
FINAL NOTICE

To: **Kadir Yusuf Kanizi**

Individual Reference
Number: **KXK00061**

Date: **16 September 2026**

1. ACTION

1.1 For the reasons given in this Notice, the Authority hereby:

- (1) imposes on Kadir Kanizi ("Mr Kanizi") a financial penalty of £20,000 pursuant to section 66 of the Financial Services and Markets Act 2000 ("the Act"); and
- (2) makes an order prohibiting Mr Kanizi from performing any senior management function in relation to any regulated activity carried on by an authorised person, exempt person or exempt professional firm.

1.2 Mr Kanizi was able to demonstrate serious financial hardship. Had it not been for his financial circumstances, the Authority would have imposed a financial penalty of £80,096.

1.3 In the interest of maximising the distribution available for investors, the Authority agreed not to enforce the penalty if the same amount was made available by Mr Kanizi to Vector Wealth's liquidators.

2. SUMMARY OF REASONS

2.1. Mr Kanizi was a senior sales manager at Vector Wealth. Vector Wealth offered high-risk, unlisted bonds predominantly to high net worth and sophisticated investors. These unlisted bonds fell under the Authority's definition of a speculative illiquid security ("SIS").

- 2.2. During the Relevant Period, Mr Kanizi was approved by the Authority to perform the SMF3 (Executive Director) senior management function at Vector Wealth under the Senior Managers and Certification Regime. In that time, there was one other SMF holder at Vector Wealth: Mr Jeffrey Dawkins ("Mr Dawkins"), who was approved to perform the SMF1 (Chief Executive), SMF3 (Executive Director), SMF16 (Compliance Oversight) and SMF17 (Money Laundering Reporting Officer) controlled functions/senior management functions at Vector Wealth.
- 2.3. Mr Kanizi had a pivotal role at Vector Wealth, and his responsibilities included staff training and competence, financial promotions and client communications and financial resources. However, during the Relevant Period, Mr Kanizi failed to adequately discharge his duties and responsibilities as SMF3. As a result, Mr Kanizi breached Individual Conduct Rules 2 and 4.
- 2.4. In respect of Individual Conduct Rule 2, Mr Kanizi failed to take reasonable steps to:
- (1) ensure that he had the requisite competence, knowledge and skills to adequately perform the SMF3 role;
 - (2) adequately inform himself about the affairs of the business for which he was responsible. In particular, Mr Kanizi failed to ensure that he had the necessary information and tools at his disposal, such as direct and ready access to the firm's banking and trading accounts, to properly and effectively discharge his obligations as SMF3 set out in his Statement of Responsibilities;
 - (3) ensure that the business of the firm for which he had responsibility was controlled effectively. In particular, Mr Kanizi did nothing to prevent a disqualified director who was not approved by the Authority to perform a senior management function, Individual A, from controlling Vector Wealth's affairs and strategic direction. Instead, Mr Kanizi was under Individual A's direction in respect of communications to investors and important business decisions; and
 - (4) ensure that the information that he and his sales team provided to actual and potential investors about the unregulated bonds was not false or misleading. This resulted in incorrect assurances being given to investors in respect of the risk involved with investing into the bonds. These incorrect assurances were that the trading accounts were regularly audited by an accounting firm (when they were not), that a security trustee was in place (when one was not), that the majority of an investor's capital was protected due to a hard capital stopping loss (when, in reality, this was not the case), that the funds raised would be used to undertake trading of assets (when, in reality, only 27% of investors' funds was used in this way with the remaining funds used to cover business expenditures) and that the Forex bond's trading strategies had a strong track record and were highly profitable (when this was not the case).
- 2.5. In respect of Individual Conduct Rule 4, Mr Kanizi failed to ensure that the information that he and his sales team provided to investors contained accurate information about the risks of investing into the unregulated bonds. Mr Kanizi had

responsibility for developing and maintaining training materials which were designed to be (and were) used by Vector Wealth's sales team in communications with investors. These training materials contained false and/or misleading statements that there were circuit breakers and capital protection measures built into the Forex bond and Vector Wealth's trading strategies (however, these did not exist) and that strong layers of protection were built into the investment (however, this was not the case). For consumers to be able to make good investment decisions, it is important that they understand the risks associated with investing and are provided with accurate and complete information by firms (such as Vector Wealth) that arrange deals in investments. Mr Kanizi's failure meant that investors could not make fully informed decisions on whether to invest in the unregulated bonds.

- 2.6. The role of a senior manager is a serious one as they play an important role in running an FCA-authorised firm, protecting its consumers and protecting the integrity of the market in which the firm operates. Being a senior manager brings with it several important responsibilities, including personal accountability, with a duty to be aware of and comply with the Authority's regulatory requirements and expectations. However, Mr Kanizi failed to take any responsibility for his role as a SMF3 holder and demonstrated a complete lack of understanding of the importance and seniority of the role.
- 2.7. On 18 March 2022, Vector Wealth informed the Authority that there was a £1.94m shortfall between the amount due to investors in capital and interest payments (£3.26m) and the funds available to repay investors (£1.32m). On 22 April 2022, Vector Wealth stopped trading and an administrator was appointed. On 20 October 2023, Vector Wealth was placed into liquidation. As at 5 December 2024, the liquidator had received claims from 43 creditors totalling over £4.1m. The majority of this amount relates to claims from bondholders who had invested in the unlisted bonds issued and promoted by Vector Wealth.
- 2.8. The Authority hereby:
 - (1) imposes on Mr Kanizi a financial penalty of £20,000 pursuant to section 66 of the Act; and
 - (2) makes an order prohibiting Mr Kanizi from performing any senior management function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm pursuant to section 56 of the Act.
- 2.9. In the interest of maximising the distribution available for investors, the Authority agreed not to enforce the penalty if the same amount was made available by Mr Kanizi to Vector Wealth's liquidators.
- 2.10. Mr Kanizi offered to undertake appropriate training with regard to the Authority's Consumer Duty regime before taking up any role in the financial industry.

