
FINAL NOTICE

To: **LINEAR INVESTMENTS LIMITED**

Address: **8-10 Grosvenor Gardens
Belgravia
London
SW1W 0DH**

Firm Reference
Number: **537389**

Date 29 April 2019

1. ACTION

1.1 For the reasons given in this Notice, the Authority hereby imposes on Linear Investments Limited ("Linear") a financial penalty of £409,300 pursuant to section 206 of the Financial Services and Markets Act 2000 ("the Act").

2. REASONS FOR ACTION

2.1 By its Decision Notice dated 7 June 2018, the Authority notified Linear that it had decided to impose on it a financial penalty given Linear's failure to take reasonable care to organise and control its affairs responsibly and effectively with adequate risk management systems in relation to the detection and reporting of potential instances of market abuse (in breach of Principle 3 of the Principles for Businesses).

2.2 In the period 14 January 2013 to 9 August 2015, the volume of trades routed through Linear to its brokers was at a level which meant that it was not capable of being adequately monitored by the manual only process in place at Linear. Linear's reliance on post trade surveillance undertaken by underlying brokers to discharge

its regulatory obligations was incorrect. Regardless of post-trade surveillance being undertaken by underlying brokers, Linear was at all times responsible for ensuring that it had effective post-trade surveillance systems in place to enable it to detect and report potential instances of market abuse. Linear's failure to have effective post-trade surveillance systems in place increased the risk that potentially suspicious trading would go undetected.

- 2.3 Linear agreed all issues of fact and liability. Linear therefore qualified for a 30% discount under the Authority's executive settlement procedures. However, Linear disputed the penalty of £409,300, which it referred to the Upper Tribunal (Tax and Chancery Chamber) ("the Tribunal"). The written decision of the Tribunal was released on 9 April 2019 and can be found on the Tribunal's website using the following link:

[Linear Investments Ltd v The Financial Conduct Authority \[2019\] UKUT 0115 \(TCC\)](#)

- 2.4 The Tribunal determined that the appropriate action for the Authority to take was to impose a financial penalty in the sum of £409,300. This is consistent with the penalty imposed by the Decision Notice.
- 2.5 In light of the above, the Authority has issued this Final Notice.

3. PROCEDURAL MATTERS

- 3.1 This Notice is given to Linear under in accordance with section 390 of the Act. The following statutory rights are important.

Manner of and time for payment

- 3.2 The financial penalty must be paid in full by Linear to the Authority no later than 13 May 2019.

If the financial penalty is not paid

- 3.3 If all or any of the financial penalty is outstanding on 14 May 2019 the Authority may recover the outstanding amount as a debt owed by Linear and due to the Authority.

Publicity

- 3.4 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 Linear or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.
- 3.5 The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contacts

- 3.6 For more information concerning this matter generally, contact Natalie Birtle (direct line: 020 7066 6856) or Lee Craddock (direct line: 020 7066 9882) at the Enforcement and Market Oversight Division of the Authority.

Mario Theodosiou
Head of Department
Enforcement and Market Oversight Division