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## FINAL NOTICE

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**To:** **Elizabeth Anne Parry**

**Address:** **Greenlands Farm  
Tewitfield  
Carnforth  
Lancashire  
LA6 1JH**

**IRN:** **EXP01079**

**Dated:** **1 September 2016**

### **ACTION**

1. For the reasons given in this notice, the Authority has decided to:
  - (a) impose on Miss Parry, pursuant to section 66 of the Act, a financial penalty of £109,400 (inclusive of interest); and
  - (b) make an order against Miss Parry, pursuant to section 56 of the Act, prohibiting Miss Parry from performing any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm.
2. Miss Parry provided verifiable evidence of serious financial hardship. Had it not been for her reduced financial circumstances, the Authority would have imposed a financial penalty of £157,395 plus interest (or £135,100 adjusted for a 30% (stage 1) discount) on Miss Parry.

**SUMMARY OF REASONS**

3. The RDR, launched by the Authority in 2006, was a wide ranging review of the retail investment market. From the beginning of 2013, the Authority implemented a new set of rules stemming from that review. Under those rules, the minimum level of qualification for all retail investment advisers was raised, and all individual retail investment advisers were required to hold an SPS. An SPS is evidence that an accredited body that meets the Authority's criteria has independently verified that the retail investment adviser holds an appropriate qualification, has satisfied the appropriate continuing professional development requirement and has met the requisite ethical standard.
4. The Authority considers that Miss Parry, whilst approved to perform the CF30 Customer function at her sole trader firm which was authorised by the Authority, fabricated two SPSs, in order to give the impression to the Authority that she had obtained the appropriate qualifications from her professional body to provide investment advice to retail customers, when, in fact, she was not so qualified.
5. The Authority also considers that Miss Parry made misleading statements, to the Authority on 29 January 2013, 3 May 2013, 16 July 2013, 23 October 2013, 12 June 2014 and 3 September 2015, with the intention of making the Authority believe that she had attained the appropriate qualifications to provide investment advice to retail customers and that she had engaged in numerous dealings with her professional body as to why it had not supplied her with an SPS.
6. The Authority considers that Miss Parry's behaviour amounted to a failure to act with integrity in contravention of Statement of Principle 1 of the Authority's Statements of Principle.
7. The Authority considers that Miss Parry poses a risk to consumers and to the integrity of the financial system and that the nature and seriousness of the breaches outlined above warrant the imposition of a financial penalty and the imposition of an order prohibiting her from performing any function in relation to any regulated activities carried on by any authorised or exempt person or exempt professional firm.

**DEFINITIONS**

8. The definitions below are used in this Final Notice (and in the Annexes):
  - "the Act" means the Financial Services and Markets Act 2000;
  - "APER" means the Statements of Principle and Code of Practice for Approved Persons;
  - "the Authority" means the Financial Conduct Authority;
  - "the CII" means the Chartered Insurance Institute;
  - "DEPP" means the Decision Procedure and Penalties Manual section of the Handbook;
  - "EG" means the Enforcement Guide;
  - "FIT" means the Fit and Proper Test for Approved Persons section of the Handbook;
  - "Miss Parry" means Elizabeth Anne Parry;

"Miss Parry's Part 4A permission" means the permission granted to Miss Parry pursuant to Part 4A of the Act;

"PSD form" means Professional Standards Data form;

"QCF" means Qualifications Credit Framework;

"SPS" means Statement of Professional Standing;

"the Handbook" means the Authority's Handbook of rules and guidance;

"the Relevant Period" means the period from 29 January 2013 to 12 November 2015;

"the RDR" means the Retail Distribution Review;

"the Statements of Principle" means the Statements of Principle as set out in APER;

"the TC" means the Training and Competence section of the Handbook; and

"the Tribunal" means the Upper Tribunal (Tax and Chancery Chamber).

## **FACTS AND MATTERS**

### *Background*

9. Miss Parry was authorised by the Authority as a sole trader on 23 May 2006 to conduct designated investment business and regulated home finance activities. Miss Parry was also permitted to conduct consumer credit activities from 7 January 2015.
10. On 1 November 2007, the Authority approved Miss Parry to perform the CF30 Customer function at her sole trader firm.
11. On 19 November 2015, following an application by Miss Parry, the Authority cancelled Miss Parry's Part 4A permission.

