



Newgate News

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New financial sanctions measures in relation to Russia

Due to the ongoing conflict in Ukraine, governments including the UK, the US and EU states have been implementing progressively more stringent sanctions against Russian individuals and businesses. Current sanctions include excluding certain Russian banks from the SWIFT messaging system and seizing property of certain individuals who are linked to the Russian Government.

Newgate's advice: Firms must comply with applicable sanctions laws and ensure they monitor developments carefully. We recommend firms implement and/or update their Sanctions Policy and roll out Sanctions training for all Staff. Contact your Newgate consultant for a Sanctions policy and how you can access our Sanctions training.

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Events in Ukraine – impact on financial markets

The events in Ukraine, and the wide range of financial sanctions imposed in response on Russia, Russian individuals and Russian business by numerous jurisdictions worldwide will have multiple impact on companies with securities admitted to UK markets, the FCA has said.

The FCA has reminded issuers of securities admitted to UK trading venues of their disclosure obligations under the UK Market Abuse Regime (MAR).

Newgate's advice: Firms need to have a robust Market Abuse framework in place. Contact your Newgate consultant for advice.

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FCA taking assertive action to tackle harm in the consumer investments market

Between April and September last year, the FCA received 16,400 enquires about possible scams, up nearly a third from the same period in 2020. The top types of scams being reported to the FCA included cryptoasset, boiler room and recovery room scams. As a result, the FCA is taking action to tackle harm in the consumer investments market.

The FCA is urging consumers to learn more about **InvestSmart** and **ScamSmart**. These tools provide consumers who are new to investing with information to help them make better investment decisions. These tools also allow users to find out more about the risks associated with an investment and view a list of firms the FCA are aware of that are operating without appropriate authorisation.

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The FCA announces an update to Cryptoassets businesses registered under the FCA's Money Laundering Regulations

The FCA has noted it will take steps to suspend or cancel the registration of cryptoasset businesses that are registered under the FCA's Money Laundering Regulation (MLR), if it is not satisfied that the firm, or its beneficial owner is fit and proper. The FCA has made clear that MLRs do not include any provisions that allow the FCA to assess the fitness and propriety of beneficial owners or changes in control before a transaction is completed.

Newgate's advice: Cryptoasset businesses should keep the above statement in mind when changing ownership or control of their business. Contact Newgate who can advise your Cryptoasset business and assist with your firm's registration.

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FCA to strengthen financial promotions rules to protect consumers

The FCA is looking to address concerns that it has previously raised relating to the ease and speed with which people can make high-risk investments. It has proposed a significant strengthening of rules on how high-risk financial products are marketed.

Under the proposals, the FCA would make firms that approve and communicate financial marketing have relevant expertise and understanding of the investments being offered, improve risk warnings on advertisements and ban incentives to invest. Consumers looking to make certain high-risk investments would also be asked more robust questions about their knowledge and investment experience.

The FCA's draft rules also include proposed restrictions on the marketing of cryptoassets, with plans to categorise qualifying cryptoassets as 'Restricted Mass Market Investments', meaning consumers would only be able to respond to cryptoasset financial promotions if they are classed as restricted, high net worth or sophisticated investors. Firms issuing such promotions would have to adhere to the FCA requirement to be clear, fair, and not misleading.

Sarah Pritchard, Executive Director of Markets at the FCA, said: 'Too many people are being led to invest in products they don't understand and which are too risky for them. People need clear, fair information and proper risk warnings if they are to invest with confidence, which is the central aim

of our consumer investments strategy.’

Newgate’s advice: Newgate will keep you informed as to what these changes will mean for your firm’s marketing activities.

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Newgate Compliance is a compliance consultancy offering a modern solution to implement your compliance function using an innovative compliance software solution called **The GATEway**.

Newgate has an unrivalled combination of experienced professionals, many of whom are ex-regulators.

Our customer focused approach seeks to provide appropriate, pragmatic and flexible solutions to our clients helping them to meet both the regulator’s rules but also the spirit, principles and culture of the regulatory regime.

We look to build long-term relationships with our customers helping to encourage business growth, productivity and innovation. Our proactive approach is tailored to each customer’s needs changing to meet those needs as the customer progresses and develops.

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