
FINAL NOTICE

**Worldwide Central Repository Limited
c/o Regus Plc
16 St Martin's le Grand
London
EC1A 4EN**

5 February 2018

ACTION

1. By an application dated 2 March 2017, WCR applied under section 55A of the Act for Part 4A permission to carry on the regulated activities of entering into a regulated credit agreement as lender (excluding high-cost short-term credit, bill of sale loan agreement, and home credit loan agreement).
2. The Application is incomplete.
3. For the reasons listed below, the Authority has refused the Application.

SUMMARY OF REASONS

4. By its Warning Notice dated 16 November 2017 the Authority gave notice that it proposed to refuse the Application and that WCR was entitled to make representations to the Authority about that proposed action.

5. As no representations have been received by the Authority from WCR within the time allowed by the Warning Notice, the default procedures in paragraph 2.3.2 of the Authority's Decision Procedure and Penalties Manual apply, permitting the Authority to treat the matters referred to in its Warning Notice as undisputed and, accordingly, to give a Decision Notice.
6. By its Decision Notice dated 12 December 2017, the Authority gave WCR notice that it had decided to take the action described above.
7. WCR 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.
8. 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 WCR Final Notice of its refusal.
9. The Authority has decided to refuse the Application and to give this Final Notice as WCR has failed to provide the information required by the Authority and, in the absence of the information sought, the Authority cannot ensure that WCR will satisfy, and continue to satisfy, the threshold conditions set out in Schedule 6 of the Act.
10. For the reasons set out herein, the Authority cannot ensure that WCR will satisfy, and continue to satisfy, the threshold conditions set out in Schedule 6 of the Act.
11. The Authority is not satisfied that WCR:
 - a. as a body incorporated in the UK, has its head and registered office in the UK;
 - b. can be effectively supervised by the Authority; and
 - c. is ready, willing and organised to comply with the requirements and standards under the regulatory system.
12. In light of the above, the Authority cannot ensure that, if the Application were granted, WCR would satisfy, and continue to satisfy, threshold conditions 2B (Location of offices), 2C (Effective supervision) and 2E (Suitability).

DEFINITIONS

13. The definitions below are used in this Final Notice.

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

"the Application" means the application referred to in paragraph 1 above.

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

"CFO" means Chief Financial Officer.

"the Decision Notice" means the Decision Notice dated 12 December 2017 given to WCR by the Authority.

"PDF" means portable document format.

"the Tribunal" means the Upper Tribunal (Tax & Chancery Chamber).

"UK" means the United Kingdom.

"USB" means Universal Serial Bus.

"the Warning Notice" means the Warning Notice dated 16 November 2017 given to WCR by the Authority.

"WCR" means Worldwide Central Repository Limited.

"the WCR Office" means 16 St. Martins Le Grand, London EC1A 4EN.

FACTS AND MATTERS

Background to the firm

14. WCR was incorporated in the UK on 3 February 2017 with two directors, Alexandre Asfar and John Peter Asfar; these directors:
 - a. have held and retained these positions since the date of incorporation; and
 - b. are citizens of, and resident in, Canada.

Overview of WCR's business

15. WCR's business model involves the provision of an educational course for students, lasting approximately 18 to 24 months, that is designed to provide an understanding of the historical developments of the financial services industry.
16. As part of the course, WCR supplies its students with antique law dictionaries and research materials (on a USB in PDF); the firm values these books individually at approximately £500. WCR enters into a loan agreement with the customer once the product is received and the customer is allowed to review the material over 12-months in order to make a decision as to whether they wish to proceed with the purchase. If the customer does not want to purchase the product, it is returned without cost; in the event that they want to proceed, WCR and the customer determine the cost, whereupon repayments will commence.
17. WCR business model involves entering into a regulated credit agreement as a lender; this practice falls under the FCA's consumer credit regime and the firm must be authorised by the FCA to carry out this activity.

Relevant facts and matters

18. On 12 March 2015, a separate application was submitted by a different firm (of which Alexandre Asfar was the sole director) for permission to carry on the same regulated activity set out in paragraph 1 and business activity set out in paragraphs 15 to 17 above. As part of this application, it was confirmed to the Authority that the firm's:
 - a. business address was the same as that later put forward as the WCR office; and
 - b. CFO, Michael Cassio, was located at, and working from, this business address.