### *The RDR*

12. The Authority launched the RDR in June 2006. The RDR was a wide ranging review of the retail investment market. The proposals stemming from it were intended to ensure that financial advice is given by appropriately qualified financial advisers free from bias, and to ensure that the costs of their advice are clear to customers.
13. On 31 December 2012, the Authority implemented the RDR, in part through the introduction of new requirements in the TC. These new rules raised the benchmark qualification level for all retail investment advisers and introduced an overarching standard for continuing professional development, in order to raise professional standards. All individual investment advisers were required to reach the QCF Level 4 or equivalent and hold an SPS. An SPS is evidence that an accredited body, such as the CII, has independently verified that the retail investment adviser holds the appropriate qualifications, has satisfied the appropriate continuing professional development requirement and has met the requisite ethical standard.

### *Miss Parry's provision of two fabricated SPSs and her misleading communications to the Authority*

14. Miss Parry was a retail investment adviser. On 29 January 2013, Miss Parry submitted to the Authority a PSD form, stating that she was fully qualified to

provide retail investment advice to retail customers and that she had been accredited by the CII, which had issued an SPS to her confirming that she had attained the appropriate qualifications.

15. In early 2013, the Authority contacted Miss Parry about the new RDR requirements in the TC. Specifically, the Authority had concerns that she had not been accredited by the CII as she had claimed in the PSD form she submitted to the Authority on 29 January 2013.
16. On 3 May 2013, Miss Parry informed the Authority that she had been in contact with the CII on numerous occasions to find out why the CII's database did not show that she had acquired an SPS through the CII. She stated that the CII had explained the reason its database did not show her SPS was that she had changed her surname after a divorce, from Thompson to Parry, and that the system had not reconciled the records of examinations she had taken in each name.
17. On 16 July 2013, the Authority telephoned Miss Parry who stated that she had spoken to the CII again and was hopeful that her SPS would be issued by the end of that week.
18. On 6 September 2013, Miss Parry sent an email to the Authority (in response to the Authority's email chasing her for her SPS), stating that she had telephoned the CII but that her contact at the CII was on annual leave and that she would provide the Authority with an update during the following week.
19. On 14 October 2013, Miss Parry sent an email to the Authority, stating that she had spoken to the CII at length in relation to her SPS and that the CII had informed her it had still not resolved the issue of merging her online data for her different names and qualifications. Miss Parry stated that her case had been referred to the head of the CII's online data technical team who had assured her that he would have a solution on or before 18 October 2013.
20. On 23 October 2013, Miss Parry sent an email to the Authority attaching a fabricated document, which purported to be an SPS issued by the CII on 1 February 2013, which would remain valid until 31 January 2014, (the date by which Miss Parry was required to renew her CII membership). She also stated that she was not convinced that the CII's online system had been rectified as she was unable to access her on-line account.
21. On 21 May 2014, the Authority sent an email to Miss Parry requesting that she verify that she had obtained the appropriate qualifications required under the TC. On 12 June 2014 and 30 July 2014, Miss Parry sent the Authority a second fabricated document. This purported to be an SPS issued by the CII on 1 February 2014, which would remain valid until 31 January 2015.
22. The Authority decided at that time to take no further action on the matter, because the Authority had not at that stage identified that the SPSs Miss Parry had provided were false.
23. Notwithstanding what Miss Parry told the Authority, however, Miss Parry was not eligible for an SPS, and did not apply to the CII for one, because, having taken and failed the relevant examinations on more than one occasion, Miss Parry had not obtained the necessary qualifications.
24. On 25 June 2015, following enquiries by the Authority about the validity of Miss Parry's qualifications, the CII informed the Authority that it had no record of Miss Parry applying for, or being issued with, an SPS. The CII also informed the Authority that Miss Parry had not obtained the necessary Level 4 QCF qualification in order to provide retail investment advice.

25. On 3 September 2015, the Authority telephoned Miss Parry to discuss the discrepancy between the CII's records relating to the SPSs and statements Miss Parry had provided to the Authority, in relation to her qualifications. During the telephone conversation, Miss Parry stated that the CII had sent her manual SPSs because of issues it was having with its systems relating to her name change and that the CII's records were incorrect. Miss Parry also stated that it '*simply was not true*' that the CII had not issued her with an SPS and that she had records to prove it.