3. DEFINITIONS

The definitions below are used in this Notice:

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

"the Authority" means the Financial Conduct Authority;

"COCON" means the Code of Conduct as set out in the Authority's Handbook;

"Company A" means a company registered in Switzerland and owned and controlled by Individual A during the Relevant Period; and

"Mr Dawkins" means Mr Jeffrey St. Patrick Dawkins;

"DEPP" means the Decision Procedure and Penalties Manual in the Authority's Handbook;

"the First Supervisory Notice" means the Authority's First Supervisory Notice to Vector Wealth dated 16 February 2022;

"FSCS" means the Financial Services Compensation Scheme;

"Forex" means foreign exchange trading which is the trading of one currency for another;

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

"Individual A" means an individual who was a disqualified director in the UK and 100% owner of Company A;

"Mr Kanizi" means Kadir Kanizi;

"the Relevant Period" means 6 September 2021 to 28 April 2022;

"SIS" means speculative illiquid securities, as defined in the Authority's Handbook;

"SMF" means Senior Management Function;

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

"Vector Wealth" means Vector Wealth Limited (and formerly Vanguard Capital Limited and Fifth Quarter Asset Management (UK) Limited);

"Vanguard Capital" means Vanguard Capital Group Ltd (latterly Vector Wealth Limited).

4. FACTS AND MATTERS

Mr Kanizi

- 4.1. Mr Kanizi joined Vector Wealth in April 2020 as Director of Investor Relations and, according to records filed with Companies House, was appointed as a director on 22 September 2020.

- 4.2. Mr Kanizi was approved by the Authority on 6 September 2021 to perform the SMF3 Executive Director function at Vector Wealth. Whilst approved as a senior manager, Mr Kanizi was obliged to abide by the Authority's regulatory requirements, including the Individual Conduct Rules.
- 4.3. During the Relevant Period, there were two individuals at Vector Wealth who had been approved by the Authority as SMF holders: Mr Kanizi and Mr Dawkins. Mr Dawkins held SMF1 (Chief Executive), SMF3 (Executive Director), SMF16 (Compliance Oversight) and SMF17 (Money Laundering Reporting) controlled functions/senior management functions.

Vector Wealth

- 4.4. Vector Wealth was authorised by the Authority on 5 March 2013 to conduct investment activities with Firm Reference Number 578178. Its authorisation ended on 28 January 2025. When it was authorised, Vector Wealth held the following Part 4A permissions:
- (1) Arranging (bringing about) deals in investments;
 - (2) Making arrangements with a view to transactions in investments; and
 - (3) Agreeing to carry on a regulated activity.

Unlisted bonds issued by Vector Wealth

- 4.5. Vector Wealth was marketed as the UK FCA-regulated subsidiary of Company A, a company registered in Switzerland. According to Company A's documentation, it owned 95% equity in Vector Wealth.
- 4.6. Company A purchased Vector Wealth in 2019. The CEO and 100% beneficial owner of Company A is Individual A and, as such, Individual A, a disqualified director, ultimately purchased Vector Wealth. This transaction was constructed to hide the true ownership and control of Vector Wealth and bypass the Authority's change in control regime, as whilst Company A's documentation showed that it owned 95% equity in Vector Wealth, the documents filed with Companies House stated that it held only 19.9% equity.
- 4.7. The authorised status of Vector Wealth was a key reason that Individual A purchased the firm. The authorised status of Vector Wealth was then used as a selling point to attract potential investors to invest in unregulated bonds marketed during the period December 2019 to April 2022 (i.e. by creating a 'halo effect'). Mr Kanizi told the Authority that he was not aware at the time that Individual A was a disqualified director. However, this information was publicly and readily available online during the Relevant Period.
- 4.8. During Mr Kanizi's tenure as an approved person, Vector Wealth issued an unregulated one-year bond that purportedly offered annual returns of up to 15% via algorithmic trading in Forex. Vector Wealth also marketed a property development bond for which it was not the issuer. Whilst Vector Wealth's investment memoranda for these bonds asserted that they were aimed at investment professionals, high net worth companies or individuals and self-

certified sophisticated investors, as detailed at paragraph 4.27 below, in fact the financial promotions for the bonds were accessible to retail investors.

- 4.9. Vector Wealth collected approximately £823,000 from investors in relation to the Forex bond during the time that Mr Kanizi was a SMF. Of this £823,000, Vector Wealth transferred only £221,000 to brokers to be invested.
- 4.10. Mr Kanizi's role at Vector Wealth involved marketing the bonds and vetting and onboarding investors. The bonds were high-risk in nature and fell under the Authority's definition of a SIS.