19. The Authority subsequently identified that the firm and its CFO was not located at the business address, and raised separate concerns regarding its name, which it was felt may be misleading to consumers; following this:

- a. the firm's application was withdrawn;
- b. WCR was incorporated (specifically to address the concerns regarding the name); and
- c. the Application was submitted.

20. As part of the Application, WCR submitted two applications for the following individuals to perform the CF8 (Apportionment and oversight function) controlled functions:

- a. Alexandre Asfar; and
- b. Timothy Madden (also known as 'Mike' or 'Michael Cassio').

Both of the proposed controlled function holders are citizens of, and resident in, Canada.

21. As part of the Application, WCR confirmed that the WCR Office was the firm's principal place of business and that this represented its head and registered office.

22. On 14 March 2017, WCR:

- a. provided a copy of an 'online office agreement' with 'Regus Plc' concerning the WCR Office, covering the period 1 April 2017 to 31 March 2018; and
- b. confirmed that Timothy Madden was "*on standby, and [was] able to move to the UK in April 2017*".

23. On 30 June 2017, the Authority contacted WCR by phone to request confirmation as to whether Timothy Madden had moved to the UK and whether he was based at the WCR Office; in this telephone call, WCR confirmed that:

- a. Timothy Madden was not in the UK; and
- b. it had not commenced paying rent for the WCR Office.

24. WCR confirmed that both would be in place by 1 August 2017; the Authority requested that WCR provide confirmation of this in writing by 10 July 2017.

25. The Authority did not receive the requested confirmation by the deadline and contacted WCR on 11 July 2017; WCR explained that it had misunderstood the deadline date. The Authority emailed WCR on the same day and requested confirmation of the matters set out in paragraph 23 by 14 July 2017; no response was received by the extended deadline.

26. On 17 July 2017, the Authority wrote to WCR by email requesting that it provide evidence by 24 July 2017 confirming:

- a. that it had commenced payment for the WCR Office; and
- b. Timothy Madden's residential address in the UK.

27. On 25 July 2017, WCR provided a response by email which stated that the firm:

- a. was in the process of organising for Mr Madden to be in the UK 'on or before' 1

August 2017; and

- b. would provide confirmation that it had made payment for the WCR Office (along with Mr Madden's residence in the UK) "*once it is paid*".
28. On 25 July 2017, the Authority sent WCR a letter in which it was noted that the information previously requested had not been provided, making the firm aware that a failure to provide the outstanding information would result in the Authority recommending a refusal of the Application and requesting the provision of evidence confirming the matters set out in paragraph 23 above by 7 August 2017; no response was received to this request.
29. On 14 August 2017, the Authority sent WCR a letter in which it was noted that the information requested on 17 July and 25 July 2017 remained outstanding; this letter:
- a. noted that, in its response on 25 July 2017, WCR had confirmed that Timothy Madden was not in the UK and that it had not commenced payment for its UK office;
 - b. set out the Authority's concern that WCR did not satisfy threshold conditions 2B (Location of offices) and 2C (Effective Supervision);
 - c. made clear that a continued failure to provide the information would mean that the Authority would proceed to complete its assessment of the Application based on the information provided to date; and
 - d. again requested confirmation and evidence regarding WCR's office in the UK and Timothy Madden's UK residential address (by 21 August 2017).

No response was received by the deadline.

30. On 22 August 2017, the Authority wrote to WCR by way of email, attaching the letter of 14 August 2017 (paragraph 29 above), setting out the fact that the Authority would seek to conclude its assessment (and make a recommendation to refuse) in the event that a response was not received from the firm before a new deadline of 29 August 2017.
31. On 30 August 2017, the Authority phoned WCR and spoke to one of its directors, Alexandre Asfar, who:
- a. confirmed that he would instruct his brother, John Asfar, to provide the Authority with the required information; and
 - b. requested an additional twenty-four hours to provide the requested information (as set out in paragraph 23 above).
32. The Authority agreed to this extension and followed this up with an email confirming the new deadline of 31 August 2017; no response:
- a. was received by the extended deadline; or
 - b. has been received to date.