#### *Miss Parry's conduct*

26. On 12 November 2015, the Authority conducted a compelled interview with Miss Parry using its statutory powers. During the interview, Miss Parry said that:
- a. contrary to what she had previously told the Authority, she did not possess the appropriate qualifications to provide retail investment advice, and that she had never applied to the CII for an SPS;
  - b. she had fabricated the two SPSs she had provided to the Authority by editing a template version of a CII SPS which she had found on the internet, in order to mislead the Authority into believing she had attained the necessary qualifications to be deemed competent to provide retail investment advice; and
  - c. she understood that her conduct was dishonest, and had continued conducting retail investment business despite knowing that she did not have the requisite qualifications.

### **FAILINGS**

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

#### *Failing to act with integrity in carrying out controlled functions: Statement of Principle 1*

28. During the relevant period, Miss Parry, whilst approved to perform the CF30 Customer function acted in breach of Statement of Principle 1 by failing to act with integrity, in that she dishonestly fabricated two SPSs and made numerous false statements to the Authority, in order to mislead the Authority into believing that she had obtained the appropriate qualifications to provide investment advice to retail customers, when she had not.

#### *Not fit and proper*

29. By reason of the facts and matters described above, the Authority considers that Miss Parry lacks honesty and integrity and, therefore, is not a fit and proper person.

### **SANCTIONS**

#### **Financial penalty**

30. Given Miss Parry's breaches of Statement of Principle 1, the Authority has imposed a penalty on her pursuant to section 66 of the Act. The Authority's policy on the imposition of a financial penalty is set out in Chapter 6 of DEPP. In determining the financial penalty, the Authority has had regard to that guidance.

31. Changes to DEPP were introduced on 6 March 2010. Given that Miss Parry's breaches occurred after that date, the Authority has had regard to the provisions in force after that date.
32. The application of the Authority's penalty policy is set out in Annex A to this Final Notice in relation to Miss Parry's breaches of Principle 1 of the Statements of Principle.
33. In determining the financial penalty to be attributed to Miss Parry's breaches, the Authority has had particular regard to the following matters as applicable:
  - a. the need for credible deterrence;
  - b. the nature, seriousness and impact of the breach;
  - c. the aggravating factors relating to the breach;
  - d. the settlement discount for agreeing to settle at an early stage of the Authority's investigation; and
  - e. serious financial hardship.
34. The penalty calculation in relation to Miss Parry is set out in Annex B to this Final Notice. Having regard to all the circumstances, the Authority considers that £109,400 (inclusive of interest) is the appropriate financial penalty to impose on Miss Parry.

### **Prohibition**

35. The Authority considers that Miss Parry is not a fit and proper person as she lacks honesty and integrity, and poses a serious risk to consumers and to confidence in the financial system. Consequently, the Authority considers it appropriate to prohibit Miss Parry from performing any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm.

### **PROCEDURAL MATTERS**

#### **Decision Maker**

36. The decision which gave rise to the obligation to give this Final Notice was made by the Settlement Decision Makers.
37. This Final Notice is given under, and in accordance with, section 390(1) of the Act.

#### **Manner of and time for payment**

38. The financial penalty must be paid by Miss Parry to the Authority by 15 September 2016.

#### **If the financial penalty is not paid**

39. If the payment is outstanding by 15 September 2016, the Authority may recover the outstanding amount as a debt owed by Miss Parry and due to the Authority.

**Publicity**

40. 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 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 Miss Parry or prejudicial to the interest of consumers.
41. The Authority intends to publish this Final Notice and such information about the matter to which this Final Notice relates as it considers appropriate.

