

NOTE: This prohibition order was revoked by the FSA on 28/04/2006.

FINAL NOTICE

To: Mr Antony Blunden

Formerly of: Credit Suisse First Boston International
One Cabot Square
London
E14 4QJ

Date: 10 November 2003

TAKE NOTICE: The Financial Services Authority ("the FSA") of 25, The North Colonnade, Canary Wharf, London E14 5HS gives you final notice about an order prohibiting you from performing any compliance function in relation to any regulated activity carried on by any authorised person

THE ORDER

The FSA gave you a decision notice dated 10 November 2003 which notified you that, for the reasons set out in that notice and pursuant to section 56 of the Financial Services and Markets Act 2000 ("the Act"), the FSA had decided to make an order prohibiting you, Antony Blunden, from performing any compliance function in relation to any regulated activity carried on by any authorised person.

“Any compliance function” means any function in relation to compliance with the rules of the FSA’s Conduct of Business sourcebook (*COB*) and Collective Investment Schemes sourcebook (*CIS*), including the Compliance oversight function (as defined in the FSA’s Supervision manual at *SUP 10.7*).

You have agreed not to refer the matter to the Financial Services and Markets Tribunal within 28 days of the date on which the decision notice was given to you.

Accordingly, for the reasons set out below and having taken into account your representations to the Regulatory Decisions Committee, the FSA hereby makes an order pursuant to section 56 of the Act prohibiting you, Antony Blunden ("Mr Blunden"), from performing any compliance function in relation to any regulated activity carried on by any authorised person. This order has effect from 13 November 2003.

REASONS FOR THE ORDER

Introduction

1. Mr Blunden's conduct between April 1997 and December 1998 in his capacity as Global Head of Compliance of Credit Suisse First Boston International (formerly Credit Suisse Financial Products) ("CSFP") was so serious as to demonstrate that he is not fit and proper to perform any compliance function in relation to any regulated activity carried on by any authorised person. Mr Blunden admits that his conduct at that time fell below the standards to be expected of a compliance officer and has expressed considerable regret.
2. In particular, during the relevant period Mr Blunden, who was registered with the Securities and Futures Authority ("SFA") as CSFP's Compliance Officer, received information indicating that:
 - (1) marketers at CSFP's Tokyo branch ("Tokyo Branch") were involved in the marketing of structured notes to Japanese customers;
 - (2) those activities did not comply with the Japanese regulatory restrictions under which the Tokyo Branch was required to operate; and
 - (3) procedures had been put in place by the Tokyo Branch which were designed to conceal those activities from the Japanese regulatory authorities.
3. Notwithstanding his receipt of that information and what he had been told about applicable Japanese law and regulations, Mr Blunden failed to take any adequate steps to:
 - (1) enquire into the activities being undertaken and procedures adopted by the Tokyo Branch; or
 - (2) satisfy himself that the Tokyo Branch's activities were being conducted in compliance with the relevant Japanese regulatory restrictions and, if not, were modified so that they were; and/or
 - (3) ensure that no procedures existed, or continued to exist, in the Tokyo Branch designed to conceal from the Japanese regulatory authorities the nature of the activities it was undertaking.
4. For the avoidance of doubt, the FSA has made no allegation that the Tokyo Branch was actually conducting activities outside the scope of the legal or regulatory restrictions under which it was required to operate, this not being material to the determination of the present proceedings.
5. In addition, during a visit to Tokyo on other business in April 1997, Mr Blunden helped to brief a Tokyo Branch employee for a forthcoming interview with the Japanese National Tax Administration Agency ("NTA"). This briefing contributed to a course of conduct being pursued by others which was designed to mislead the NTA and had the effect of encouraging the employee to provide an incomplete and misleading account of her department's activities to the NTA.