Summary

33. In light of the above, the Authority considers that WCR has:
- a. failed to provide evidence that its head and registered office is located in the UK;

- b. failed to provide adequate information to enable the Authority to determine whether it is complying with regulatory requirements (i.e. whether its head office and/or senior management is located in the UK);
- c. has not been open and co-operative in all its dealings with the Authority; and
- d. failed to demonstrate that it is ready, willing and organised to comply with the requirements and standards under the regulatory system.

IMPACT ON THRESHOLD CONDITIONS

34. The regulatory provisions relevant to this Final Notice are referred to in Annex A.

35. In light of the facts and matters set out above and for the reasons set out below, the Authority cannot ensure that, if the Application were granted, WCR would satisfy, and continue to satisfy, threshold conditions 2B (Location of offices), 2C (Effective Supervision) and 2E (Suitability).

Threshold condition 2B: Location of offices

36. Threshold condition 2B requires that, if a body is incorporated in the UK, its head office and registered office (if it has one) must be in the UK. The Authority will judge each application on a case-by-case basis and the key issue in identifying the head office of a firm is the location of its central management (i.e. 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 control (i.e. the central administrative functions of the firm, for example, central compliance, internal audit, etc.).

37. The Authority does not consider that WCR satisfies, and will continue to satisfy, the location of offices threshold condition in light of the fact that:

- a. it has been incorporated in the UK;
- b. it has not provided adequate evidence that it has a head office in the UK;
- c. the directors and proposed controlled function holders are based in Canada; and
- d. there is no evidence that any senior management are located, or central administrative functions of the firm are carried out, in the UK.

Threshold condition 2C: Effective supervision

38. Threshold Condition 2C requires that a firm must be capable of being effectively supervised by the Authority having regard to all the circumstances. This includes whether it is likely that the Authority will receive adequate information from the firm to enable it to determine whether the firm is complying with the requirements and standards under the regulatory system for which the Authority is responsible and to identify and assess the impact on its statutory objectives; this will include consideration of whether the firm is ready, willing and organised to comply with Principle 11 (Relations with regulators and the rules in SUP on the provision of information to the Authority).

39. The Authority does not consider that WCR satisfies, and will continue to satisfy, the effective supervision threshold condition in light of the firm's failure to provide adequate information requested on a number of occasions (the concerns identified above in paragraphs 23 to 32).

Threshold condition 2E: Suitability

40. Threshold condition 2E requires that, inter alia, a firm must be fit and proper having regard to all the circumstances, including whether the firm has complied and is complying with requests made by the Authority, relating to the provision of information to the Authority and, where the firm has so complied or is so complying, the manner of that compliance.
41. WCR has not satisfied the Authority that it is fit and proper having regard to all the circumstances. The matters referred to in paragraphs 23 to 32 above also raise concerns as to the suitability of WCR. In particular, WCR has failed to provide material relevant to the Application requested by way of a number of separate requests (despite making a number of assurances); the Authority considers that in so doing, WCR has not demonstrated that it has been open and co-operative in its dealings with the Authority.
42. In the circumstances, the Authority does not consider that it can ensure that, were the Application to be granted, WCR satisfies, and would continue to satisfy, threshold condition 2E.

IMPORTANT NOTICES

43. This Final Notice is given under section 390(1) of the Act.

Publication

44. 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.
45. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contacts

46. For more information concerning this matter generally, contact John Battram, Manager, Authorisations at the Authority (direct line: 020 7066 1252/ email: John.Battram@fca.org.uk).

David Fisher
on behalf of the Regulatory Transactions Committee

ANNEX A – REGULATORY PROVISIONS RELEVANT TO THIS FINAL NOTICE

Relevant Statutory Provisions

1. Section 55A(1) of the Act provides for an application for permission to carry on one or more regulated activities to be made to the appropriate regulator. Section 55A(2) defines the “appropriate regulator” for different applications.
2. Section 55B(3) of the Act provides that, in giving or varying permission, imposing or varying a requirement, or giving consent, under any provision of Part 4A of the Act, each regulator must ensure that the person concerned will satisfy, and continue to satisfy, in relation to all of the regulated activities for which the person has or will have permission, the threshold conditions for which that regulator is responsible.
3. The threshold conditions are set out in schedule 6 of the Act. In brief, the threshold conditions relate to:
 - a. Threshold condition 2B: Location of offices
 - b. Threshold condition 2C: Effective supervision
 - c. Threshold condition 2E: Suitability

Relevant provisions of the Authority’s Handbook

Threshold Conditions - COND

4. In exercising its powers in relation to the granting of a Part 4A permission, the Authority must have regard to guidance published in the Authority Handbook, including the part titled Threshold Conditions (“COND”). The main considerations in relation to the action specified are set out below.