**Contacts**

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

**Rebecca Irving**  
**Enforcement and Market Oversight Division**

**ANNEX A****RELEVANT STATUTORY PROVISIONS**

1. The Authority's operational objectives established in section 1B of the Act include protecting and enhancing the integrity of the UK financial system and the protection of consumers.
2. The Authority has the power, pursuant to section 56 of the Act, to make a prohibition order against an individual prohibiting that individual from performing a specified function, any function falling within a specified description, or any function, if it appears to the Authority that the individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by an authorised person.
3. Section 66 of the Act provides that the Authority may take action against a person if it appears to the Authority that the person is guilty of misconduct and the Authority is satisfied that it is appropriate in all the circumstances to take action against him / her. Misconduct includes failure, while an approved person, to comply with a Statement of Principle issued under section 64 of the Act. The action that may be taken by the Authority pursuant to section 66 of the Act includes the imposition of a penalty on the approved person of such amount as it considers appropriate.

**RELEVANT HANDBOOK PROVISIONS****Fit and Proper Test for Approved Persons (FIT)**

4. FIT sets out the criteria for assessing the fitness and propriety of a candidate for a controlled function. FIT is also relevant in assessing the continuing fitness and propriety of an approved person.
5. FIT 1.3 provides that the Authority will have regard to a number of factors when assessing the fitness and propriety of a person. The most important considerations will be the person's honesty, integrity and reputation, competence and capability, and financial soundness.
6. FIT 2.1.1G provides that in determining a person's honesty and integrity, the Authority will have regard to all relevant matters including, but not limited to, those set out in FIT 2.1.3G, which includes whether the person has contravened any of the requirements or standards of the regulatory system (FIT 2.1.3G(5)).

**Statements of Principle and Code of Practice for Approved Persons (APER)**

7. APER sets out the fundamental obligations of approved persons and sets out descriptions of conduct, which, in the opinion of the Authority, does not comply with the relevant Statements of Principle. It also sets out, in certain cases, factors to be taken into account in determining whether an approved person's conduct complies with a Statement of Principle.
8. APER 2.1.2P, which applied from 1 December 2001 to 31 March 2013, set out Statement of Principle 1 which stated that an approved person must act with integrity in carrying out his controlled function.



9. APER 2.1A.3P, which applies from 1 April 2013, sets out Statement of Principle 1 which states that an approved person must act with integrity in carrying out his accountable functions.
10. APER 3.1.3G provides that, when establishing compliance with, or a breach of, a Statement of Principle, account will be taken of the context in which a course of conduct was undertaken, including the precise circumstances of the individual case, the characteristics of the particular controlled function and the behaviour expected in that function.
11. APER 3.1.4G provides that an approved person will only be in breach of a Statement of Principle if they are personally culpable, that is, where their conduct was deliberate or where their standard of conduct was below that which would be reasonable in all the circumstances.
12. APER 4.1.4G sets out examples of behaviour which the Authority considers does not comply with Statement of Principle 1. An example of such conduct is falsifying documents (APER 4.1.4G(1)) and providing false and misleading information to the Authority (APER 4.1.4G(11)).

## **OTHER RELEVANT REGULATORY PROVISIONS**

### **The Authority's policy on the imposition of financial penalties**

13. The Authority's policy in relation to the imposition of financial penalties is set out in Chapter 6 of DEPP (the penalty analysis in relation to Miss Parry is located at Annex B).
14. DEPP 6.5B sets out the five steps for the calculation of financial penalties to be imposed on individuals in non-market abuse cases.
15. DEPP 6.5D sets out the Authority's approach to serious financial hardship.
16. DEPP 6.5D.1 states that the Authority may consider whether a reduction in the proposed penalty is appropriate if the penalty would cause the subject of the enforcement action serious financial hardship.
17. DEPP 6.5D.1(2)(a) sets out that the Authority will only consider a reduction if the individual provides verifiable evidence that payment of the penalty will cause them serious financial hardship.
18. DEPP 6.5D.2(1) states that the Authority would consider an individual's ability to pay the penalty over a reasonable period. The Authority's starting point is that an individual will suffer serious financial hardship only if during that period his net annual income will fall below £14,000 and his capital will fall below £16,000 as a result of payment of the penalty.
19. DEPP 6.5D.2(7) states that there are cases where, even if the individual has satisfied the Authority that payment of the financial penalty would cause serious financial hardship, the Authority considers the breach to be so serious that it is not appropriate to reduce the penalty. An example of such conduct is where the individual has directly derived a financial benefit from the breach (DEPP 6.5D.2(7)(a)), where the individual has acted dishonestly with a view to personal gain

(DEPP 6.5D.2(7)(b)) and where there has been previous Authority action in respect of similar breaches (DEPP 6.5D.2(7)(c)).

