

Big fine for UBS wealth management division

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[FT.com / Companies / Banks - Improper trading case adds to woes for UBS.](#)

News on Thursday that employees in UBS's wealth management division in London made unauthorised trades that cost clients more than \$42m could not have come at a worse time for the Swiss bank.

[According to the FSA final notice](#) on Thursday, UBS's internal controls were so weak that a desk head and three other employees were able to place up to 50 unauthorised foreign exchange and precious metals trades a day for a period of two years without being caught.

The employees took advantage of rules that let them place orders and wait 24 hours before specifying which account they were trading for. They were also allowed to bundle together a batch of trades into a single trade with an "averaged" price, hiding the results of individual punts.

This was a wealth management division, but it simply makes clear what has been said by some of us time and again: that banks manage other people's assets solely for the benefit of bankers.

This is why the most massive change in banking is needed. I do not think this a case of 'bad apples'. I am quite sure this is a systemic fault.