Relevant Statutory Provisions

6. The FSA is authorised by the Act to exercise the powers contained in section 56 of the Act, which includes the following:
- “(1) *Sub-section (2) applies if it appears to the [Financial Services] Authority that an individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by an authorised person.*
- (2) *The Authority may make an order ('a prohibition order') prohibiting the individual from performing a specified function, any function falling within a specified description or any function.*
- (3) *A prohibition order may relate to-*
- (a) *a specified regulated activity, any regulated activity falling within a specified description or all regulated activities;*
- (b) *authorised persons generally or any person within a specified class of authorised person”.*
7. When exercising its powers, the FSA seeks to act in a way it considers most appropriate for the purpose of meeting its statutory objectives, which are set out in section 2(2) of the Act. The FSA considers that making a prohibition order against Mr Blunden in the terms indicated is necessary to achieve its market confidence objective: that is, maintaining confidence in the financial system.

Relevant FSA Guidance

8. In deciding to take this action, the FSA has had regard to guidance published in the FSA Handbook and, in particular, to that set out in Chapter 8 of the FSA's Enforcement manual (as amended).

Facts and Matters Relied On

Mr Blunden's role and regulatory status

9. At all material times, Mr Blunden was CSFP's Global Head of Compliance and from March 1996 was additionally CSFP's Company Secretary.
10. From 13 July 1990 and thereafter at all material times, Mr Blunden was registered with SFA as a Manager. From 31 December 1995, he was also registered with SFA as CSFP's Compliance Officer and, from 6 May 1997, as a Registered Representative-Money Markets and a Registered Trader with CSFP.
11. Mr Blunden was not grandfathered into the FSA's regime on 1 December 2001 and he is not an approved person.

CSFP

12. At all material times, CSFP was a company within the Credit Suisse Group with its headquarters and senior management located in London. It dealt in a range of

derivative products with a wholesale and institutional client base including counterparties based in Japan.

13. Between 1990 and 14 April 1997, CSFP was not licensed to conduct either banking or securities business in Japan. As a result, CSFP appointed CS First Boston (Japan) Limited (“CSFB JL”), which held a Japanese securities licence, as its agent in Japan. At all times between about July 1990 and 14 April 1997, activities on behalf of CSFP were undertaken by a division within CSFB JL known as the Structured Products Group (“SPG”).
14. During this period, the SPG arranged a wide range of derivative based transactions with Japanese customers on CSFP’s behalf. These transactions included swaps, options and structured notes.
15. In or about early 1995, following a change in licensing policy by the Japanese regulatory authorities, a decision was taken by CSFP to apply for a banking licence in Japan. Following approval of this application by the Ministry of Finance (“MoF”), the Tokyo Branch opened on 15 April 1997. At all material times thereafter, CSFP’s activities in Japan were undertaken principally by the Tokyo Branch.

Mr Blunden’s responsibilities

16. Between about August 1995 and 14 April 1997, Mr Blunden was involved in the preparations made by CSFP for opening its Tokyo Branch. Following its opening on 15 April 1997 and until 31 December 1998, Mr Blunden had responsibility for regulatory compliance matters in relation to the Tokyo Branch’s operations and compliance personnel there reported directly to him.
17. The SFA set out guidance as to the standards for compliance with regulatory requirements in Appendix 38 of its Rules. The following aspects of that guidance were applicable at all material times and were specifically relevant to Mr Blunden, as CSFP’s Compliance Officer:
 - (1) ensuring that CSFP’s operating procedures included well defined steps for complying with the detail of regulatory requirements;
 - (2) monitoring activities within all parts of CSFP on a regular basis to ensure, as far as possible, that business was conducted in accordance with regulatory requirements; and
 - (3) following up any actual or potential problems to ensure that corrective action was taken where necessary.
18. In his capacity as CSFP’s Global Head of Compliance and SFA-registered Compliance Officer, and specifically in relation to the Tokyo Branch, at all material times Mr Blunden was responsible for:
 - (1) ascertaining the regulatory limitations within which the Tokyo Branch would be required to operate and the practical limitations which this would impose;
 - (2) putting in place and maintaining appropriate arrangements within the Tokyo Branch to ensure compliance with those regulatory limitations; and

- (3) taking all reasonable steps to ensure that the Japanese regulatory authorities were dealt with in an open, honest and cooperative manner, which included taking all reasonable steps to ensure that no procedures existed, or continued to exist, in the Tokyo Branch which were designed to conceal from the Japanese regulatory authorities the nature of the activities it was undertaking.

