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## FINAL NOTICE

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**To: Salam Transfer Limited**  
**11 Pollard Street**  
**Morden**  
**SM4 6EG**

**FRN:**

**Dated: 3 November 2015**

### **1. ACTION**

- 1.1. By an application dated 16 September 2014 ("the Application") Salam Transfer Limited ("Salam") applied under Regulation 12 of the PSRs for registration as a small payment institution and to perform the Money Remittance payment service.
- 1.2. The Application is incomplete.
- 1.3. For the reasons listed below and pursuant to Regulation 12 of the PSRs, the Authority has decided to refuse the Application.

### **2. SUMMARY OF REASONS**

- 2.1. Salam has failed to provide the information required by the Authority and the Authority has concluded that Salam does not meet the 'conditions for registration as a small payment institution' set out in Regulation 13 of the PSRs.
- 2.2. By its Warning Notice dated 17 August 2015 ("the Warning Notice"), issued pursuant to Regulation 9(7) of the PSRs (as modified by Regulation 14), the Authority gave notice that it proposed to refuse the Application and that Salam was entitled to make representations to the Authority about that proposed action.
- 2.3. As no representations have been received by the Authority from Salam within the time specified in the Warning Notice, the default procedures in paragraph 2.3.2 of the Authority's Decision Procedure and Penalties Manual ("DEPP") apply,

- 2.4. permitting the Authority to treat the matters referred to in its Warning Notice as undisputed.
- 2.5. By its Decision Notice dated 18 September 2015 ("the Decision Notice"), the Authority gave Salam notice that it had decided to take the action described above.
- 2.6. Salam had 28 days from the date the Decision Notice was given to refer the matter to the Upper Tribunal (formerly known as the Financial Services and Markets Tribunal). No referral was made to the Upper Tribunal within this period of time or to date.
- 2.7. Under section 390(1) of the Act, the Authority, having decided to refuse the Application and there having been no reference of that decision to the Tribunal, must give Salam Final Notice of its refusal.

### **3. DEFINITIONS**

The definitions below are used in this Final Notice.

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

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

"the Decision Notice" means the Decision Notice dated 18 September 2015 issued by the Authority pursuant to Regulation 9(8)(a) of the PSRs

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

"the MLRs" means the Money Laundering Regulations 2007

"the PSRs" means the Payment Services Regulations 2009

"the RTC" means the Authority's Regulatory Transactions Committee

"Salam" means Salam Transfer Limited

"the Tribunal" means the Upper Tribunal (Tax and Chancery Chamber) formerly known as the Financial Services and Markets Tribunal

"the Warning Notice" means the Warning Notice dated 17 August 2015 issued by the Authority pursuant to Regulation 9(7) of the PSRs

"Mr Yousuf" means Mr Mohammad Fawad Yousuf, the sole director of Salam

### **4. FACTS AND MATTERS**

- 4.1. Salam's application for registration as a small payment institution, made under the PSRs, was received on 22 September 2014.
- 4.2. The Authority requested further information from Salam under Regulation 12(4) of the PSRs in order to complete the Application but, despite several attempts to obtain this information, the Authority only received a partial response to its queries. Details of all communications between the Authority and Salam are set out below:

- (1) On 23 December 2014, the Authority sent an email to Salam (using the email address provided in the Application) requesting further information in respect of the Application. This included requiring Salam to provide:
  - (i) confirmation of its successful registration under the MLRs for the proposed payment services activities;
  - (ii) clarification of information provided in the PSD Individual Application form, including Mr Yousuf's training;
  - (iii) clarification of the applicant's accounting reference date;
  - (iv) a brief description of the systems to transfer money; and
  - (v) further information on the business plan.
- (2) On 26 January 2015, the Authority sent a chaser email to Salam requesting an update on when it would receive a response. On 3 March 2015, the Authority sent a chaser email to Salam and telephoned the mobile phone number provided in the Application. The Authority's telephone call was not answered and a voice message was left.
- (3) Also on 3 March 2015, the Authority sent a letter to Salam by first class post. The letter confirmed that the Application remained incomplete and that the PSRs required that the Application be determined within 12 months. In the absence of a response, the Authority could not be satisfied that the Salam's controllers, directors and management demonstrated a readiness and willingness to comply with the requirements and standards of the regulatory systems. This was relevant to the Authority's assessment of whether the Salam's controllers, directors and management were fit and proper, and of good repute. The letter stated that, in the circumstances, the Authority would be minded to recommend to the RTC that it issue a Warning Notice to refuse Salam's Application. The letter requested a response by 17 March 2015.
- (4) On 4 March 2015, an email was received from Mr Yousuf on behalf of Salam explaining that there had been a death in his family and that a response on behalf of Salam would follow later that week.
- (5) On 5 March 2015, the Authority sent an email to Salam acknowledging the email of 4 March 2015 and asking whether Salam would be proceeding with the Application.
- (6) On 17 March 2015, the Authority sent a chaser email to Salam as a response had not been forthcoming. The Authority also telephoned the mobile number provided in the Application. This call was not answered and a voice message was left asking him to contact the Authority.
- (7) On 30 March 2015, Salam sent an email to the Authority which provided a partial response to the Authority's request for information. The response prompted further questions from the Authority and a second request for information was sent by the Authority on the 1 April 2015.
- (8) On 21 April 2015, the Authority emailed Salam requesting an urgent response and asking it to notify the Authority if it was unable to continue with the application.

- (9) On 6 May 2015, a further email was sent to Salam acknowledging that it had been a difficult time for Mr Yousuf, but that several chasers had already been sent to Salam seeking further information and, under the circumstances, the Authority would offer a full refund of the application fee should Salam wish to discontinue the application process. The email also stated that the Authority was already eight months into the application process, and the application remained incomplete. This email was followed up by a telephone call to the mobile telephone number provided in the Application and a voice message was left.
- (10) On 18 May 2015, a further email was sent to Salam stating that, if the Authority did not hear from Salam by close of business that day, its process to refuse the Application due to inadequate information would commence.
- (11) On 19 May 2015 the Authority sent a letter to Salam by first class post. The letter confirmed that the Application remained incomplete and that the PSRs required that it be determined within 12 months. The email further stated that, in the absence of a response, the Authority could not be satisfied that Salam's controllers, directors and management demonstrated a readiness and willingness to comply with the requirements and standards of the regulatory systems. This was relevant to the Authority's assessment of whether Salam's controllers, directors and management were fit and proper, and of good repute. It further stated that, in the circumstances, the Authority would be minded to recommend to the RTC that it issue a Warning Notice to refuse Salam's Application. The letter requested a response by 2 June 2015.
- (12) On 25 June 2015, the Authority sent a further letter to Salam by recorded delivery in the same terms as its letter of 19 May 2015. The letter requested a response by 9 July 2015. The Authority also sent an email to Salam enclosing a copy of its letter of 25 June 2015. The email explained that in the absence of a response to the Authority's outstanding enquiries, the Authority would determine the Application on the basis of the information provided which would mean that it would make a recommendation to refuse the application.
- (13) The Authority has received no response from Salam to any of its communications since 1 April 2015. Before April 2015, the Authority received only two responses to its communications.