General guidance

5. COND 1.3.2G(2) states that, in relation to threshold conditions 2D to 2F, the Authority will consider whether a firm is ready, willing and organised to comply on a continuing basis with the requirements and standards under the regulatory system which will apply to the firm if it is granted Part 4A permission.
6. Under COND 1.3.3AG, in determining the weight to be given to any relevant matter, the Authority will consider its significance in relation to the regulated activities for which the firm has, or will have, permission, in the context of its ability to supervise the firm adequately, having regard to the Authority's statutory objectives. In this context, a series of matters may be significant when taken together, even though each of them in isolation might not give serious cause for concern.
7. COND 1.3.3BG provides that, in determining whether the firm will satisfy, and continue to satisfy, the FCA threshold conditions, the FCA will have regard to all relevant matters, whether arising in the United Kingdom or elsewhere.
8. COND 1.3.3CG provides that, when assessing the FCA threshold conditions, the FCA may have regard to any person appearing to be, or likely to be, in a relevant relationship with the firm, in accordance with section 55R of the Act (Persons connected

with an applicant). For example, a firm's controllers, its directors or partners, other persons with close links to the firm (see COND 2.3), and other persons that exert influence on the firm which might pose a risk to the firm's satisfaction of the FCA threshold conditions, would be in a relevant relationship with the firm.

Threshold condition 2B (Location of offices)

9. COND 2.2.1A(1)G provides that, unless sub-paragraph (3), (4)(a) or (7) applies, if A is a body incorporated in the United Kingdom:

- (a) A's head office, and
- (b) if A has a registered office, that office, must be in the United Kingdom.

10. COND 2.2.3G states that neither the UCITS Directive, MiFID, the Insurance Mediation Directive, AIFMD nor FSMA 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 FCA 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:

- (1) 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
- (2) the central administrative functions of the firm (for example, central compliance, internal audit).

Threshold Condition 2C: (Effective supervision)

11. COND 2.3.1A(1) states that a firm must be capable of being effectively supervised by the FCA having regard to all the circumstances including the way in which the firm's business is organised.

12. COND 2.3.3G provides that, in assessing the threshold conditions set out in paragraph 2C of Schedule 6 to FSMA, factors which the FCA will take into consideration include, among other things, whether it is likely that the FCA will receive adequate information from the firm, and those persons with whom the firm has close links, to enable it to determine whether the firm is complying with the requirements and standards under the regulatory system for which the FCA is responsible and to identify and assess the impact on its statutory objectives; this will include consideration of whether the firm is ready, willing and organised to comply with Principle 11 (Relations with regulators and the rules in SUP on the provision of information to the FCA).

Threshold condition 2E (Suitability)

13. COND 2.5.1A(1)G states that the applicant must be a fit and proper person having regard to all the circumstances, including 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.

14. COND 2.5.4G(2)(c)G states that examples of the kind of general considerations to which the FCA may have regard when assessing whether a firm will satisfy, and continue to satisfy, threshold condition 2E include, but are not limited to, whether the

firm can demonstrate that it conducts, or will conduct, its affairs with the exercise of due skill, care and diligence.

15. COND 2.5.6G provides that examples of the kind of particular considerations to which the FCA may have regard when assessing whether a firm will satisfy, and continue to satisfy, this threshold condition include, but are not limited to, whether:

- (1) The firm has been open and co-operative in all its dealings with the FCA and any other regulatory body (see Principle 11 (Relations with regulators)) and is ready, willing and organised to comply with the requirements and standards under the regulatory system (such as the detailed requirements of SYSC and, in relation to a firm not carrying on, or seeking to carry on, a PRA-regulated activity only, the Prudential Standards part of the FCA Handbook) in addition to other legal, regulatory and professional obligations; the relevant requirements and standards will depend on the circumstances of each case, including the regulated activities which the firm has permission, or is seeking permission, to carry on.