Mr Blunden's role in preparations for the Tokyo Branch

19. In July 1995, Mr Blunden was part of a team ("the Tokyo Task Force") which carried out a review, *inter alia*, of the regulatory risks posed by the activities being conducted by the SPG on CSFP's behalf. One of the conclusions of the Tokyo Task Force was that CSFP should proceed with an application to open a bank branch in Japan without delay. Following the Tokyo Task Force, Mr Blunden became involved in assisting with preparations for the establishment of a bank branch.
20. As a result of his involvement in the Tokyo Task Force and otherwise, by about the middle of 1996 at the latest Mr Blunden:
 - (1) understood in general terms that under Japanese law:
 - (a) subject to a small number of exceptions, it was not permissible to conduct banking business in Japan without a banking licence;
 - (b) there was a demarcation between banking and securities business that prevented banks from transacting securities business;
 - (2) understood that structured notes were characterised under Japanese regulations as securities;
 - (3) knew that the sale of structured notes to Japanese clients was an important element of the business conducted on CSFP's behalf by the SPG and that CSFP wished to continue to be able to market structured notes once the Tokyo Branch had opened.
21. In December 1996, Mr Blunden was informed by advice copied to him from CSFP's external lawyers that structured notes containing embedded derivatives would be characterised as securities under Japanese law and that Tokyo Branch marketers would be able to market such products only in very limited circumstances, which were as follows:
 - (1) in certain specific circumstances, the Tokyo Branch would be permitted to arrange private placement of newly issued notes but each new product offered would need to be submitted to the MoF for review prior to issue;
 - (2) the Tokyo Branch would be allowed to enter into securities transactions with Japanese customers where a written request for the transactions had been received from the customer without any Tokyo Branch solicitation of that request;
 - (3) as the Tokyo Branch would be licensed to market banking products (including "over the counter" derivative products such as swaps and certain options), it would be permitted to market transactions with a particular economic effect if

that economic effect could be created in the form of a swap. However, if the customer subsequently requested that the product be structured in the form of a note, the Tokyo Branch would not be permitted to continue to market the product and would be obliged to refer the customer to CSFB JL or some other company licensed to conduct securities transactions with Japanese clients.

22. Mr Blunden was informed by advice subsequently copied to him that:
- (a) the marketing of private placements of structured notes was severely restricted by the MoF;
 - (b) it would be difficult for Tokyo Branch marketers to provide clients with term sheets relating to structured note transactions without breaching Japanese regulatory restrictions; and
 - (c) in practice, the best option for the Tokyo Branch would be to market transactions only on the basis he had previously been informed was permissible, as described in paragraph 21(3).
23. On 19 February 1997, CSFP's application for a branch banking licence was approved by the MoF and, on 15 April 1997, the Tokyo Branch opened on the 27th floor of the building ("the Shiroyama Hills building") which also housed (on the 25th floor) CSFB JL's offices. On that date, all or substantially all of the SPG's staff became employees of the Tokyo Branch.

The National Tax Administration Agency audit

24. As a result of his involvement in the Tokyo Task Force and otherwise, Mr Blunden understood that there was a risk that the Japanese tax authorities would regard the SPG as a permanent establishment of CSFP in Japan and that, in the event of such a finding, it was likely that CSFP would become liable to Japanese tax on the profits generated by the activities undertaken by the SPG on its behalf.
25. As Mr Blunden knew, in October 1996 the NTA had commenced a tax audit of CSFB JL's activities between April 1994 to March 1996. Although Mr Blunden was not directly involved in the management of the NTA audit, he was informed that the risk of the SPG being deemed to be a permanent establishment of CSFP in Japan was higher than in previous years.
26. During the week commencing 21 April 1997, Mr Blunden (who was in Tokyo to conduct compliance seminars with the new Tokyo Branch staff), along with a member of the Tokyo Branch's management, held meetings with two individuals who had been SPG heads of department and had become Tokyo Branch employees. The purpose of the meetings was to prepare the two former department heads for forthcoming interviews they were due to have with the NTA.
27. During the course of one of those meetings, the employee in question considered that Mr Blunden was asking her to give the NTA a description of the activities of her former department which omitted reference to an important activity. She objected to Mr Blunden that it would be untruthful to omit reference to that activity. Mr Blunden

said he did not agree that it would be untruthful. There was no significant further discussion of the matter, the meeting ending fairly shortly thereafter.