**The Authority's policy for exercising its power to make prohibition orders**

20. The Authority's approach to exercising its power to make prohibition orders is set out in Chapter 9 of EG.
21. EG 9.1.1 states that the Authority may exercise the power to make a prohibition order where it considers that, to achieve any of the Authority's statutory objectives, it is appropriate either to prevent an individual from performing any functions in relation to regulated activities, or to restrict the functions which he may perform.
22. EG 9.7.1 provides that in appropriate cases the Authority may take other action against an individual in addition to making a prohibition order and/or withdrawing approval, including the use of its power to impose a financial penalty.

**ANNEX B****PENALTY ANALYSIS**

1. The Authority's policy for imposing a financial penalty is set out in Chapter 6 of DEPP. In determining the financial penalty, the Authority has had regard to that guidance.
2. Changes to DEPP were introduced on 6 March 2010. Given that Miss Parry's breaches occurred after that date, the Authority has had regard to the provisions of DEPP in force after that date.
3. The application of the Authority's penalty policy is set out below in relation to Miss Parry's breaches of Statement of Principle 1 on or after 6 March 2010.

**Breaches of Principle 1 of the Statements of Principle on or after 6 March 2010**

4. In respect of any breach occurring on or after 6 March 2010, the Authority applies a five-step framework to determine the appropriate level of financial penalty. DEPP 6.5 sets out the details of the five-step framework to determine the appropriate level of financial penalty. DEPP 6.5B sets out the details of the five-step framework that applies in respect of financial penalties imposed on individuals in non-market abuse cases.

**Step 1: Disgorgement**

5. The Authority considers that Miss Parry should not be allowed to retain the financial benefit she derived directly from her misconduct, pursuant to DEPP 6.5B.1G. The Authority has calculated that, during the Relevant Period, Miss Parry's direct financial benefit from her breaches was £83,119 being the money Miss Parry received for advice which she was not qualified to give.
6. The Authority will ordinarily also charge interest on the benefit derived directly from misconduct. Adding interest at an annual rate of 8% results in a Step 1 figure of **£109,418** (rounded to the nearest £1).

**Step 2: Seriousness of the breach**

7. At Step 2, the Authority determines the figure that reflects the seriousness of the breach (DEPP 6.5B.2G). The Authority will determine a figure which will be based on a percentage of the individual's "relevant income". The relevant income will be the gross amount of all benefits received by the individual from the employment in connection with which the breach occurred during the relevant period.
8. The Authority considers Miss Parry's relevant income for the Relevant Period to have been £168,811.
9. In deciding on the percentage of relevant income that forms the basis of the Step 2 figure, the Authority considers the seriousness of the breach and chooses a percentage between 0% and 40%. This range is divided into five fixed levels which represent, on a sliding scale, the seriousness of the breach; the more serious the breach, the higher the level. For penalties imposed on individuals in non-market abuse cases there are the following five levels:

Level 1 – 0%

Level 2 – 10%

Level 3 – 20%

Level 4 – 30%

Level 5 – 40%

10. In assessing the seriousness level, the Authority takes into account various factors which reflect the impact and nature of the breach, and whether it was committed deliberately or recklessly. The Authority considers that the following factors are relevant.

*Impact of the breach*

11. Miss Parry derived a direct financial benefit of £83,119 as a result of the breaches.
12. In providing retail investment advice to 57 clients after 31 December 2012 without the appropriate qualifications, there was a significant risk that Miss Parry's advice would have been unsuitable, which could have caused those clients significant financial loss.

*Nature of the breach*

13. Miss Parry failed to act with honesty and integrity during the Relevant Period. She misled the FCA on numerous separate occasions over the course of the Relevant Period which compounded the dishonesty making it more serious.

