
FINAL NOTICE

To: Paul Milsom

IRN: PXM01330

Dated: 27 APRIL 2020

PROPOSED ACTION

1. For the reasons given in this Notice and under section 56 of the Act, the Authority hereby makes an order prohibiting Mr Milsom from performing any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm. The prohibition order takes effect from the date of this Notice.

REASONS FOR THE PROPOSED ACTION

2. As set out in more detail in the facts and matters described below, Mr Milsom committed offences involving dishonesty. In particular, Mr Milsom:
 - (a) pleaded guilty on 16 January 2013, at the City of Westminster Magistrates Court, to Insider Dealing, contrary to Section 52(2)(b) of the Criminal Justice Act 1993;
 - (b) also admitted a further offence to be taken into consideration, namely Insider Dealing, contrary to Section 52(2)(b) of the Criminal Justice Act 1993; and
 - (c) was sentenced on 7 March 2013, at Southwark Crown Court, to 2 years imprisonment and ordered to pay £245,657.58 under section 6 Proceeds of Crime Act 2002.

3. On the basis of the facts and matters set out below, it appears to the Authority that Mr Milsom is not a fit and proper person to perform any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm. His conviction demonstrates a clear and serious lack of honesty and integrity such that he is not fit and proper to perform regulated activities. In reaching this decision, the Authority has had regard to all relevant circumstances, including the relevance and materiality of the offence, the severity of the risk posed by Mr Milsom to consumers and financial institutions and to confidence in the market generally. The Authority considers that it is appropriate to impose the prohibition order proposed in paragraph 1 to achieve its consumer protection and integrity objectives (sections 1C and 1D of the Act, respectively).

DEFINITIONS

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

“the Act” means the Financial Services and Markets Act 2000;

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

“EG” means the Enforcement Guide;

“FIT” means the Fit and Proper Test for Approved Persons and specified significant-harm functions sourcebook;

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

“RDC” means the Regulatory Decisions Committee of the Authority;

“Mr Milsom” means Paul Milsom;

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

“the Warning Notice” means the warning notice given to Mr Milsom dated 15 January 2020; and

“the Decision Notice” means the decision notice given to Mr Milsom on 12 February 2020.

RELEVANT STATUTORY PROVISIONS

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

FACTS AND MATTERS RELIED ON

6. At the time of the offence, Mr Milsom was an Authority approved person for CF30, (Customer) controlled function, at Legal and General Investment Management Ltd.

7. Mr Milsom is not currently approved to perform any functions in relation to any firm authorised by the Authority, and he has not been approved by the Authority to perform any function since 16 February 2012.
8. Mr Milsom pleaded guilty on 16 January 2013, at the City of Westminster Magistrates Court, to Insider Dealing, contrary to Section 52(1) of the Criminal Justice Act 1993.
9. The offence for which Mr Milsom's was convicted consisted of 28 separate incidents of insider dealing over a 17-month period between 30 October 2008 and 13 March 2010. The profit that was made on the count was just over £400,000.
10. Mr Milsom also admitted a further offence to be taken into consideration, namely Insider Dealing, contrary to Section 52(2)(b) of the Criminal Justice Act 1993.
11. This offence to be taken into consideration took place over a 12-month period between April 2008 and April 2009. There were 15 transactions. The profit made on the offence to be taken into consideration about £160,000.
12. On 7 March 2013, at Southwark Crown Court, he was sentenced to 2 years imprisonment and ordered to pay £245,657.58 under section 6 Proceeds of Crime Act 2002.
13. In his sentencing remarks (made on 7 March 2013), His Honour Judge Pegden QC said Mr Milsom's "insider dealing was a betrayal...of the principles of confidentiality and trust, principles which are essential to the operations of the commercial world. A further consequence was the inevitable undermining of public confidence in the integrity of the market system, again, essential to the proper functions of the markets."
14. The offence for which Mr Milsom was convicted, and the offence taken into consideration, involved him using insider information as an equities dealer at the central dealing desk at Legal & General Investment Management Ltd to make an illicit profit from trades. Mr Milsom personally obtained £245,657.58 as a result of the insider dealing.
15. Through the Decision Notice, the Authority gave notice of its decision to take the action described in paragraph 1 above. Mr Milsom did not refer the matter to the Tribunal within 28 days of the date on which the Decision Notice was issued to him.
16. The Authority therefore makes an order prohibiting Mr Milsom from performing any function in relation to any regulated activity carried on by an authorised person, exempt person or exempt professional firm, for the reasons described above.

