



« [BACK](#) The Channel Islands Stock Exchange

The Financial Services Commission (Bailiwick of Guernsey) Law, 1987, as amended ("The Financial Services Commission Law"), The Channel Islands Stock Exchange, LBG.

1. The Guernsey Financial Services Commission (the "Commission") is established pursuant to the terms of the Financial Services Commission (Bailiwick of Guernsey) Law, 1987 and its functions include the supervision of financial services in or from within the Bailiwick of Guernsey.
2. On 21 October 1998, the Commission licenced the Channel Islands Stock Exchange, LBG (‘the CISX’) under the Protection of Investors (Bailiwick of Guernsey) Law, s. 4 to carry on the restricted activity of operating an investment exchange.
3. In February 2012 the Commission commenced an investigation in to the CISX (the "Investigation") in relation to transactions in the listed securities of Arch Guernsey ICC Limited or its incorporated cells, which transactions had been implicated in possible market manipulation and other forms of irregular trading (the "Arch Transactions").
4. The Commission’s established procedures provided for decisions as to whether or not to impose sanctions in response to an enforcement recommendation to be taken by a Commissioners’ decisions committee, consisting of a number of Commissioners. However in this case, a former director of CISX had also been the Chairman of the Commission.
5. The Commission was concerned to ensure that, despite this unusual circumstance, it would be able to take a decision as to whether or not to impose any sanction in response to the Investigation in a way that was transparent, dispassionate and wholly procedurally fair.

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6. Accordingly, in October 2013 once the initial evidence gathering process was completed, Commission senior staff sought advice from senior London Counsel as to whether enforcement action was appropriate. The Commission then sought and obtained from the Royal Court a declaration as to the scope of its powers to appoint an alternate decision-maker. Pursuant to that declaration the Commission:

6.1. Appointed an advisory committee consisting of HM Procureur and the Chairman of the Bar of England and Wales to recommend a Queen's Counsel suitable to be appointed as decision maker; and

6.2. Appointed the duly recommended Queen's Counsel as an officer of the Commission and delegated to him the function of deciding whether or not to impose any sanction on the CISX and related individuals.

7. On 20 December 2013 the Commission's senior staff issued a draft Enforcement Recommendation. The Commission invited the CISX and other interested parties to consider the Enforcement Recommendation.

8. On 31 January 2014 the Commission and the CISX entered into a settlement agreement. In consideration of the Commission's agreement to take no further action against CISX pursuant to the Enforcement Recommendation, the CISX:

8.1. Admitted that it was seriously at fault in relation to the events to which the Enforcement Recommendation related; and

8.2. Accepted and paid a financial penalty (as provided for under Financial Services Commission (Bailiwick of Guernsey) Law, 1987, s. 11D) in the sum of £190,000.

9. Under the settlement agreement, the Commission reserved, amongst other rights, the right to pursue enforcement action against other parties as appropriate.

10. In January 2014 Commission senior staff received preliminary responses from the former Chief Executive to the Enforcement Recommendation. These preliminary responses were made and accepted without prejudice to the right to make formal submissions to a decision-maker.

11. By July 2014 Commission senior staff, supported by London-based counsel had completed the further investigations necessary in response to the preliminary responses and information received. The senior staff concluded that further enforcement activity was unlikely to be appropriate.

12. The Commission then appointed the decision-maker to sit as a case-review panel and to conduct a case review to determine (including in the light of the view of the Commission's senior staff) whether or not any

enforcement action should be taken.

13. Following the completion of the case-review panel, the Investigation is complete. The Commission's findings are as follows:

13.1 The Commission is satisfied that the former Chief Executive did not breach any regulatory requirement in the Enforcement Recommendation, and that the Investigation has revealed nothing that would justify any action in relation to her. She has throughout been and remains a fit and proper person in good standing.

13.2 The Commission confirms that its Investigation has revealed nothing that would justify any action in relation to any present or former Non-Executive Directors of the CISX. Those individuals have throughout been and remain fit and proper persons in good standing.

13.3 The Commission confirms that its Investigation has revealed nothing that would justify any action in relation to any present or former officer of the CISX. Those individuals have throughout been and remain fit and proper persons in good standing.