Mr Kanizi's role and responsibilities

Mr Kanizi's role

- 4.11. Mr Kanizi had a pivotal role at Vector Wealth. Documentation provided with his application to the Authority to be approved as SMF3 stated that *"The Director is responsible for the leadership of the organisation and managing of the firm's long-term strategy. The role will have shared responsibility for the day to day running of the firm."*
- 4.12. The purpose of a Statement of Responsibilities is to make clear what a SMF holder is responsible and accountable for. Mr Kanizi's responsibilities, as outlined in his Statement of Responsibilities, were wide ranging and included:
 - (1) Dealing with clients;
 - (2) Chairing the Board;
 - (3) Financial promotions and client communications (shared with another individual and with approval of promotions sitting with Mr Dawkins);
 - (4) Financial resources (shared with Mr Dawkins);
 - (5) Management Information (shared with Mr Dawkins);
 - (6) Regulatory returns;
 - (7) Significant business projects;
 - (8) Whistleblowing;
 - (9) Risk assessment and management (shared with Mr Dawkins); and
 - (10) Training and competence.
- 4.13. Mr Kanizi's application to the Authority to be approved as SMF3 included a declaration that he confirmed that he understood the regulatory responsibilities of the proposed role as set out in the rules of conduct in the Authority's Handbook.

Mr Kanizi's understanding of, and attitude towards, his role

- 4.14. Mr Kanizi's role at Vector Wealth was an important one and he had wide-ranging responsibilities, as detailed above. However, Mr Kanizi demonstrated an

inadequate understanding of the scope of his responsibilities. By way of example, during the Authority's Enforcement investigation:

- (1) Mr Kanizi told the Authority that his role at Vector Wealth was a senior sales manager and that his primary duties included supporting the introduction of the investment to prospective clients, developing sales and marketing strategies and overseeing other sales staff.
- (2) Mr Kanizi did not accept that all the listed responsibilities fell within his remit.
- (3) Mr Kanizi told the Authority that he did not understand the responsibility relating to significant business projects, despite this responsibility being defined in his Statement of Responsibilities.

- 4.15. The role of a senior manager is a serious one as they play an important role in running an FCA-authorised firm, protecting its consumers and protecting the integrity of the market in which the firm operates. Being a senior manager brings with it several important responsibilities, including personal accountability, with a duty to be aware of and comply with the Authority's regulatory requirements and expectations. Despite this, Mr Kanizi did not take the necessary steps to ensure that he had the competence, knowledge and skills required to properly discharge his responsibilities. Instead, he appeared to be solely motivated by the opportunity to further his career.

Information provided to investors

- 4.16. Mr Kanizi's role at Vector Wealth involved communicating with potential investors, screening them for their suitability as an investor and providing them with promotional material in relation to the unlisted bonds that Vector Wealth offered. Mr Kanizi admitted to the Authority that *"anything that was sales related I did deal with"* and that he shared the responsibility for financial promotions and client communications. Mr Kanizi's Statement of Responsibilities defined his shared responsibility of financial promotions and client communications as *"[d]rafting all items which will be published to more than one client/potential client. Maintaining a log of all approved items showing their expiration dates"*.
- 4.17. In addition, and in accordance with his Statement of Responsibilities, Mr Kanizi was responsible for staff training and competence. As part of this, Mr Kanizi had responsibility for developing and maintaining training materials. Documentation provided to the Authority in support of Mr Kanizi's SMF application, which Mr Kanizi described as being an *"accurate representation"* of him, stated that he was *"pivotal in developing the firm's product manuals and training material"*. These training materials, which were designed to be (and were) used by Vector Wealth's sales staff in communications with potential investors, contained false and/or misleading statements that:
- (1) There were circuit breakers and capital protection measures built into the Forex bond and Vector Wealth's trading strategies. These did not exist.
 - (2) Strong layers of protection were built into the investment. This was not the case.

- 4.18. There were at least three occasions during the sales process in which the sales team would contact a potential investor by telephone, meaning there were multiple opportunities during which false or misleading information could be reiterated to an investor.
- 4.19. As set out at paragraph 4.7 above, the authorised status of Vector Wealth was used as a selling point to attract potential investors to invest in unregulated bonds by creating a 'halo effect'. Whilst the promotional material that Mr Kanizi provided to potential clients stated that the Forex bond was unregulated, it otherwise emphasised FCA regulated status, with statements such as "*The bond is used by Vector Wealth Ltd, an FCA regulated company. We only work with regulated entities, and strive to offer the highest of governance and recourse for investors*" and "*The safety of client funds prior to trading was ensured by our FCA regulated prime brokers*".
- 4.20. Additionally, documentation provided to investors prominently stated "*Vector Wealth Forex Bond providing secure returns based upon the Forex market*". This statement suggests safe and guaranteed returns, despite the Forex bond being a high-risk investment with no protection from the Financial Services Compensation Scheme.
- 4.21. Furthermore, documentation provided by Mr Kanizi and his sales team to investors and potential investors, during at least part of the Relevant Period, falsely and/or misleadingly asserted that:
- (1) The trading accounts were regularly audited by an accounting firm, when they were not, a claim made until August 2021.
 - (2) A security trustee was in place, when one was not, a claim made until October 2021.
 - (3) The majority of an investor's capital was protected due to a hard capital stopping loss. In reality, this was not the case.
 - (4) The funds raised would be used to undertake trading of assets. In reality, only 27% of investors' funds were used in this way with the remaining funds used to cover business expenditures such as consultancy and marketing fees, salaries and office rental costs.
 - (5) The Forex bond's trading strategies had a strong track record and were highly profitable. This was not the case.
- 4.22. These assertions gave a false and/or misleading impression to potential and actual investors about the riskiness of investing into the Forex bond.

