



# NewsWatch

▪ November 2018

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The first and only Bank Governance data provider for comprehensive benchmarking and comparative analysis. Improving governance decisions for compliance with best practice and meeting supervisory expectations.



## ABOUT THE NEWSWATCH

### Objective

We gather current corporate governance news related to banks to assist our clients in staying up to date on current topics and trends in Corporate Governance. This is essential for the content of our database, reports and publications. We follow the banks in our database closely to keep informed about any corporate governance changes they may go through in order to give our clients the most relevant and useful information possible.

### Area coverage

- Europe
- Oceania
- North America
- Central and South America
- Russia
- Japan
- China
- South East Asia
- India
- MENA
- Central and South Africa

### Scope

- Our primary focus is on corporate governance news related to banks
- We may also include major news events concerning leading banks
- If there are no relevant news related to bank governance from a region, major corporate governance news related to leading companies in other industries may be included

## □ International

### Launch of UN Principles for Responsible Banking

<https://www.nordea.com/en/press-and-news/news-and-press-releases/press-releases/2018/11-26-08h00-nordea-co-founder-of-un-principles-for-responsible-banking.html>

<http://www.unepfi.org/banking/bankingprinciples/>

- 28 banks have developed the Principles for Responsible Banking together with the United Nations Environment Programme Finance Initiative (UNEP FI).
- The aim is to align business strategy with society's goals to "help the industry to demonstrate how it makes a positive contribution to society".
- They consist of six principles; Alignment, Impact, Clients and customers, Stakeholders, Governance and target setting and Transparency and accountability.
- They will be signed by banks around the world in September 2019.

## □ Europe

### UK: Hampton-Alexander Review

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/755679/HA-review-report-november-2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/755679/HA-review-report-november-2018.pdf)

- The Hampton-Alexander Review (which aims to increase the number of women in leadership positions of the FTSE 350) published its third update report in November.
- Despite an increase in the number of women with substantial board experience, the number of female chair's remain at 22, and the number of women in CEO roles have fallen from 15 to 12 during the year.
- Furthermore, 75 companies in the FTSE 350 remain male-dominated with only one women on the board (well below the 33% target set by the review).

### Handelsbanken's CEO to retire

<https://www.handelsbanken.se/shb/shbpress.nsf/info?OpenAgent&doc=172D08418AA00781&sid=seenreg>

- Anders Bouvin, the President and CEO of Handelsbanken has informed the board that he wishes to retire on 31 August 2019.
- The Board is starting the process of looking for a successor immediately.

### Senior management changes in Handelsbanken

<https://www.handelsbanken.se/shb/shbpress.nsf/info?OpenAgent&doc=45A24333DE78EBDF&sid=seenreg>

- Dan Lindwall will join the group's executive committee as he is appointed Acting Head of Handelsbanken Markets & Asset Management.
- Currently he is Head of Handelsbanken International.
- Per Elcar, has resigned from his position as Head of Handelsbanken Markets & Asset Management and will therefore leave the executive committee. He will remain in the bank in another position.
- "A new leadership will facilitate the work to address a culture of abusive treatment and the unpleasant work environment that unfortunately existed at one of our departments. A number of measures have already been taken and the internal investigations currently ongoing will continue" Anders Bouvin, President and CEO.

### Revision of the Norwegian Corporate Governance Code

<http://wpstatic.idium.no/nues.no/2018/10/2018-10-17-ENG-Merket-2014-2018-1.pdf>

- The revised corporate governance code was published 17 October 2018.
- The changes have been made due to changes in laws and regulations as well as changing international developments.
- Among the changes are greater focus by the board on CSR, shareholder value as well as risk governance and capital structure.

## BEIS publishes updated guidance for the Companies (Miscellaneous Reporting) Regulations 2018

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/755002/The\\_Companies\\_Miscellaneous\\_Reporting\\_Regulations\\_2018\\_QA\\_-\\_Publication\\_Version\\_2\\_1\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/755002/The_Companies_Miscellaneous_Reporting_Regulations_2018_QA_-_Publication_Version_2_1_.pdf)

- Regulation contains several new reporting provisions for both private and public companies.
- Key provisions include the inclusion of a statement on how directors have complied with their duty under Section 172 (1) (a)-(f); how directors have engaged with employees and taken into consideration their interests; and publication of the ratio of the CEO's total remuneration to the median, 25th and 75th quartile pay remuneration of their UK employees in the directors' remuneration report.
- The new requirements apply to company reporting on financial years starting on or after 1 January 2019.