28. Mr Blunden failed to deal appropriately with the objection raised by the employee.
29. His participation in the briefing contributed to a course of conduct being pursued by others which was designed to mislead the NTA and had the effect of encouraging the employee to provide an incomplete and misleading account of her department's activities to the NTA. Were the NTA to become aware of the activity to be omitted by the employee in her description of her former department's activities, there was an increased risk that the SPG would be deemed to be a permanent establishment of CSFP and, consequently, that CSFP would incur an additional liability to Japanese tax.

Tokyo Branch Marketing Procedures

30. In April 1997, two memoranda (together the "Marketing Procedures Notes") produced by a member of the Tokyo Branch legal department were circulated to Tokyo Branch marketing staff giving them instructions on the procedures to be adopted in relation to the marketing of structured notes. The Marketing Procedures Notes indicated, *inter alia*, that:
 - (1) although Tokyo Branch marketers could discuss structured notes with clients orally, they must not send written details of such notes to customers in the Tokyo Branch's name;
 - (2) Tokyo Branch marketers should use the term "structured asset" rather than "structured note";
 - (3) any written material relating to structured notes was to be faxed to customers from a fax machine which was reserved exclusively for the use of the Tokyo Branch but which was located in CSFB JL's office on the 25th floor of the Shiroyama Hills building and was registered in CSFB JL's name;
 - (4) written material relating to structured notes should be prepared by the Tokyo Branch but was to be sent in the name of CSFB JL and should not include reference to the Tokyo Branch or the names of Tokyo Branch staff involved in the transaction;
 - (5) copies of documents relating to structured note transactions in which the Tokyo Branch was involved should be kept separately from those relating to other transactions, should be retained by Tokyo Branch marketers only on a temporary basis and should be shredded by them after use.
31. The Marketing Procedures Notes were received by Mr Blunden at the latest when they were e-mailed to him by a member of the legal department in the Tokyo Branch on 8 April 1998.
32. The Marketing Procedures Notes indicated that the procedures existed for the marketing by Tokyo Branch staff of structured notes and were designed to create the false impression that they were not involved in such activity. However, Mr Blunden

failed to take any or any adequate steps to enquire whether this was correct and/or to ensure that:

- (a) the Tokyo Branch staff stopped marketing structured notes, which was necessary in order to comply with what he had been informed were the relevant regulatory restrictions under which the Tokyo Branch was required to operate;
- (b) any such procedures ceased to exist.

Tokyo Branch filing arrangements

33. In or about July 1997, a filing system (Marketing Central Files) was implemented within the Tokyo Branch for maintaining centralised documentary records of transactions which it had arranged with its clients. The filing system required that files be divided into three categories:
 - (1) banking products related (“MCF1”)
 - (2) transactions containing confidentiality agreements (“MCF2”)
 - (3) non-banking products related (“MCF3”).
34. Documents relating to securities transactions arranged by the Tokyo Branch were required to be filed in MCF3, whether or not they had ultimately been booked through CSFB JL. An internal memorandum describing the Marketing Central Files indicated that it was not intended to show documents to the Japanese regulatory authorities (such as documents from the MCF3 files) relating to securities transactions arranged by the Tokyo Branch.
35. During development of the procedures described in paragraphs 33 and 34, Mr Blunden discussed with Tokyo Branch staff the most appropriate method for their implementation. As he knew, the procedures were subsequently put into operation within the Tokyo Branch.
36. In November 1997, Mr Blunden was informed by Tokyo Branch staff of the following matters:
 - (1) that they were considering introducing an electronic document storage system called ‘Trade Browser’ which it was believed would, among other things, “...help to reduce the risk of inappropriate documents (such as securities transactions in CSFB JL’s name) being exposed to outside inspectors...”;
 - (2) that it was proposed to move the MCF3 files from the Tokyo Branch offices to a storage room in the elevator hall on the same floor of the Shiroyama Hills building and that, in the event of the files being stored there, it was not expected that there was a “...substantial or realistic risk (of the files being found by the inspectors)”. Shortly thereafter, as Mr Blunden knew, the MCF3 files were moved to the elevator hall storage room.

