

# FSA HITS PRUDENTIAL WITH £30M FINE

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Following the news that the Financial Services Authority will levy a £30m fine on Prudential and censure its chief executive, Tidjane Thiam, over the way it handled its abortive \$35.5bn bid for AIA, the rival insurer, in 2010, John Gould (pictured), Senior Partner at Russell-Cooke, comments. The penalty relates to the Pru's failure to inform the City regulator punctually of its intention to take over AIA, according to people close to the situation.



The AIA bid failed to come to fruition after Pru shareholders objected to the initial deal and AIA's owner, AIG, refused to accept a lower offer. Prudential and the FSA declined to comment. The regulatory penalty adds to the £377m cost of the Pru's tilt at AIA, which subsequently went on to float as a standalone business.

John said: "The FSA relies on maintaining relationships and being told what is going on. This would have been a huge global deal and it was kept secret from the FSA because of a fear of leaks. By the time the FSA found out, they were playing catch-up. The FSA may well be disappointed that a significant financial penalty forms part of their management of the relationship with a major institution."

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