Other conduct whilst in role

- 4.23. As a SMF3 holder and in accordance with his Statement of Responsibilities, Mr Kanizi was responsible for acting in the capacity of a director of Vector Wealth and, amongst other things, for client communications (shared with another individual), risk assessment and management (shared with Mr Dawkins) and financial resources (shared with Mr Dawkins).

4.24. During the Relevant Period:

- (1) Individual A, a disqualified director and not a SMF holder, had a controlling role in Vector Wealth's affairs and strategic direction. This included acting as a signatory to Vector Wealth's bank accounts and trading accounts, providing trading instructions to brokers and being a point of contact for Vector Wealth's accountants and other third-party advisers. Mr Kanizi did nothing to prevent a disqualified director from controlling Vector Wealth's affairs and strategic direction.
- (2) Mr Kanizi acted under the direction of Individual A in respect of communications to investors and important business decisions. Mr Kanizi told the Authority that he viewed Individual A as his "*line manager*" and the CEO's "*number 2*".
- (3) Mr Kanizi did not have ready and direct access to all of Vector Wealth's bank accounts and trading accounts and had only belated and limited involvement with Vectors Wealth's accountant.

The Authority's intervention

- 4.25. On 16 February 2022, the Authority issued the First Supervisory Notice. Under the First Supervisory Notice, the Authority, exercising its own-initiative powers, imposed on Vector Wealth several requirements pursuant to section 55L of the Act. These requirements included that Vector Wealth must immediately cease all regulated activities for which it had Part 4A permission, immediately cease all unregulated activities relating to unregulated bonds and remove financial promotions for the bonds from its websites.
- 4.26. The Authority had serious concerns relating to Vector Wealth's business following an admission by the CEO and controller that he was not controlling the business.
- 4.27. Furthermore, the Authority deemed that Vector Wealth's website offered financial promotions that were accessible to retail investors and could have induced them to invest in unsuitable, high-risk products. The website failed to contain the required risk warnings when promoting a SIS.
- 4.28. The Authority therefore considered that Vector Wealth was failing, or likely to fail, to satisfy the effective supervision, appropriate resources and suitability Threshold Conditions (set out in paragraphs 2C, 2D and 2E of Schedule 6 to the Act), and it was desirable to impose the First Supervisory Notice to secure an appropriate degree of protection for consumers.

Liquidation of Vector Wealth

- 4.29. On 18 March 2022, Vector Wealth informed the Authority that there was a £1.94m shortfall between the amount due to investors in capital and interest payments (£3.26m) and the funds available to repay investors (£1.32m).
- 4.30. On 22 April 2022, Vector Wealth stopped trading and the administrator was appointed. On 20 October 2023, Vector Wealth was placed into liquidation and remains in liquidation as at the date of this Notice.

- 4.31. As at 5 December 2024, the liquidator had received claims from 43 creditors totalling over £4.1m. This amount relates predominantly to claims from bondholders who had invested in the unlisted bonds issued and promoted by Vector Wealth since 2019.

5. FAILINGS

- 5.1. The regulatory provisions relevant to this Notice are referred to in Annex A.
- 5.2. By reason of the facts and matters set out above, Mr Kanizi breached Individual Conduct Rules 2 and 4.
- 5.3. These breaches also lead the Authority to consider that Mr Kanizi is not a fit and proper person to perform any senior management function in relation to any regulated activity carried on by an authorised person, exempt person or exempt professional firm.

Individual Conduct Rule 2

- 5.4. Individual Conduct Rule 2 requires a person who performs a controlled function or a senior management function to act with due skill, care and diligence in carrying out that function.
- 5.5. The Authority considers that Mr Kanizi breached Individual Conduct Rule 2. In particular, Mr Kanizi failed to take reasonable steps to:
- (1) ensure that he had the requisite competence, knowledge and skills to adequately perform the SMF3 role, despite being aware that he required training;
 - (2) adequately inform himself about the affairs of the business for which he was responsible. In particular, Mr Kanizi failed to ensure that he had the necessary information and tools at his disposal, such as direct and ready access to the firm's banking and trading accounts, to properly and effectively discharge his obligations as SMF3 and those set out in his Statement of Responsibilities. As a result, he persistently neglected his responsibilities;
 - (3) ensure that the business of the firm for which he had responsibility was controlled effectively. In particular, Mr Kanizi did nothing to prevent a disqualified director, Individual A, from controlling Vector Wealth's affairs and strategic direction and, in fact, was under Individual A's direction in respect of communications to investors and important business decisions; and
 - (4) ensure that the information that he and his sales team provided to actual and potential investors about the unregulated bonds was not false or misleading. This resulted in incorrect assurances being given to investors in respect of the risk involved with investing into the bonds.