37. As a result of the matters referred to in paragraphs 33, 34 and 36, Mr Blunden received information indicating that:
- (1) the central filing system adopted by Tokyo Branch required that files related to banking transactions (MCF1) be stored separately from those related to non-banking related transactions (MCF3);
 - (2) the MCF3 files included the documents relating to securities transactions marketed by CSFP TB but concluded in the name of CSFB JL;
 - (3) the purpose of this division was to avoid the securities related documents being seen by the Japanese regulatory authorities;
 - (4) it was not intended that securities related files would be disclosed in their original form to the regulatory authorities in the event of regulatory inspection;
 - (5) the Tokyo Branch was considering adopting the Trade Browser system, at least in part because it was believed that this would reduce the risk of securities related documents being found in the event of regulatory inspection;
 - (6) the MCF3 files had been moved into the storage room by the elevator shaft because it was believed that they would be unlikely to be discovered there in the event of regulatory inspection.
38. However, Mr Blunden failed to take any or any adequate steps to enquire whether this information was correct or to satisfy himself that no such procedures, the purpose of which was to conceal from the Japanese regulatory authorities the nature of the activities the Tokyo Branch was undertaking, existed and/or continued to exist.

The Dos and Don'ts list

39. In December 1997 Mr Blunden forwarded to the Tokyo Branch a draft of a "Do's and Don'ts List" which he proposed would be circulated to marketing staff in the Tokyo Branch as an 'aide memoir'. In the e-mail to which he attached the draft he requested that staff in the Tokyo Branch consider the draft and provide comments on it. The "Do's and Don'ts List" indicated, *inter alia*:
- (1) "Do only use Credit Suisse Financial Products, Tokyo Branch stationery"
 - (2) "Don't use any stationery other than Tokyo Branch stationery"
40. An e-mail sent to Mr Blunden on 6 January 1998 in response to his request for comments on the proposed "Do's and Don'ts List" stated that it was "...possible to remove the first line of DON'T (use any stationery other than Tokyo Branch stationery), because it is not the reality (when they use CSFB stationery, they don't use their name, and so we might still say this is true, though)". The reference to the use of CSFB JL's stationery in the e-mail of 6 January 1998 was a reference to the use of that stationery by Tokyo Branch marketers to send details of structured note transactions to clients.

41. As a result of the e-mail referred to in paragraph 40, Mr Blunden received information indicating that Tokyo Branch marketers were marketing structured notes by sending out written details thereof in the name of CSFB JL employees on CSFB JL headed stationery. Information he had previously received indicated that such a practice did not comply with the Japanese regulatory restrictions under which the Tokyo Branch was required to operate. However, Mr Blunden failed to take any adequate steps to enquire whether the information referred to in paragraph 40 was correct and/or to ensure that the Tokyo Branch staff did not market structured notes using CSFB JL stationery.

