
FINAL NOTICE

To: GGK Investments Limited (In Liquidation)

Address: C/o The Insolvency Service
2nd Floor
4 Abbey Orchard Street
London SW1P 2HT

FRN: 441075

Dated: 14 June 2016

ACTION

1. For the reasons set out in this Final Notice, the Authority hereby takes the following action against GGK.
2. The Authority gave GGK the Decision Notice which notified GGK that for the reasons given below and pursuant to section 55J of the Act, the Authority had decided to cancel GGK's Part 4A permission.
3. GGK has not referred the matter to the Tribunal within 28 days of the date on which the Decision Notice was given to it.
4. Accordingly, the Authority has today cancelled GGK's Part 4A permission.

DEFINITIONS

5. The definitions below are used in this Final Notice:

"the Act" means the Financial Services and Markets Act 2000;

"the Authority" means the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority;

“COND” means the guidance on the threshold conditions section of the Handbook;

“the Decision Notice” means the Decision Notice given to GGK on 28 April 2016;

“EG” means the Enforcement Guide;

“GGK” means GGK Investments Limited (In Liquidation);

“GGK’s Part 4A permission” means the permission granted to GGK under Part 4A of the Act;

“the Handbook” means the Authority’s Handbook of rules and guidance;

“IPRU-INV” means the Interim Prudential Sourcebook for Investment Businesses section of the Handbook;

“the Principles” means the Authority’s Principles for Businesses;

“the Threshold Conditions” means the threshold conditions set out in Schedule 6 to the Act;

“the Tribunal” means the Upper Tribunal (Tax and Chancery Chamber); and

“the Warning Notice” means the Warning Notice given to GGK on 23 March 2016.

RELEVANT STATUTORY AND REGULATORY PROVISIONS

6. The statutory and regulatory provisions relevant to this Final Notice are set out in the Annex.

SUMMARY OF REASONS

7. On the basis of the facts and matters and conclusions described in the Warning Notice, and in the Decision Notice, it appears to the Authority that GGK is failing to satisfy the Threshold Conditions, in that the Authority is not satisfied that GGK’s resources are appropriate in relation to the regulated activities it has permission to carry on. Specifically, GGK is unable to meet its liabilities as they have fallen due and is in liquidation.

FACTS AND MATTERS RELIED ON

8. GGK became authorised by the Authority on 9 August 2006 to conduct designated investment business.
9. GGK must comply with IPRU-INV 9.2.2R, which requires that GGK must be able to meet its liabilities as they fall due. GGK must also comply with Principle 4 (Financial Prudence) of the Principles, which requires GGK to maintain adequate financial resources.
10. On 14 September 2015, GGK was placed into compulsory liquidation.
11. GGK’s liquidators have been asked by the Authority to apply to cancel GGK’s Part 4A permission, but have declined to do so.

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Decision Maker

12. The decision which gave rise to the obligation to give this Final Notice was made by the Regulatory Decisions Committee.

IMPORTANT

13. This Final Notice is given to GGK in accordance with section 390(1) of the Act.

Publicity

14. The Authority must publish such information about the matter to which this Final Notice relates as the Authority considers appropriate. The information may be published in such a manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to GGK or prejudicial to the interests of consumers.
15. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority Contact

16. For more information concerning this matter generally, GGK should contact Donovan Thorpe-Davis at the Authority (direct line: 020 7066 8678).

John Kirby
Enforcement and Market Oversight Division

ANNEX

RELEVANT STATUTORY PROVISIONS

1. The Authority's operational objectives established in section 1(B) of the Act include protecting and enhancing the integrity of the UK financial system and securing an appropriate degree of consumer protection.
2. The Authority is authorised by section 55J of the Act to cancel an authorised person's Part 4A permission, where it appears to the Authority that it is failing to satisfy the Threshold Conditions.
3. The appropriate resources Threshold Condition states that:

"The resources of A must be appropriate in relation to the regulated activities that A carries on or seeks to carry on."

RELEVANT HANDBOOK PROVISIONS

4. In exercising its power to cancel a Part 4A permission, the Authority must have regard to the regulatory requirements and guidance published in the Handbook. The main considerations relevant to the action stated in this Final Notice are set out below.

Relevant Principle

5. Principle 4 (Financial Prudence) requires that a firm must maintain adequate financial resources.

Relevant Rule

6. IPRU-INV 9.2.2R requires that:

"A firm must be able to meet its liabilities as they fall due."

Guidance concerning the relevant Threshold Condition

7. Guidance on the Threshold Conditions is set out in COND, the relevant provisions of which are summarised below.

COND 2.4 – Appropriate resources Threshold Condition

8. COND 2.4.1AUK(1) reproduces the relevant statutory provision that the resources of A must be appropriate in relation to the regulated activities that A carries on or seeks to carry on.
9. COND 2.4.1BG provides that paragraph 2D of Schedule 6 to the Act sets out the appropriate resources threshold condition for firms carrying on, or seeking to carry on, regulated activities which do not include a PRA-regulated activity.
10. COND 2.4.4G(2) states that relevant matters to which the Authority may have regard when assessing whether a firm will satisfy, and continue to satisfy the appropriate resources threshold condition include whether there are any indications that the firm will not be able to meet its debts as they fall due and whether the firm has entered into liquidation.

OTHER RELEVANT REGULATORY PROVISIONS

11. The Authority's policy in relation to exercising its powers is set out in EG, the relevant provisions of which are summarised below.

Cancelling a firm's Part 4A permission on the Authority's own initiative

12. EG 8.1.1(1) provides that the Authority may use its own initiative power to vary or cancel the permission of an authorised person under section 55J of the Act, where the person is failing or is likely to fail to satisfy the threshold conditions for which the Authority is responsible.
13. EG 8.5.1(1) states that the Authority will consider cancelling a firm's Part 4A permission using its own initiative power contained in section 55J of the Act in circumstances where the Authority has very serious concerns about the firm, or the way its business is or has been conducted.
14. EG 8.5.2 provides examples of the circumstances in which the Authority will consider cancelling a Part 4A permission, and EG 8.5.2(3) specifies that the failure to maintain adequate financial resources or a failure to comply with regulatory capital requirements are examples of such circumstances.