*Whether the breach was deliberate or reckless*

14. Miss Parry has admitted she knew that she did not have the appropriate qualifications to provide retail investment advice. She also admitted that she had acted dishonestly during the Relevant Period, in that she fabricated two SPS documents and provided numerous inaccurate statements to the Authority with the intention of misleading the Authority about her suitability to provide retail investment advice to customers. Her actions were therefore deliberate. The breaches were also intentional in that Miss Parry foresaw the consequences of her misconduct.
15. Taking all of these factors into account, the Authority considers the seriousness of Miss Parry's breaches of Principle 1 of the Statements of Principle to be level 5 and so the Step 2 figure is 40% of £168,811, which is **£67,254** (rounded down to the nearest £1).

**Step 3: Mitigating and aggravating factors**

16. At Step 3, the Authority may increase or decrease the amount of the financial penalty arrived at after Step 2, but not including any amount to be disgorged in

accordance with Step 1, to take into account factors which aggravate or mitigate the breach (DEPP 6.5B.3G).

17. The Authority considers that Miss Parry's failure to take account of the following communications issued by it aggravate the breach:
  - a. the numerous communications and guidance to retail investment firms concerning the RDR, stating that from 31 December 2012, retail investment advisers would be required to obtain an annual SPS in order to demonstrate the higher standard of professionalism; and
  - b. a Final Notice issued to Ewan King for fabricating two SPSs, which is directly applicable to Miss Parry's conduct and which was published on 30 January 2014.
18. The Authority considers this factor to justify an increase in the penalty of 10%.
19. Therefore the Step 3 figure is **£74,276** (rounded down to the nearest £1).

#### **Step 4: Adjustment for deterrence**

20. If the Authority considers that the figure arrived at after Step 3 is insufficient to deter the individual who committed the breach, or others, from committing further or similar breaches, then the Authority may increase the penalty (DEPP 6.5B.4G).
21. The Authority considers that the penalty is sufficient for the purposes of credible deterrence. Therefore, after including disgorgement of £83,119, the penalty figure at Step 4 is **£157,300** (rounded to the nearest £100).

#### **Step 5: Settlement discount**

22. DEPP 6.7 provides that the amount of the financial penalty which might otherwise have been payable will be reduced to reflect the stage at which the Authority and Miss Parry reached agreement.
23. The Authority and Miss Parry reached agreement at Stage 1 so a 30% discount applies to the Step 4 figure (excluding the disgorgement element).
24. Therefore, the Step 4 figure after the settlement discount is £135,100 (rounded down to the nearest £100) (£83,119 plus £51,993) (70% of £74,276).
25. Taking account of the figure at Step 1, the total financial penalty is **£135,100** (after Stage 1 discount) (**£157,300** before Stage 1 discount).

#### **Serious financial hardship**

26. Pursuant to DEPP 6.5D.1G, the Authority may reduce the proposed penalty if appropriate, if the penalty would cause the individual serious financial hardship.
27. DEPP 6.5D.2G(7) provides that there may be cases where, even though the individual has satisfied the Authority that payment of the financial penalty would cause him serious financial hardship, the Authority considers the breach to be so

serious that it is not appropriate to reduce the penalty. The Authority will consider all the circumstances of the case in determining whether this course of action is appropriate, including whether the individual directly derived a financial benefit from the breach and, if so, the extent of that financial benefit, and whether the individual acted fraudulently or dishonestly with a view to personal gain.

28. Information provided by Miss Parry indicates that she has capital assets of less than £16,000 and she is receiving minimal income.
29. However, Miss Parry acted dishonestly, she directly benefited from the breaches which, in turn, provided her with an income. Although as far as we are aware Miss Parry's misconduct did not cause loss to consumers, there was a risk of loss to all of the 57 consumers she provided retail investment advice to during the Relevant Period. It would be appropriate to reduce the punitive element of the proposed penalty imposed on Miss Parry to £0 (zero) for serious financial hardship reasons. However, Miss Parry's misconduct is considered to be at level 5 on the scale of seriousness, and the Authority considers that the breaches are sufficiently serious that it is not appropriate to reduce the penalty in respect of the disgorgement element of the proposed financial penalty on the basis of financial hardship, despite Miss Parry's limited financial position.

### **Conclusion**

30. The Authority considers that **£109,400** (rounded down to the nearest £100) is an appropriate financial penalty to impose on Miss Parry, relating to Miss Parry's breaches of Principle 1 of the Statements of Principle under the new penalty regime.