

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 87158 / September 30, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19565

In the Matter of

Outset Global LLP,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTIONS 15(b) AND 21C OF
THE SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS, A CENSURE, AND A
CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Outset Global LLP (“Outset Global” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions, a Censure, and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

A. SUMMARY

1. These proceedings concern Outset Global, an unregistered broker-dealer based in the United Kingdom, which executed thousands of transactions on behalf of U.S. institutional investors and generated millions of dollars in commissions, from at least 2014 until September 2016.

2. Broker-dealers play a key role as intermediaries between customers and the securities markets and as such, broker-dealer registration is of fundamental significance to U.S. securities market regulation. Registered broker-dealers are subject to U.S. regulations and supervisory structures intended to protect U.S. investors and the U.S. securities markets, including membership in a self-regulatory organization (“SRO”) and the Securities Investor Protection Corporation, statutory disqualification standards, net capital regulations, SRO qualification requirements, recordkeeping and reporting obligations, special antifraud rules, as well as the Commission’s broad enforcement authority over broker-dealers.¹ As noted by the Commission, considerations underpinning registration “remain important regardless of whether a broker-dealer’s activities involve contacts with individual or institutional investors.”²

3. Prior to October 2016, Outset Global engaged in the solicitation and provision of brokerage services to U.S. investors without registering as a broker-dealer or otherwise meeting the conditions for an exemption from registration for foreign broker-dealers provided by Rule 15a-6 of the Exchange Act. Accordingly, Outset Global violated Section 15(a) of the Exchange Act.

B. RESPONDENT

4. Outset Global LLP (f/k/a Relihan LLP) is a limited liability partnership organized under the laws of England and Wales, with its principal place of business in London, England. Outset Global is a broker-dealer that has been regulated by the Financial Conduct Authority since April 2013, and was previously regulated by the Financial Services Authority from February 2012 through March 2013. Outset Global is not registered with the Commission in any capacity.

C. OTHER RELEVANT ENTITY

5. Outset Global Trading Limited is a private limited company organized under the laws of England and Wales, with its registered office address in London, England, and its principal place of business in New York, New York. Outset Global Trading Limited is an affiliate of Outset Global and has been registered with the Commission as a broker-dealer since March 29, 2016. In September 2016, Outset Global entered into a chaperoning agreement with Outset Global Trading Limited.

¹ See Registration Requirements for Foreign Broker-Dealers, Exchange Act Release No. 27017 (July 11, 1989), 54 FR 30013, 30015-16 (July 18, 1989).

² *Id.*

D. FACTS

6. During the relevant period, using U.S. jurisdictional means, Outset Global provided brokerage services to U.S. institutional investors, including the facilitation of transactions in European securities. For example, Outset Global employees contacted U.S. institutional investors and potential firm customers via electronic mail and telephone calls and traveled to the United States to meet with U.S. institutional investors and potential firm customers.

7. As a result of these efforts, Outset Global engaged in an ongoing securities business relationship with at least 35 U.S. institutional investors, and bought and sold securities in thousands of transactions on behalf of those investors. From July 2014 until September 2016, Outset Global received approximately \$10 million in total transaction-based compensation in the form of commissions from those U.S. institutional investors.

8. The brokerage services that Outset Global provided required registration as a broker-dealer with the Commission pursuant to Section 15(a) of the Exchange Act. However, Outset Global was not registered with the Commission as a broker-dealer. As an alternative to registration, Outset Global could have provided these brokerage services in reliance on the exemption from registration provided to foreign broker-dealers by Rule 15a-6 under the Exchange Act. However, Outset Global did not enter into a chaperoning agreement with a U.S. registered broker-dealer, which provides a means to qualify for the Rule 15a-6 exemption, until September 2016.

E. VIOLATIONS

9. Absent an applicable exception or exemption, Section 15(a) of the Exchange Act generally prohibits a broker or dealer from making use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of any security without being registered with the Commission as a broker-dealer.

10. Section 3(a)(4) of the Exchange Act defines a “broker” as any person (other than a person meeting the conditions of an exception, exemption or safe harbor, such as an associated person of an issuer meeting the conditions of Rule 3a4-1 under the Exchange Act or a bank meeting the conditions of Regulation R) “engaged in the business of effecting transactions in securities for the accounts of others.” Outset Global acted as a broker within this definition.

11. Rule 15a-6 under the Exchange Act provides conditional exemptions under which unregistered foreign broker-dealers may effect transactions with or for U.S. institutional investors and major institutional investors in certain limited circumstances. Outset Global acted as a broker outside the conditions of Rule 15a-6, and its solicitation of and provision of brokerage services to U.S. institutional investors required broker-dealer registration. Inducing or attempting to induce securities transactions constitutes solicitation requiring broker-dealer registration. Solicitation is construed broadly to include both efforts to induce a single transaction and efforts to develop an ongoing securities business relationship.³

³ See *id.* at 30017-18 (in the context of the Exchange Act’s broker-dealer registration requirement, solicitation includes “any affirmative effort by a broker or dealer intended to induce transactional business for the

12. Accordingly, as a result of conduct described above, Outset Global willfully⁴ violated Section 15(a) of the Exchange Act.

F. OUTSET GLOBAL'S REMEDIAL EFFORTS

13. In determining to accept the Offer, the Commission considered Respondent's remediation in entering into a chaperoning agreement with a U.S. registered broker-dealer and cooperation with the Commission staff.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Outset Global's Offer.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Outset Global is censured;

B. Respondent Outset Global cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act; and

C. Respondent Outset Global shall, within 30 days of the entry of this Order, pay disgorgement of \$135,000; prejudgment interest of \$22,409.97; and a civil money penalty in the amount of \$50,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and if timely payment of a civil money penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

broker-dealer or its affiliates," including "efforts to induce a single transaction or to develop an ongoing securities business relationship," and examples of conduct considered solicitation include "telephone calls from a broker-dealer to a customer encouraging use of the broker-dealer to effect transactions").

⁴ "Willfully," for purposes of imposing relief under Section 15(b), "means no more than that the person charged with the duty knows what he is doing." *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term "willfully" for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has "willfully omit[ted]" material information from a required disclosure in violation of Section 207 of the Advisers Act).

- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Outset Global LLP as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Amy L. Friedman, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5010.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Secretary