Individual Conduct Rule 4

- 5.6. Individual Conduct Rule 4 requires a person who performs a controlled function or a senior management function to pay due regard to the interests of customers and treat them fairly.
- 5.7. The Authority considers that Mr Kanizi breached Individual Conduct Rule 4. In particular, Mr Kanizi failed to ensure that the information that he and his sales team provided to actual and potential investors contained accurate information about the risks of investing into the unregulated bonds. For consumers to be able to make good investment decisions, it is important that they understand the risks associated with investing and are provided with accurate and complete information by firms (such as Vector Wealth) that arrange deals in investments. Mr Kanizi's failure meant that actual and potential investors could not make fully informed decisions on whether to invest in the unregulated bonds.

Lack of fitness and propriety

- 5.8. By reason of the facts and matters set out above, the Authority also considers that Mr Kanizi is not fit and proper to perform any senior management function, because he has failed to demonstrate a readiness and willingness to ensure he had the requisite knowledge and understanding to comply with the requirements and standards required in a senior manager role and to assume the responsibility involved in carrying out such a role.

6. SANCTION

Financial penalty

- 6.1. The Authority considers that the nature and seriousness of Mr Kanizi's misconduct and breaches warrant the imposition of a financial penalty. In the interest of maximising the distribution available for investors, the Authority agreed not to enforce the penalty if the same amount was made available by Mr Kanizi to Vector Wealth's liquidators. Had it not been for the liquidator's recovery, the Authority would now enforce a financial penalty of £20,000 on Mr Kanizi pursuant to section 66 of the Act for his breaches of Individual Conduct Rules 2 and 4 during the Relevant Period.
- 6.2. The Authority's policy for imposing a financial penalty is set out in Chapter 6 of DEPP. In respect of conduct occurring on or after 6 March 2010, the Authority applies a 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

- 6.3. Pursuant to DEPP 6.5B.1G, at Step 1 the Authority seeks to deprive an individual of the financial benefit derived directly from the breach where it is practicable to quantify this.
- 6.4. The Authority has not identified any financial benefit that Mr Kanizi derived directly from his breaches of Individual Conduct Rules 2 and 4.
- 6.5. Step 1 is therefore £0.

Step 2: the seriousness of the breach

- 6.6. Pursuant to DEPP 6.5B.2G, at Step 2 the Authority determines a figure that reflects the seriousness of the breach. That figure is based on a percentage of the individual's relevant income. The individual's relevant income is the gross amount of all benefits received by the individual from the employment in connection with which the breach occurred, and for the period of the breach.
- 6.7. The period of Mr Kanizi's breach was from 6 September 2021 to 28 April 2022. Pursuant to DEPP 6.5B.2G(2), where the breach lasted less than 12 months, the relevant income will be that earned by the individual in the 12 months preceding the end of the breach. Therefore, the relevant period for calculating Mr Kanizi's income is the 12-month period ending on 28 April 2022. The Authority considers Mr Kanizi's relevant income for this period to be £100,120.
- 6.8. In deciding on the percentage of the 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%
- 6.9. 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.
- 6.10. DEPP 6.5B.2G(12) lists factors likely to be considered 'level 4 or 5 factors'. Of these, the Authority considers the following factor to be relevant:
- (1) The breaches caused a significant loss or risk of loss to individual consumers (DEPP 6.5B.2G(12)(a)).
- 6.11. DEPP 6.5B.2G(13) lists factors likely to be considered 'level 1, 2 or 3 factors'. Of these, the Authority considers the following factor to be relevant:
- (1) The breach was committed negligently or inadvertently (DEPP 6.5B.2G(13)(d)).
- 6.12. The Authority also considers that the following factors are relevant:
- (1) The frequency of the breach (DEPP 6.5B.2G(9)(b)).
- (2) Mr Kanizi held a senior position with the firm (DEPP 6.5B.2G(9)(k)).

6.13. Taking all of these factors into account, the Authority considers the seriousness of the breach to be level 3 and so the Step 2 figure is 20% of £100,120.

6.14. Step 2 is therefore £20,024.

Step 3: mitigating and aggravating factors

6.15. Pursuant to DEPP 6.5B.3G, 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 as set out in Step 1, to take into account factors which aggravate or mitigate the breach.

6.16. The Authority has not identified any mitigating or aggravating factors.

6.17. Step 3 is therefore £20,024.

Step 4: adjustment for deterrence

6.18. Pursuant to DEPP 6.5B.4G, if the Authority considers 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.

6.19. The Authority considers that the Step 3 figure of £20,024 does not represent a sufficient and credible deterrent to Mr Kanizi or others from committing further or similar breaches. The Step 3 figure, which is based on Mr Kanizi's relevant income, does not adequately reflect the gravity of Mr Kanizi's breaches to meet the Authority's objective of credible deterrence (DEPP 6.5B.4G(1)(a)).

6.20. The Authority has therefore decided to apply an uplift to the Step 3 figure to achieve a credible deterrence. The Authority considers it appropriate to increase the Step 3 figure by a multiplier of 4.

