

Compliance & Risk

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- Breach of privacy laws costs Verizon \$7.4m p.17
- Barclays fined £38m for putting client assets at risk p.18
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McDonald's caught in crossfire as Russia wages compliance war

US and EU trade sanctions are targeting large sectors of the Russian economy, but Russia is retaliating with hard-hitting compliance actions against western businesses.

Russia has imposed its own trade counter-sanctions, including banning selected food imports from Europe and the US, but also western companies are being increasingly put under pressure by Russian regulatory bodies.

During September 2014, the Moscow headquarters of IKEA was subject to a

dawn raid by investigators reportedly reviewing the transaction to acquire land for the Swedish company's first Moscow store (which opened in 2000). During the following month, Finland's dairy producer, Valio, was raided by police investigating alleged money-laundering offences committed by an unconnected organisation, piling the pressure on Valio's Russian operation which was already suffering as a result of the food import ban.

By far the most drastic, and arguably symbolic, action though has been that taken in respect of

the US fast food giant McDonald's. In July 2014, alleged sanitary violations were behind Russia's food safety regulator asking a court to ban some of McDonald's products, and August 2014 saw the regulator close 4 branches of the fast food outlet temporarily (including the flagship Moscow branch, one of the world's busiest McDonald's).

At least 100 branches have now been inspected and a dozen have so far been closed. Most commentators suspect mainly

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Financial regulators in the US look into dark pools

US financial regulators are following others around the globe in sharpening their focus on the operation of dark pool trading. Already, regulators in Hong Kong are proposing to restrict access to dark pools to institutional investors, whilst EU regulators have agreed to cap volumes on trading securities in dark pools from 2017.

In June 2014, the New York State Attorney Gen-

eral sued Barclays Bank for fraudulently misleading its dark pool customers as to the extent of high-frequency trading in the pool, leading the US Securities and Exchange Commission ('SEC') to launch an investigation into the possible conflicts of interest inherent in the complex structure of the US equity market.

US regulators voiced concerns that the compli-

cated structure of the market gives brokers the opportunity to route orders according to their own economic interests rather than in line with those of their clients.

In other jurisdictions, such as Australia and Canada, where restrictions on dark pool trading are already in place, the new rules have tended to lead to reduced levels of

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