PRA imposes £1,384,950 fine on QIB (UK) Plc for significant failings in capital adequacy and regulatory reporting during 2011 and 2012

Friday 8 April, 2016

Related Sectors:

Business & Finance ::

Scan Me:

The Prudential Regulation Authority (PRA) has today imposed a fine of £1,384,950 on QIB (UK) Plc (QIB), for significant failings in assessing, maintaining and reporting to the regulator on its financial resources.

From 30 June 2011 to 31 December 2012, QIB (a UK subsidiary of an overseas firm) failed to recognise that it had to comply with regulatory requirements relating to the assessment and maintenance of financial resources and capital. As a result, the firm did not undertake a regular assessment of its capital as it was required to by rules in force at the time.

QIB further failed properly to monitor and report to the regulator its total exposure to connected parties and in December 2011 was significantly exposed to a group of connected clients. As a result its Large Exposures in the period that followed amounted to more than 25% of its capital assets, in breach of regulatory requirements.

The seriousness of QIB's failure to assess and maintain its financial and capital resources properly and to identify and report its Large Exposures – which left the firm temporarily significantly under-capitalised and open to higher levels of risk than it had appreciated – was compounded by the significant length of time (more than a year) for which the firm was in breach of these requirements.

QIB's failings fell significantly short of the PRA's expectations of PRA-authorised firms, including subsidiaries of overseas firms, which they should be sufficiently aware of the relevant regulatory requirements and standards in order to be able to comply with them.

The PRA expects firms to have in place adequate reporting systems; the timely and accurate provision of financial information by firms is crucial to the PRA's ability to supervise firms effectively and to meet its statutory objectives.

The PRA recognises that, since December 2012, QIB has undergone significant restructuring and an entirely new Board is now in place. The firm has also, since December 2012, committed resource to matters of governance, capital monitoring and reporting systems and controls to mitigate the risk of similar breaches occurring again.

Andrew Bailey, Deputy Governor for Prudential Regulation and CEO of the Prudential Regulation Authority said:

“In failing to assess, maintain and report on its financial resources for over a year, QIB failed to meet some of the most basic regulatory standards. It is essential that regulated firms are aware of, and have the systems in place to ensure adherence to, regulatory requirements. QIB's failures in this regard were serious, which is why we considered it appropriate in this case to impose a fine.”

Note to Editors:

Company Contact:

_

Pressat Wire

E. support[@]pressat.co.uk

View Online

Newsroom: Visit our Newsroom for all the latest stories:
https://www.wire.pressat.co.uk