6.21. The Step 4 figure is therefore £80,096.

Step 5: settlement discount

6.22. Pursuant to DEPP 6.5B.5G, if the Authority and the individual on whom a penalty is to be imposed agree the amount of the financial penalty and other terms, 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 the individual reached agreement. The settlement discount does not apply to the disgorgement of any benefit calculated at Step 1.

6.23. The Authority and Mr Kanizi did not reach an agreement at Stage 1 and so a 30% discount does not apply to the Step 4 figure.

6.24. Step 5 is therefore £80,096.

Serious Financial Hardship

6.25. The Authority's approach to determining penalties described in DEPP 6.5 to DEPP 6.5C is intended to ensure that financial penalties are proportionate to the breach. The Authority recognises that penalties may affect persons differently, and that

the Authority should consider whether a reduction in the penalty is appropriate if the penalty would cause the subject of enforcement action serious financial hardship (DEPP 6.5D.1(a)).

- 6.26. Pursuant to DEPP 6.5D.2(1), the Authority, in assessing whether a penalty would cause an individual serious financial hardship, considered the individual's ability to pay the penalty over a reasonable period (normally no greater than three years). Where a penalty is reduced, it will be reduced to an amount which the individual can pay without going below the threshold levels that apply in that case (DEPP 6.5D.2(6)).
- 6.27. The Authority considers from the verifiable evidence provided by Mr Kanizi, that the payment of a penalty of £80,096 would cause him serious financial hardship. Therefore, the Authority considers it appropriate to reduce the penalty for serious financial hardship to £20,000.

Penalty

- 6.28. The Authority hereby imposes a total financial penalty of £20,000 on Mr Kanizi for breaching Individual Conduct Rules 2 and 4.

Prohibition order

- 6.29. The Authority has had regard to the guidance in Chapter 5 of the Enforcement Guide in considering whether to impose a prohibition order on Mr Kanizi. The Authority has the power to prohibit individuals under section 56 of the Act.
- 6.30. For the reasons set out in this Notice, the Authority considers that Mr Kanizi is not a fit and proper person to perform any senior management function in relation to any regulated activity carried on by an authorised person, exempt person or exempt professional firm, and hereby imposes on him a prohibition order under section 56 of the Act. This is because the Authority considers Mr Kanizi's breaches to be serious and to demonstrate a serious lack of competence and appreciation of the duties and responsibilities of senior managers.

7. REPRESENTATIONS

- 7.1. Annex B contains a brief summary of the key representations made by the third party, Individual A, in response to the Warning Notice and how they have been dealt with. In making the decision which gave rise to the obligation to give this Notice, the Authority has taken account of all of the representations made by Individual A, whether or not set out in Annex B.
- 7.2. Mr Dawkins did not make any representations in response to the Warning Notice.

8. PROCEDURAL MATTERS

- 8.1. This Notice is given to Mr Kanizi in accordance with section 390 of the Act.
- 8.2. The following paragraphs are important.

Decision maker

- 8.3. The decision which gave rise to the obligation to give this Notice was made by the Settlement Decision Makers.

Financial Penalty

- 8.4. By agreement, the Authority will not enforce the financial penalty, and the same amount will be paid in full to the liquidators of Vector Wealth Limited no later than 31 December 2026.

Publicity

- 8.5. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this Notice relates. Under those provisions, the Authority must publish such information about the matter to which this 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 you or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.
- 8.6. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contacts

- 8.7. For more information concerning this matter generally, contact Edwin Harvey at the Authority (direct line: 01135 412053; email: edwin.harvey@fca.org.uk).

Anthony Williams

Head of Department

Financial Conduct Authority, Enforcement and Market Oversight Division

ANNEX A

RELEVANT STATUTORY AND REGULATORY PROVISIONS

RELEVANT STATUTORY PROVISIONS

The Financial Services and Markets Act 2000 ("the Act")

- 1.1 The Authority's statutory objectives, set out in section 1B(3) of the Act, include the consumer protection objective (section 1C of the Act).
- 1.2 Section 56 of the Act provides that the Authority may make an order prohibiting an individual from performing a specified function, any function falling within a specified description or any function, if it appears to the Authority that that individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by an authorised person, exempt person or a person to whom, as a result of Part 20, the general prohibition does not apply in relation to that activity. Such an order may relate to a specified regulated activity, any regulated activity falling within a specified description or all regulated activities.
- 1.3 Section 66 of the Act provides that the Authority may take action against a person if it appears to the Authority that he is guilty of misconduct and the Authority is satisfied that it is appropriate in all the circumstances to take action against him. A person is guilty of misconduct if, while an approved person, he has failed to comply with a statement of principle issued under section 64 of the Act or has been knowingly concerned in a contravention by a relevant authorised person of a relevant requirement imposed on that authorised person.

RELEVANT REGULATORY PROVISIONS

Code of Conduct

- 1.4 The Authority's Code of Conduct ("COCON") has been issued under section 64A of the Act.
- 1.5 COCON applies to the persons set out in COCON 1.1.2R. This includes a SMF Manager (which includes a designated senior management function as defined in the Handbook) of an FCA-authorised firm from 9 December 2019 onwards.
- 1.6 Individual Conduct Rule 2 (COCON 2.1.2R) states:
"You must act with due skill, care and diligence".
- 1.7 Individual Conduct Rule 4 (COCON 2.1.4R) states:
"You must pay due regard to the interests of customers and treat them fairly".