## **5. FAILINGS**

- 5.1. The regulatory provisions and Authority guidance relevant to this Final Notice are set out in Annex A.
- 5.2. Pursuant to Regulation 13(1) of the PSRs, the Authority may refuse an application for registration as an authorised payment institution only if any of the conditions in paragraphs (2) to (6) of Regulation 13 are not met.
- 5.3. On the basis of the facts and matters described above, in particular Salam's failure to reply to the Authority's communications in relation to the Application (which evidences a failure to demonstrate a readiness and willingness to comply with the requirements and standards of the regulatory system) and to provide the information requested, the Authority considers that the following conditions in Regulation 13 of the PSRs are not met:

- (1) Regulation 13(2), which requires that Salam provide all information requested under Regulation 12(4);
- (2) Regulation 13(4A), which requires that the Authority must be satisfied that any persons having a qualifying holding in Salam (namely Mr Yousuf) are fit and proper persons having regard to the need to ensure the sound and prudent conduct of the affairs of a small payment institution;
- (3) Regulation 13(4B) which requires that the Authority must be satisfied that the persons responsible for Salam (namely Mr Yousuf) are of good repute and possess appropriate knowledge and experience to provide payment services; and
- (4) Regulation 13(6) which requires Salam to comply with a requirement of the MLRs 2007 to be included in a register maintained under those Regulations.

## **6. IMPORTANT NOTICES**

- 6.1. This Final Notice is given to Salam pursuant to Schedule 5 Part 1 (7) of the PSRs (which incorporates section 390(1) of the Act).

### **Publication**

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

### **Authority contacts**

- 6.4. For more information concerning this matter generally, contact James Borley, Manager, Permissions at the Authority (direct line: 020 7066 5340/email: james.borley@fca.org.uk).

**Graeme McLean**  
**on behalf of the Regulatory Transactions Committee**

## **ANNEX A – REGULATORY PROVISIONS RELEVANT TO THIS FINAL NOTICE**

### **Relevant Statutory Provisions**

#### **The Payment Services Regulations 2009**

1. Regulation 9(2) of the PSRs (as applied by Regulation 14 to applications for registration as a small payment institution) provides that “[t]he Authority may determine an incomplete application if it considers it appropriate to do so, and it must in any event determine any such application within 12 months beginning with the date on which it received the application”.
2. Regulation 9(8)(a) of the PSRs (as applied by Regulation 14) provides that “[t]he Authority must, having considered any representations made in response to the warning notice ... if it decides to refuse the application or impose a requirement, give the applicant a decision notice ”.
3. Regulation 12(1) requires an application for registration as a small payment institution to contain, or be accompanied by, the information required by the Authority.
4. Regulation 12(4) states that at any time after receiving an application and before determining it, the Authority may require the applicant to provide it with such further information as it reasonably considers necessary to enable it to determine the application.
5. Regulation 13(1) states that the Authority may refuse to register an applicant as a small payment institution only if any of the conditions set out in paragraphs (2) to (6) are not met.
6. Regulation 13(2) states that the application must comply with the requirements of, and any requirements imposed under, Regulation 12.
7. Regulation 13(4B) states that the applicant must satisfy the Authority that -
  - (a) where the applicant is a body corporate, the directors;
  - (b) the persons responsible for the management of the institution; and
  - (c) where relevant, the persons responsible for the management of payment services,are of good repute and possess appropriate knowledge and experience to provide payment services.
8. Regulation 13(5) requires that the applicant’s head office, registered office or place of residence, as the case may be, must be in the United Kingdom.
9. Regulation 14 provides for Regulations 7 to 11 to apply to registration as a small payment institution as they apply to authorisation as a payment institution (subject to certain modifications).
10. Schedule 5, Part 1, paragraph 7 states that Part XXVI of the Act applies save for the modifications detailed in that provision.

## **Financial Services and Markets Act 2000**

11. Part XXVI, section 391(1A) states that a person to whom a decision notice is given or copied may not publish the Notice or any details concerning it unless the Authority has published the notice or those details.

