr Ralph disclosed to Mr Boyen that he, the Executive Chairman, wanted to buy a substantial number of shares in the company promptly and clandestinely at the prevailing price of about 250 pence per share. It was public knowledge from the company's announcement on 22 December 2006 that the company had received an indicative takeover proposal.

- 2.45. On 29 and 30 January 2007 Mr Boyen bought 12,350 shares on behalf of Richard Ralph at a total cost of £30,533.59 (8,500 shares on 29 January at 236 pence per share and 3,850 shares on 30 January at 262.25 pence per share plus dealing costs). These shares were all acquired prior to the announcement made by the company on 30 January 2007. Mr Boyen had not been put in funds by Mr Ralph when he bought shares on Mr Ralph's behalf. On 5 February 2007, Mr Ralph requested his bank to transfer £30,000 to Mr Boyen's bank account in part payment for the shares.
- 2.46. Mr Boyen held the shares on behalf of Mr Ralph until they were redeemed for cash in the general settlement agreement of all shares acquired by Zijin following the completion of its acquisition of a majority of the company's shares. Mr Ralph received the net sale proceeds of £42,691.41 (12,350 shares @ 350 pence less balance of purchase price of £533.59) from Mr Boyen on 8 May 2007. Mr Ralph made a profit of £12,691.41 as a result of the purchase and sale of these shares.

(d) Other share purchases

- 2.47. In addition to purchasing shares for Mr Ralph, Mr Boyen bought a substantial number of shares in the company for his own account prior to the announcement of the agreed takeover on 5 February 2007. Mr Boyen made a substantial profit from the purchase of these shares and their sale as part of the general settlement agreement.

(e) Events after purchase of shares

- 2.48. The FSA made some initial enquiries into various purchases of the company's shares in advance of the announcement of 5 February 2007, including the purchases made on behalf of Mr Ralph. When these enquiries came to Mr Ralph's attention, he decided to approach the FSA, which he did in December 2007. He subsequently provided two written statements and attended a voluntary FSA interview.

Conclusions – Market abuse

Section 118(2) – insider dealing

- 2.49. Mr Ralph has made relevant admissions of fact in two witness statements he has provided to the FSA and in an interview with the FSA. These admissions are supported by further evidence obtained during the FSA's investigation.
- 2.50. Shares in the company are qualifying investments traded on AIM, a prescribed market for the purposes of the Act.
- 2.51. Mr Ralph, as Executive Chairman and a director of the company, was an insider for the purposes of section 118B (a) and section 118B (c) of the Act.
- 2.52. Mr Ralph dealt in the company's shares by asking Mr Boyen to purchase £30,000-worth of shares on his behalf. The share purchases were made on 29 and 30 January 2007.

- 2.53. At the time he asked Mr Boyen to buy shares on his behalf and/or when the shares were purchased, Mr Ralph was aware that Zijin's offer of 350 pence per share had been agreed in principle on 26 January 2007, and that the offer was at a substantial premium to the current share price.
- 2.54. This information in relation to the agreed takeover was inside information for the purposes of section 118C of the Act:
- (a) the information about the takeover was precise;
 - (b) the information was not generally available;
 - (c) the information related directly to the company, namely an offer to acquire its share capital;
 - (d) the information would, if generally available, have been likely to have had a significant effect on the price of the company's shares.
- 2.55. The behaviour i.e. the dealing by Mr Ralph in the company's shares was on the basis of inside information in relation to the agreed takeover.

Section 118(3) – improper disclosure

- 2.56. It was public knowledge at the relevant time that Mr Ralph was Executive Chairman of the company and that takeover discussions were taking place. By asking Mr Boyen to buy a substantial number of shares in the company promptly and clandestinely on his behalf at the then prevailing price of about 250 pence per share at a time when it was publicly known that the company was engaged in takeover discussions, Mr Ralph disclosed to Mr Boyen information in relation to Mr Ralph's intention to deal in the company's shares that was in itself inside information. The disclosure was not made in the proper performance of Mr Ralph's employment, profession or duties.
- 2.57. This information in relation to Mr Ralph's intention to deal was inside information for the purposes of section 118C of the Act:
- (a) the information was precise;
 - (b) the information was not generally available: indeed Mr Ralph dealt in a way designed to avoid the requisite announcement regarding his dealing being made to the market;
 - (c) the information related directly to the company;
 - (d) the information would, if generally available, have been likely to have had a significant effect on the price of the company's shares.

- 2.58. This is information of a kind which a reasonable investor would be likely to use as part of the basis of his investment decisions and which would, if made public, be likely to have a significant upwards effect on the price of the company's shares particularly since the company was known to be in takeover discussions.

Defences

- 2.59. The FSA finds that there are no reasonable grounds for not imposing a penalty for market abuse (section 123(2) of the Act).

Conclusion

- 2.60. Mr Ralph has admitted that he purchased the company's shares at a time when he was in possession of what he recognised to be unpublished price sensitive information obtained through his position as an officer of the company. He has admitted that the share purchase was wrong. He disclosed inside information otherwise than in the proper course of his employment, profession or duties. He has also knowingly breached the Model Code in the Listing Rules, the Takeover Code and DTR 3.1.2R.
- 2.61. In the circumstances, Mr Ralph has therefore engaged in market abuse contrary to sections 123(1), 118(2) and 118(3) of the Act.