Communications sent by the Tokyo Branch in CSFB JL's name

42. The Marketing Procedure Notes required that written communications relating to structured note transactions be faxed to customers from a fax machine in CSFB JL's offices which was registered in CSFB JL's name. The fax machine had been purchased by the Tokyo Branch specifically for this purpose and was for its exclusive use.
43. In March 1998, Mr Blunden received an e-mail which had been forwarded from the Tokyo Branch legal department which indicated the author's view that:
- (1) Tokyo Branch marketers were involved in "*de facto* marketing" of structured notes;
 - (2) this activity technically constituted a breach of Japanese regulatory requirements;
 - (3) marketing of structured notes was being carried out on condition that Tokyo Branch marketers ensured that:
 - (a) no written communication was sent to customers which might imply that the Tokyo Branch was engaged in marketing structured notes; and
 - (b) if the customer was a corporate, any written communication relating to structured notes was sent in the name of CSFB JL.
44. In May 1998, Mr Blunden was involved in an exchange of e-mail correspondence concerning proposals for the relocation of the fax machine situated at that time in CSFB JL's offices on the 25th floor of the Shiroyama Hills building, in anticipation of CSFB JL's move down to the 5th floor of the same building. E-mails received by Mr Blunden in the course of this correspondence indicated:
- (1) that the fax machine was used by Tokyo Branch marketers and their secretaries (who were located on the 27th floor of the Shiroyama Hills building) for sending out term sheets to clients;
 - (2) that one alternative location proposed for the fax machine was the elevator hall on the 27th floor of the Shiroyama Hills building (the floor occupied by the Tokyo Branch) which, it was said, "was not noticed by regulators who had visited CSFB for inspections in the past";

- (3) the view that the Tokyo Branch's involvement in the marketing of structured notes was in breach of Japanese regulatory requirements;
 - (4) that moving the fax machine to the 27th floor "would invalidate any involvement of CSFB in the marketing process and would be extremely difficult to defend";
 - (5) that an alternative to relocating the fax machine might be to install a server which would allow Tokyo Branch staff to fax documents in CSFB JL's name from the Tokyo Branch's offices but that this was likely to give rise to certain practical difficulties.
45. In the event, as a result of objections raised by legal and compliance staff in the Tokyo Branch, the fax machine was not relocated to the 27th floor and, from early June 1998, it was situated in CSFB JL's new offices on the 5th floor.
46. The e-mails referred to in paragraphs 43 and 44 indicated that:
- (1) term sheets relating to structured note transactions were being sent to Japanese clients by the Tokyo Branch in the name of CSFB JL;
 - (2) these term sheets were being faxed to the clients by Tokyo Branch marketers or their secretaries from the fax machine registered to CSFB JL and located in CSFB JL's office on the 25th floor of the Shiroyama Hills building;
 - (3) two members of the Tokyo Branch legal department held the view that this procedure constituted a breach of the Japanese regulatory restrictions under which the Tokyo Branch was required to operate;
 - (4) CSFB JL was soon to move to new offices on the 5th floor of the Shiroyama Hills building and, if the fax machine were also moved down to the 5th floor, it would be inconvenient for the Tokyo Branch marketers/secretaries to send structured note related faxes;
 - (5) one alternative being considered to overcome this problem was the relocation of the fax machine to a storage room by the elevator shaft on the 27th floor of the Shiroyama Hills building;
 - (6) a perceived advantage of this solution was that the storage room had not been noticed during previous regulatory inspections;
 - (7) a further possibility being considered was the installation of an additional fax server which would allow Tokyo Branch staff to send out faxes in the name of CSFB JL from the Tokyo Branch offices;
 - (8) a member of the Tokyo Branch legal department had expressed the view that the matter was one for the compliance department to determine;
 - (9) certain staff in Tokyo had objected to the proposal to relocate the fax machine to the 27th floor because this would involve increased regulatory risk.

47. However, Mr Blunden failed to take any or any adequate steps to enquire whether this information was correct and/or to ensure that:
- (a) the Tokyo Branch staff were not marketing structured notes, the marketing of which he had been informed did not comply with the relevant regulatory restrictions under which the Tokyo Branch was required to operate;
 - (b) no procedures existed, or continued to exist, at the Tokyo Branch which were designed to conceal its activities from the Japanese regulatory authorities.

