
FINAL NOTICE

To: **KWS Wealth Management Limited**

Address: **500 Avebury Boulevard
Milton Keynes
MK9 2BE**

FRN: **610789**

Dated: **11 July 2017**

ACTION

1. For the reasons set out in this Final Notice, the Authority hereby takes the following action against KWS.
2. The Authority issued to KWS the Decision Notice which notified KWS that, for the reasons given below and pursuant to section 55J of the Act, the Authority had decided to cancel KWS's Part 4A permission. Mr Smith was sent a copy of the Decision Notice as a third party to the Authority's action against KWS.
3. On 20 May 2016, KWS and Mr Smith referred the matter to the Tribunal. On 27 June 2017, KWS and Mr Smith gave notice of the withdrawal of their references and, on 29 June 2017, the Tribunal consented to the withdrawal.
4. Accordingly, the Authority has today cancelled KWS's Part 4A permission.

DEFINITIONS

5. The definitions below are used in this Final Notice (and in the Annex):

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

"the Authority" means the Financial Conduct Authority;

"COND" means the Threshold Conditions part of the Handbook;

"the Decision Notice" means the Decision Notice dated 22 April 2016;

"EG" means the Authority's Enforcement Guide;

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

"KWS" means KWS Wealth Management Limited;

"KWS's Part 4A permission" means the permission granted to KWS under Part 4A of the Act;

"Mr Smith" means Keith William Smith;

"the suitability Threshold Condition" means the threshold condition set out in paragraph 2E of Schedule 6 to the Act;

"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 dated 2 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. The Authority has concluded, on the basis of the facts and matters and conclusions described in the Warning Notice and the Decision Notice, that KWS is failing to satisfy the suitability Threshold Condition due to its connection with Mr Smith, the sole director, sole shareholder (of shares with voting rights) and sole approved person at KWS.
8. Mr Smith was convicted on indictment on 21 October 2015 at Gloucester Crown Court of dishonestly failing to disclose information which he was under a legal duty to disclose, in order to make a gain for himself/another, or to cause loss to another or to expose another to risk of loss. On the same day he was sentenced to 12 months' imprisonment, suspended for 24 months, and was ordered to pay a £100 victim surcharge.
9. Having regard to KWS's connection with Mr Smith, the Authority considers that KWS is not a fit and proper person.

FACTS AND MATTERS RELIED ON

10. KWS was authorised by the Authority on 12 September 2014 and is permitted to conduct designated investment business.
11. Mr Smith is the sole director, sole shareholder (of shares with voting rights) and sole approved person at KWS.
12. Mr Smith has been approved by the Authority to hold the following controlled functions at KWS: CF1 (Director), CF10 (Compliance oversight), CF11 (Money laundering reporting) and CF30 (Customer), and has been the person responsible for insurance mediation at KWS.
13. On 21 October 2015, Mr Smith was convicted at Gloucester Crown Court of dishonestly failing to disclose information which he was under a legal duty to disclose, in order to make a gain for himself/another, or to cause loss to another or to expose another to risk of loss.
14. Also on 21 October 2015, Mr Smith was sentenced to 12 months' imprisonment suspended for 24 months, and was ordered to pay a £100 victim surcharge.
15. KWS was asked by the Authority to apply to cancel its Part 4A permission as the Authority considered that KWS was failing to satisfy the suitability Threshold Condition due to its connection with Mr Smith as the sole director, sole shareholder (of shares with voting rights) and sole approved person at KWS, but KWS declined to do so.

FAILINGS

16. Based on the facts and matters set out above, the Authority has concluded that KWS is failing to satisfy the suitability Threshold Condition due to its connection with Mr Smith.
17. As a result, the Authority is not satisfied that KWS is a fit and proper person and accordingly KWS's Part 4A permission should be cancelled.

DECISION MAKER

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

IMPORTANT

19. This Final Notice is given to KWS in accordance with section 390 of the Act.

Publicity

20. 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 KWS or prejudicial to the interest of consumers.

21. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority Contact

22. For more information concerning this matter generally, KWS should contact Roger Hylton at the Authority (direct line: 020 7066 8168).

John Kirby
Enforcement and Market Oversight Division

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ANNEX

RELEVANT STATUTORY PROVISIONS

1. The Authority's operational objectives established in section 1B of the Act include securing an appropriate degree of protection for consumers.
2. The Authority is authorised by section 55J of the Act to, amongst other things, cancel a firm's Part 4A permission (section 55J(2)(b)) where it appears to the Authority that it is failing to satisfy the Threshold Conditions (section 55J(1)(a)) or it is desirable to do so to advance one or more of the Authority's operational objectives (section 55J(1)(c)(i)).
3. The suitability Threshold Condition provides, in relation to a person ("A") carrying on or seeking to carry on regulated activities which do not consist of or include a PRA-regulated activity, that:

"A must be a fit and proper person having regard to all the circumstances, including-

(a) A's connection with any person; [...]

(c) the need to ensure that A's affairs are conducted in an appropriate manner, having regard in particular to the interests of consumers and the integrity of the UK financial system; [...]

(e) whether those who manage A's affairs have adequate skills and experience and have acted and may be expected to act with probity; [...]"

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 and in regulatory guides, such as EG. The main considerations relevant to the action stated in this Final Notice are set out below.

Guidance concerning the suitability Threshold Condition

COND 2.5 – Suitability: Paragraph 2E of Schedule 6 to the Act

5. COND 2.5.2G states that the Authority will take into consideration anything that could influence a firm's continuing ability to satisfy the suitability Threshold Condition.
6. COND 2.5.4G states that examples of considerations to which the Authority may have regard when assessing whether a firm will satisfy, and continue to satisfy, the suitability Threshold Condition include whether the firm conducts or will conduct, its business with integrity and in compliance with proper standards (COND 2.5.4G(2)(a)).
7. COND 2.5.6G gives examples of the kind of particular considerations to which the Authority may have regard when assessing whether a firm will satisfy, and continue to satisfy the suitability Threshold Condition, including but not limited to: whether the firm has been convicted, or is connected with a person who has been

convicted, of any criminal offence, and states that particular consideration will be given to offences of dishonesty, fraud or financial crime (COND 2.5.6G(2)).

OTHER RELEVANT REGULATORY PROVISIONS

8. The Authority's policy in relation to exercising its enforcement powers is set out in EG, certain provisions of which are summarised below.

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

9. EG 8.1 reflects the provisions of section 55J of the Act that the Authority may use its own-initiative power to cancel a firm's Part 4A permission where the firm is failing or is likely to fail to satisfy the Threshold Conditions (EG 8.1(1)); or where it is desirable to exercise the power in order to advance one or more of the Authority's operational objectives (EG 8.1(3)).
10. EG 8.13(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.