3. SANCTION

- 3.1. The FSA considers Mr Ralph's conduct to be particularly serious for the following reasons:
- (a) he occupied a position of trust as Executive Chairman and a director of the company. He traded in contravention of the company's share dealing restrictions, the provisions of the Model Code, DTR 3.1.2R and the Takeover Code despite having received advice from the company's advisers over his obligations in this respect;
 - (b) his behaviour was deliberate and he asked Mr Boyen to buy shares on his behalf so that his name would not appear in order to conceal his share purchase and to make it harder to detect;
 - (c) the information related directly to the company;
 - (d) confidence in the AIM market could be damaged or put at risk by the fact that the Executive Chairman of an AIM-traded company, subject to a takeover, chose to engage in market abuse. The largest industry sector on the AIM market is mining and therefore the behaviour by the Executive Chairman of a mining company is particularly significant;

- (e) other market users have been disadvantaged because they would have made investment decisions without having access to the inside information;
- (f) Mr Ralph not only dealt on his own behalf but also disclosed inside information to Mr Boyen;
- (g) following Mr Ralph's disclosure to Mr Boyen, Mr Boyen also dealt in the company's shares, making substantial profits. The FSA finds that this further dealing would not have taken place but for Mr Ralph's disclosure and is a serious aggravating factor.

3.2. The FSA has taken into account Mr Ralph's conduct after his dealing in the company's shares:

- (a) Mr Ralph voluntarily contacted the FSA in December 2007, some 9 months after his covert share purchase, after he had become aware that the FSA were making enquiries into suspicious trading prior to the takeover of the company;
- (b) Mr Ralph has provided considerable co-operation and assistance to the FSA's investigation. He has voluntarily provided two witness statements containing admissions and has given certain disclosure of his financial circumstances. He also attended a voluntary interview under caution in February 2008 and answered the investigators' questions;
- (c) Mr Ralph's share purchase appears to have been a one-off isolated incident. There are no previous findings of misconduct against him. Mr Ralph has apologised unreservedly and has acknowledged that he knew that what he was doing was wrong;
- (d) Mr Ralph continued to be in breach of the Model Code and the DTR throughout his tenure as a director of the company. He did not notify the company of his share trading as required and did not offer to resign as a director, instead choosing to continue as a director of the company.

3.3. This was a serious example of insider dealing by a person in a key position of responsibility and trust. Whilst he was not an approved person, Mr Ralph was the Executive Chairman of a listed company. The FSA has decided to impose a substantial financial penalty in light of the seriousness of Mr Ralph's conduct.

3.4. In determining the proposed financial penalty, the FSA has considered the profit made by Mr Ralph and by Mr Boyen following Mr Ralph's disclosure and the need to punish Mr Ralph and to deter him and others from engaging in market abuse. The FSA has also had regard to penalties imposed in other market abuse cases. As a matter of principle, Mr Ralph's profit should be disgorged.

- 3.5. The FSA has taken into account Mr Ralph's co-operation in deciding on the financial penalty to be imposed. But for that co-operation, the penalty would have been significantly higher.
- 3.6. The FSA has decided not to prosecute Mr Ralph for the criminal offence of insider dealing in light of the high degree of co-operation he has provided to the FSA's investigation.

Conclusions

- 3.7. In all the circumstances, the FSA considers that a total financial penalty of £117,691.41 is appropriate. The financial penalty consists of the following elements:
- (a) a disgorgement of financial benefit arising from the market abuse of £12,691.41 (being the profit derived by Mr Ralph from the purchase and sale of the shares); and
 - (b) an additional penalty element of £105,000, reduced from £150,000 for early settlement.

Sanction

- 3.8. Pursuant to section 123 of the Act, the FSA has taken into account all the relevant circumstances in deciding that Mr Ralph has engaged in market abuse and should have imposed on him a financial penalty of £117,691.41.

4. DECISION MAKERS

- 4.1. The decision which gave rise to the obligation to give this Final Notice was made by the Settlement Decision Makers on behalf of the FSA.

5. IMPORTANT

- 5.1. This Final Notice is given to you in accordance with section 390 of the Act.

Manner of and time for Payment

- 5.2. The financial penalty of £117,691.41 must be paid by you by no later than 26 November 2008, 14 days from the date of the Final Notice

If the financial penalty is not paid

- 5.3. If all or any of the financial penalty is outstanding on 27 November 2008 the FSA may recover the outstanding amount as a debt owed by you and due to the FSA.

Publicity

- 5.4. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this Notice relates. Under those provisions, the FSA must

publish such information about the matter to which this Notice relates as the FSA considers appropriate. The information may be published in such 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 you or prejudicial to the interests of consumers.

- 5.5 The FSA intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

FSA contacts

- 5.6 For more information concerning this matter generally, you should contact Matthew Nunan (Tel: 020 7066 2672) of the Enforcement Division of the FSA.

Jamie Symington
FSA Enforcement Division

**EXPLANATORY NOTE TO THE FINAL NOTICE
FOR RICHARD RALPH DATED 12 NOVEMBER 2008**

The Final Notice refers to the Model Code within the Listing Rules and the Disclosure and Transparency Rules.

The company was subject to the AIM Rules on share dealing and disclosure and to the Takeover Code rather than the Model Code within the Listing Rules and the Disclosure and Transparency Rules for listed companies. Although these rules are not strictly applicable to AIM quoted companies they nonetheless set out standards of conduct on share dealing and disclosure which can reasonably be expected of AIM senior executives. As such many AIM companies choose to adopt a share dealing code in similar terms.