## Société Générale facing \$1.3bn penalty for violating U.S. economic sanctions laws

<https://www.justice.gov/usao-sdny/pr/manhattan-us-attorney-announces-criminal-charges-against-soci-t-g-n-rle-sa-violations>

- The French bank consented to pay \$1.3bn to resolve allegations infringing upon U.S. sanctions against Cuba, Iran, Sudan and Lybia
- According to US officials between 2004 and 2010, SocGen processed approximately \$10bn worth of Cuba-related U.S. dollar transactions using the U.S. financial system.
- The settlements deal with the U.S. Justice Department, the Federal Reserve, the New York County District Attorney's Office, the New York Department of Financial Services and the U.S. Treasury's Office of Foreign Assets Control and represent the second largest penalty ever levied against a financial institution for sanctions violations.

## Credit Suisse closes their South African business

<https://uk.reuters.com/article/us-credit-suisse-safrica-exclusive/exclusive-credit-suisse-pulls-out-of-south-africa-in-global-shift-sources-idUKKCN1NC18M>

- Credit Suisse exits the South African market after more than 10 years in the country.
- Move is part of a bank wide restructuring plan that aims to reduce investment banking activities and put the focus on managing the money of wealthy investors.
- It joins other European banks such as Deutsche Bank who also recently left the country and refocused its operations on their home market in a bid to be able to compete with the big American investment banks.

## HSBC fined over lax money laundering controls by South African Central Bank

<https://uk.reuters.com/article/uk-hsbc-fine-safrica/south-african-central-bank-fines-hsbc-for-lax-money-laundering-controls-idUKKCN1NE1YT>

- The South African central bank fined the local branch of HSBC £844,927 for having inadequate measures in place to detect money laundering and the financing of terrorism.

- This comes only a few years after HSBC was at the centre of a money laundering scandal involving Mexican drug cartels, which led to the bank paying almost \$2 billion in fines to the US authorities.
- HSBC released a statement accepting the charges and saying that all the shortcomings in its detection process had now been adequately addressed.

#### Raiffeisen CEO to leave his post immediately

<https://www.ft.com/content/2aed198a-e59c-11e8-8a85-04b8afea6ea3>

- Patrick Gisel was supposed to step down at the end of the year but after wide range public debate about his person the bank decided to relieve him of his duties effective immediately.
- Allegations of a relationship between Gisel and a former Raiffeisen board member have been made public in the Swiss media.
- Gisel was only recently promoted from deputy CEO after former CEO Vincenz was put under criminal investigation for using his position to achieve personal financial gains.

#### UBS could face record fine over tax fraud and money laundering

<https://www.reuters.com/article/us-ubs-group-lawsuit-france/french-prosecutors-call-for-3-7-billion-euro-fine-against-ubs-idUSKCN1ND2GQ>

- UBS AG and its French subsidiary are being prosecuted for having illegally sent, between 2004 and 2012, its salesmen to solicit wealthy potential French customers to convince them to open accounts not declared in Switzerland and without the knowledge of the French tax authorities.
- French prosecutors requested a fine of 3.7 billion euros.

## ▣ North America

### Former Bank of America Senior VP sentenced for embezzlement

<https://www.justice.gov/usao-ma/pr/bank-executive-and-husband-sentenced-after-embezzling-27-million>

<https://www.bostonglobe.com/business/2018/11/16/bank-america-senior-and-husband-sentenced-for-embezzlement/ajV1qHWZUitgxHGkC7bSVO/story.html>

- Palestine Ace, former Senior VP pleaded guilty to bank fraud and wire fraud from the years 2010 – 2015.
- Former Senior VP and husband used Ace's position at Bank of America to embezzle \$2.7 million from bank.
- The couple authorised payments to non- profit organisations and requested a refund for the amount transferred in order for Bank of America to continue to fund the organisation.
- Jonathan Ace husband to Palestine, used intimidation and threats to pressure organisations into paying a higher return amount than initially transferred.
- The couple used the embezzled money to fund their extravagant lifestyle.

### Goldman Sachs under pressure for its role in the 1MDB scandal after it admits that former CEO Lloyd Blankfein had a second meeting with Jho Low in 2012

<https://www.ft.com/content/5165f346-ee72-11e8-89c8-d36339d835c0>

<https://www.ft.com/content/9c6bb17a-e380-11e8-a6e5-792428919cee>

- Goldman Sachs has admitted that its former CEO Lloyd Blankfein met with Mr. Low in December 2012, in addition to a first meeting held in 2009.
- Earlier this month, a former Goldman partner and a former Managing Director have been indicted for their alleged role in the scandal. As a response to the indictments, Goldman CEO David Solomon stated that how the two former employees allegedly broke the law was "very distressing".
- Solomon's response appeared to be an attempt to paint Goldman as a victim of its former employees' misconduct.
- However, Goldman's narrative is now undermined by the revelations that Blankfein had a second meeting in 2012 with Jho Low, the mastermind behind the scandal.



## ABOUT **AKTIS**

Aktis is the first and only bank governance data platform. The Aktis data universe provides accurate and trustworthy insight to levels previously unavailable for corporate governance. Aktis is rapidly expanding beyond the banking sector to bring high quality data and valuable insight to all businesses in all sectors.

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