The Fit and Proper Test for Approved Persons

- 1.8 The Authority's Fit and Proper Test for Approved Persons ("FIT") sets out the criteria that the Authority will consider when 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.

- 1.9 FIT 1.3.1G states that the Authority will have regard to a number of factors when assessing the fitness and propriety of a person. In the Authority's view, the most important considerations will be the person's honesty, integrity and reputation, competence and capability and financial soundness.
- 1.10 FIT 2.1.3G lists the matters which the Authority will have regard to in determining a person's honesty, integrity and reputation. The following factors are relevant in the current circumstances:

"Whether the person has been a director, partner, or concerned in the management, of a business that has gone into insolvency, liquidation or administration while the person has been connected with that organisation or within one year of that connection." (FIT 2.1.3G(9)); and

"Whether, in the past, the person has been candid and truthful in all their dealings with any regulatory body and whether the person demonstrates a readiness and willingness to comply with the requirements and standards of the regulatory system and with other legal, regulatory and professional requirements and standards." (FIT 2.1.3G(13))

The Enforcement Guide

- 1.11 The Enforcement Guide ("ENFG") sets out the Authority's approach to exercising its main enforcement powers under the Act.
- 1.12 Chapter 5 of ENFG sets out the Authority's approach to making prohibition orders.

DEPP

- 1.13 Chapter 6 of DEPP sets out the Authority's statement of policy with respect to the imposition and amount of financial penalties under the Act.
- 1.14 The steps to be followed for the imposition of penalties on individuals in non-market abuse cases are set out at Chapter 6.5B of DEPP.

ANNEX B

Individual A's Representations

1. A summary of the key representations made by Individual A and of the Authority's conclusions in respect of them (shown in bold) is set out below.

Beneficial ownership

2. The Heads of Agreement, dated 6 August 2019, records the acquisition by Company A of 19.9% of the issued share capital of Fifth Quarter Asset Management (UK) Limited ("Fifth Quarter"). The Share Purchase Agreement dated 9 October 2019 similarly records the acquisition of 19.9% of the issued share capital. These agreements were negotiated, executed and intended to have legal effect.
3. To the extent that the FCA relies upon internal presentations, draft organisational charts, board discussions, succession planning documents or marketing materials, such documents cannot alter the legal effect of the executed transaction documentation. The existence of inconsistent internal documents does not, without more, establish that legal ownership differed from that recorded in the executed agreements.
4. It is disputed that Individual A or Company A acquired ownership or control beyond 19.9% of the issued share capital of Fifth Quarter. The evidence relied upon by the Authority is insufficient to establish such a conclusion.
5. **A purchase offer letter was sent by Individual A to Mr Dawkins dated 31 July 2019 ("the purchase offer letter") which together with the additional evidence set out below demonstrate that the effect of the agreement was that Individual A would assume beneficial ownership of Vector Wealth.**
6. **The purchase offer letter was the overarching agreement governing the acquisition of 95% of the share capital of Fifth Quarter by Company A. As Company A was 100% owned by Individual A, he was ultimately the beneficial owner of Fifth Quarter (which subsequently became Vector Wealth on 12 March 2020). The formal transfer of 19.9% capital by Fifth Quarter to Company A in October 2019 was part of this arrangement, and the fact that only this 19.9% was formally transferred, does not diminish the finding that Individual A had beneficial ownership of Vector Wealth.**
7. **Individual A's beneficial ownership and control of Vector Wealth can be additionally demonstrated, inter alia, by the following evidence:**
 - a. **an email from Individual A dated 1 November 2019 to a UK based compliance consultancy company in which Individual A stated: "I have purchased a FCA regulated company. I want to use this company to issue a mini bond and also offer the following services to external/third parties...." This description of his ownership of the firm and the lack of inclusion of Mr Dawkins in any of the ongoing communications with the compliance company on matters directly relevant to the firm's authorised status are consistent with the FCA's findings regarding ownership and control of Vector Wealth.**

- b. **Individual A's control of the firm and his ability to instruct changes to the shareholding are illustrated by minutes of a Vector Wealth board meeting dated 3 December 2020. This was consistent with the terms of the purchase offer letter, which allowed Individual A to instruct the transfer of the remaining shares at a time of his choosing.**
 - c. **An extract of an email exchange between Individual A and Mr Dawkins on 7 September 2021 referred to the transfer of shares to a new shareholder, in which Mr Dawkins stated "*I have no clue who this [new shareholder] is. I know it is your company to distribute as you see fit but a heads up would have been nice*". Individual A stated that "*Re share structure If you remember some time ago we had a board meeting with all the individuals listed below. You joined the meeting via zoom. We discussed share splits and the below was agreed by all in the meeting and board minutes followed to all.*"**
- 8. The Authority does not rely upon the documents Individual A referred to in themselves as altering the legal effect of the executed transaction documents. Rather, those documents form part of the wider body of evidence demonstrating the beneficial ownership and control contemplated by the purchase offer letter and subsequently exercised by Individual A.**
- 9. The evidence referred to above demonstrates that Individual A exercised ownership and control of Vector Wealth, and the agreement with Mr Dawkins under the purchase offer letter allowed Individual A to accomplish this, notwithstanding the split of shareholding visible on Companies House. The evidence is therefore sufficient for the Authority to find that Individual A acquired ownership and control beyond the 19.9% of the issued share capital of Fifth Quarter that was formally transferred to Company A.**