Leaving Note

48. In or about November 1998, Mr Blunden received by e-mail a copy of a note drafted by a member of the Tokyo Branch's legal department prior to his leaving the Tokyo Branch. The note stated, among other things, that Tokyo Branch marketers made regular calls to Japanese clients in relation to structured notes and "in practice" sold securities to those clients. It also indicated that "strictly speaking" this practice constituted a breach of Japanese regulatory requirements. The note went on to record that marketers had been instructed that, in the case of corporate clients, documents relating to securities transactions must not be sent from the fax machine in the Tokyo Branch's office, but should be sent under the name of CSFB JL from the fax machine located in CSFB JL's offices.
49. On receipt of the e-mail, Mr Blunden had information indicating that:
- (1) Tokyo Branch marketers were regularly calling Japanese clients in relation to structured note transactions;
 - (2) Tokyo Branch marketers were negotiating and agreeing the terms of such transactions with those clients;
 - (3) the decision to allow this had been taken by "the management" at the time the Tokyo Branch opened because the structured note business was commercially very important;
 - (4) in the view of the departing member of the Tokyo Branch legal department, the activities being undertaken were strictly speaking a breach of the Japanese regulatory restrictions under which the Tokyo Branch was required to operate;
 - (5) Tokyo Branch marketers had been told to send documents relating to securities transactions with corporate clients in CSFB JL's name and from the fax machine in CSFB JL's offices, which was a procedure designed to conceal the Tokyo Branch's involvement in marketing structured notes.
50. However, Mr Blunden failed to take any adequate steps to enquire whether this information was correct and/or to ensure that:
- (a) the Tokyo Branch staff stopped calling Japanese clients about structured note transactions, and negotiating and agreeing the terms of such transactions with them, which activities he had been informed did not comply with the relevant regulatory restrictions under which the Tokyo Branch was required to operate;

- (b) no procedures existed, or continued to exist, at the Tokyo Branch which were designed to conceal its activities from the Japanese regulatory authorities.

Conclusion

51. Notwithstanding the information he received regarding the matters set out in paragraphs 24 to 50 and what he had been told about applicable Japanese law and regulations, Mr Blunden failed to take any adequate steps:
- (1) to enquire into the activities being undertaken and procedures adopted by the Tokyo branch; or
 - (2) to satisfy himself that the Tokyo Branch's activities were being conducted in compliance with the relevant Japanese regulatory restrictions and, if not, were modified so that they were; and/or
 - (3) to ensure that no procedures existed, or continued to exist, in the Tokyo Branch designed to conceal from the Japanese regulatory authorities the nature of the activities it was undertaking.

Mr Blunden accepts that, although other senior CSFP personnel were aware of the matters set out in paragraphs 24 to 50, active responses from him were called for in relation to those matters.

52. In addition, the briefing Mr Blunden helped to give to a Tokyo Branch employee contributed to a course of conduct being pursued by others which was designed to mislead the NTA and had the effect of encouraging the employee to provide an incomplete and misleading account of her department's activities to the NTA.
53. The FSA considers these failures to be so serious as to demonstrate that Mr Blunden is not fit and proper to perform any compliance function in relation to any regulated activity carried on by any authorised person and that a prohibition order in the terms decided is necessary to achieve the FSA's statutory objective of maintaining confidence in the financial system.

IMPORTANT

This final notice is given to you in accordance with section 390 of the Act.

Publicity

Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this notice relates. Under those provisions, the FSA must publish such information about the matter to which this notice relates as the FSA considers appropriate. The information may be published in such manner as the FSA considers appropriate. However, the FSA may not publish information if such publication would, in the opinion of the FSA, be unfair to you or prejudicial to the interests of consumers. The FSA intends to publish such information about the matter to which this final notice relates as it considers appropriate.

Third Party Rights

The FSA gave a copy of the decision notice to Credit Suisse Financial Products and Credit Suisse First Boston (Japan) Limited (now known as Credit Suisse First Boston Securities (Japan) Limited). Accordingly, the FSA must also give a copy of this final notice to them.

FSA Contacts

For more information concerning this matter generally, you should contact Ian Brown (direct line: 020 7066 1366/fax: 020 7066 1367) or Pam Cross (direct line: 020 7066 1216/fax: 020 7066 1217) of the Enforcement Division of the FSA.

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Martyn Hopper
Head of Market Integrity
FSA Enforcement Division