### **Relevant Guidance**

#### ***"The Authority's role under the Payment Services Regulations 2009 – Our approach"***

12. In exercising its powers in relation to the approval of an application for registration as a small payment institution, the Authority must have regard to guidance published in the Authority's 'Our approach' document, including the section titled 'Authorisation and registration'. The version of the 'Our approach' document current at the date of the application was dated June 2013.
13. The paragraphs relevant to the decision to refuse the Application are set out below (references to 'we' are references to the Authority).
14. Paragraph 3.104: The applicant must satisfy the Authority that "any persons having a qualifying holding in it are fit and proper persons having regard to the need to ensure the sound and prudent conduct of the affairs of the payment institution. This comprises two elements: firstly, the applicant will need to assess whether any persons (or entities) have a qualifying holding in the applicant and notify the Authority of the identity of such persons; and secondly, the Authority will undertake an assessment of the fitness and propriety of any such persons (or entities).
15. Paragraph 3.105: A 'qualifying holding' is defined in the PSRs by reference to Article 4(11) of the Banking Consolidation Directive as a direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking. We refer to people with a qualifying holding as 'controllers'.
16. Paragraphs 3.109 (for controllers) and 3.110 (for directors and all persons responsible for the management of the payment institution): The factors that the Authority will have regard to when making the fit and proper assessment are:
  - i) honesty, integrity and reputation;
  - ii) competence and capability; and
  - iii) financial soundness.
17. Paragraphs 3.114 and 3.115: the applicant must satisfy the Authority that its directors and any other persons who are or will be responsible for the management of the PI or its payment services activities, are of good repute and possess appropriate knowledge and experience to perform payment services. This incorporates two elements: firstly, identification by the applicant of those with responsibility for the payment service activities of the payment institution. All such individuals need to be included in the application (such an individual is referred to as a 'PSD Individual'). Secondly, the applicant, together with the PSD Individual, must provide full and complete information to the Authority about all

PSD Individuals in order to satisfy the Authority as to the reputation, knowledge and experience of these individuals.

18. Paragraph 3.126: In determining the honesty, integrity and reputation of an individual, the matters that we will have regard to include, but are not limited to:
  - i) honesty, integrity and reputation;
  - ii) relevant convictions or involvement in relevant criminal proceedings or investigations;
  - iii) relevant civil or administrative cases;
  - iv) relevant disciplinary action (including disqualification as company director or bankruptcy);
  - v) whether the individual has been a director or senior manager in an entity that has been put into liquidation, wound up or is or has been the subject of an investigation by an inspector under company or any other legislation; and
  - vi) information (including relevant shareholdings) relevant for assessing potential conflicts of interest with another entity.
19. Paragraph 3.130: In determining an individual's competence, capability and experience, the Authority will have regard to whether the individual has the knowledge, experience, and training to be able to perform the activity of providing payment services.
20. Paragraph 3.102: The location of the head office, registered office or principal place of business is to be supplied as part of the contact details. The PSD does not define what is meant by a firm's 'head office'. This is not necessarily the firm's place of incorporation or the place where its business is wholly or mainly carried on. Although the Authority will judge each application on a case-by case basis, the key issue in identifying the head office of a firm is the location of its central management and control, that is, the location of: the directors and other senior management, who make decisions relating to the firm's central direction, and the material management decisions of the firm on a day-to-day basis; and the central administrative functions of the firm (for example, central compliance, internal audit).
21. Paragraph 3.6: At any time after receiving an application for authorisation or registration (or a variation of either of these) and before determining it, we can require the applicant to provide such further information as we reasonably consider necessary to enable us to determine the application.
22. Paragraph 3.143: We have to make a decision on a complete application within three months of receiving it. An application is complete when we have received all the information and evidence needed for us to make a decision. We will let the applicant know if we need more information.
23. Paragraph 3.144: In the case of an incomplete application, we must make a decision within 12 months of receipt. However, if that date is reached and discussions with the firm have not resulted in us receiving all the information we need to make our decision, it is likely that an incomplete application will result in a refusal. This is because it is unlikely we will have been able to satisfy ourselves that the applicant has met the authorisation/registration requirements.

24. Paragraph 3.151: We can refuse an application when the information and evidence provided does not satisfy the requirements of the PSRs. When this happens we are required to give the applicant a Warning Notice setting out the reason for refusing the application and allowing 28 days to make a representation on the decision.