Mr Dawkins's role

- 10. During the Relevant Period, Mr Dawkins remained the approved individual responsible for Vector Wealth's governance and regulatory obligations. This included being responsible for interactions with the Authority and for ensuring compliance with regulatory requirements.
- 11. During the Relevant Period, Mr Dawkins became increasingly unavailable to the business and difficult, and at times impossible, to contact. His absence created recurring and significant operational difficulties.
- 12. It was in those circumstances that Individual A became increasingly involved in supporting the business. Such involvement was not initiated by Individual A and was not intended to displace Mr Dawkins's formal responsibilities. Individual A sought to ensure that the firm continued functioning and met its obligations despite the repeated absence of the individual formally responsible for doing so.

13. The characterisation of Mr Dawkins as a passive "regulatory front" oversimplifies the factual position and fails to reflect the practical realities facing the business during the Relevant Period.
14. **The payment of salary to Mr Dawkins, and his contractual terms are consistent with his undertaking a nominal role in the business. This included hours of work of 1 hour per month, and a salary of £6,000 per annum. The draft employment contract included a box for signature by "Vector Wealth LTD [Individual A]".**
15. **The role of the Chief Executive was effectively carried out by Individual A, and not by Mr Dawkins. This is consistent with the documentary evidence relating to the creation of the bond promotions, access to and use of the company's accounts, and interaction with third parties.**
16. **Mr Dawkins's role in the firm, when contrasted with Individual A's effective role, can be demonstrated by the following evidence:**
- (1) **Correspondence that was purported to have originated from Mr Dawkins but, in reality, was created by Individual A and others working with him:**
- a. **Correspondence between the Authority and Mr Dawkins in April 2020 in respect of the Authority's concerns about financial promotions. In April 2022, Mr Dawkins told the Authority that his earlier correspondence from April 2020 had been "*crafted by Individual A*".**
 - b. **Mr Dawkins's submissions of applications to the Authority for Mr Kanizi and another individual to become SMF holders. He did so on the instruction of Individual A and was not involved in putting the applications together. This was instead done by Individual A, Mr Kanizi and others.**
 - c. **Extensive correspondence between the Authority and Mr Dawkins in 2020 and 2021 in respect of whether it was necessary for Vector Wealth to retain its permissions. Rather than personally and actively engaging in the matter, Mr Dawkins simply forwarded on the Authority's correspondence to Individual A and responded to the Authority with responses that Individual A (with the assistance of others) had created.**
- (2) **In November 2020, Mr Dawkins signed a banking mandate to add Individual A as an authorised signatory of Vector Wealth's bank account.**
- (3) **Mr Dawkins had no involvement in the creation or oversight of Vector Wealth's regulatory business plan. This is despite the fact that the plan referenced Mr Dawkins and made no reference to Individual A or any other named individual. Individual A, not Mr Dawkins, liaised with Vector Wealth staff to create and finalise the document. Mr Dawkins's**

sole interaction with the regulatory business plan was to submit it to the Authority in June 2021.

- (4) In May 2020, Individual A, not Mr Dawkins, received external compliance advice about which permissions Vector Wealth needed. This advice from the external compliance advisor was not addressed to Mr Dawkins, but to Individual A and another individual, nor was Mr Dawkins involved in the process for obtaining the advice.**
- (5) Mr Dawkins's level of engagement was so limited that concerns were raised internally that he might not present a sufficient impression of competence required in dealing with queries from the Authority.**
- (6) Individual A's role can be additionally demonstrated, inter alia, by the following evidence:**
 - a. Individual A was the individual leading the design and issue of the bonds. Individual A instructed other senior members of the firm to review wording of an Information Memorandum for a new bond offering in May 2021 and there is no reference to Mr Dawkins nor was he copied into correspondence.**
 - b. Individual A was the primary point of contact for the production of Vector Wealth's accounts. He was the authorised trader on Vector Wealth's trading accounts and signatory to the bank account for Vector Wealth.**
 - c. An email exchange between Vector Wealth and a firm that provided Security Trustee services included reference to "our group CEO Individual A" but not Mr Dawkins. Where Mr Dawkins was involved in communications with third parties, evidence indicates that this was in a passive role, providing signatures for documents as the statutory director, for example authorities to act providing authority for Individual A to act on behalf of Vector Wealth to two third parties. These documents were drafted by Individual A.**
- (7) Although Individual A and other individuals during the Relevant Period referred to Mr Dawkins's lack of availability, this was not in relation to managing the business of the company, but rather aspects of communication with the Authority or the signing of documents, which could only be done by Mr Dawkins as he formally occupied the role of statutory director and held the authorised Senior Manager Functions.**
- (8) The evidence is consistent with Mr Dawkins performing a largely nominal role, whilst Individual A exercised the leading role in the business irrespective of Mr Dawkins's availability. It does not support Individual A's assertion that his involvement increased only as a consequence of Mr Dawkins's absence.**