PROCEDURAL MATTERS

17. This Notice is given to Mr Milsom under, and in accordance with, section 390 of the Act.

Decision Maker

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

Publicity

19. 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. However, the Authority may not publish information if such publication would in the opinion of the Authority, be unfair to Mr Milsom, or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.

Authority Contacts

20. For more information concerning this matter generally, contact Thomas White (direct line: 020 7066 1397) of the Enforcement and Market Oversight Division of the Authority.

Martin Butcher
Manager, Threshold Conditions Team
Enforcement and Market Oversight Division
Financial Conduct Authority

ANNEX

RELEVANT STATUTORY PROVISIONS

1. The Authority's operational objectives include securing an appropriate degree of protection for consumers (section 1C of the Act) and protecting and enhancing the integrity of the UK financial system (section 1D of the Act).
2. Section 56(1) of the Act provides:

"The [Authority] may make a prohibition order if it appears to it that an individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by:

 - (a) an authorised person,
 - (b) a person who is an exempt person in relation to that activity, or
 - (c) a person to whom, as a result of Part 20, the general prohibition does not apply in relation to that activity."

RELEVANT REGULATORY PROVISIONS

3. In exercising its power to make a prohibition order, the Authority must have regard to guidance published in the Handbook and in regulatory guides, such as EG. The relevant main considerations in relation to the action specified above are set out below.

The Enforcement Guide

4. The Authority's policy in relation to exercising its power to issue a prohibition order is set out in EG.
5. EG 9.1 explains the purpose of prohibition orders in relation to the Authority's regulatory objectives.
6. EG 9.2 sets out the Authority's general policy on making prohibition orders. In particular—
 - (a) EG 9.2.1 states that the Authority will consider all relevant circumstances, including whether enforcement action has been taken against the individual by other enforcement agencies, in deciding whether to make a prohibition order;
 - (b) EG 9.2.2 states that the Authority has the power to make a range of prohibition orders depending on the circumstances of each case; and
 - (c) EG 9.2.3 states that the scope of a prohibition order will depend on, among other things, the reasons why the individual is not fit and proper and the severity of risk he poses to consumers or the market generally.
7. EG 9.5.1 states that where the Authority is considering whether to make a prohibition order against someone who is not an approved person, the Authority

will consider the severity of the risk posed by the individual and may prohibit him where it considers that it is appropriate to achieve one or more of the Authority's statutory objectives.

8. EG 9.5.2 provides that, when considering whether to exercise its power to make a prohibition order against someone who is not an approved person, the Authority will consider all the relevant circumstances of the case. These may include, but are not limited to, the factors set out in EG 9.3.2. Those factors include: whether the individual is fit and proper to perform functions in relation to regulated activities (noting the criteria set out in FIT 2.1, 2.2, and 2.3); the relevance and materiality of any matters indicating unfitness; the length of time since the occurrence of any matters indicating unfitness; and the severity of the risk which the individual poses to consumers and to confidence in the financial system.

Fit and Proper Test for Approved Persons and specified significant-harm functions

9. The Authority has issued guidance on the fitness and propriety of individuals in FIT.
10. FIT 1.3.1BG(1) states that the most important considerations when assessing the fitness and propriety of a person to perform a controlled function include that person's honesty, integrity and reputation.
11. FIT 2.1.1G states that in determining a person's honesty, integrity and reputation, the Authority will have regard to all relevant matters including, but not limited to, those set out in FIT 2.1.3G. It notes, amongst other things and by way of example, that:

"... conviction for a criminal offence will not automatically mean an application will be rejected. The [Authority] treats each candidate's application on a case-by-case basis, taking into account the seriousness of, and circumstances surrounding, the offence, the explanation offered by the convicted person, the relevance of the offence to the proposed role, the passage of time since the offence was committed and evidence of the individual's rehabilitation."
12. FIT 2.1.3G(1) states that the matters referred to in FIT 2.1.1G include, but are not limited to, whether a person has been convicted of any criminal offence, noting that particular consideration will be given to offences including dishonesty, fraud and financial crime (amongst other things).