

From: La Cloche Capital Markets Limited

Of: 85 Gresham Street,
London
EC2V 7NQ

To: Financial Conduct Authority

Date: 20 May 2015

APPLICATION FOR VARIATION OF PART 4A PERMISSION

I refer to our discussions and correspondence regarding the concerns identified at La Cloche Capital Markets Limited ("LCCM") by the client assets team at the Financial Conduct Authority ("FCA") following a visit on 15 May 2015 and through subsequent discussions with LCCM's senior management. These include LCCM's failure to segregate client money adequately, concerns regarding LCCM's solvency, the lack of any compliance monitoring plan, insufficient compliance resources and weak systems and controls.

Following its discussions with the FCA, and taking into account LCCM's financial position, LCCM has agreed to take steps to protect client funds and to take such other steps as its officers see fit to address its financial position.

To this end, LCCM hereby applies pursuant to section 55L(5) of the Financial Services and Markets Act 2000 ("the Act") for the following requirements to be imposed by the Financial Conduct Authority.

LCCM consents to these requirements being publicised by the FCA, once imposed, in any manner it sees fit, including on the Financial Services Register.

Requirement 1

(a) Subject to (b), LCCM must:

- (i) with immediate effect cease carrying on any business that involves the carrying on of any regulated activities and to the extent necessary to comply with this requirement it must terminate any existing derivative contracts to which it is a party whether as agent or principal;
- (ii) upon confirming to the FCA in writing that Requirement 1(a)(i) above has been implemented, issue such instructions or make such requests as are necessary for all balances held on the firm's trading accounts with third parties to be remitted to LCCM and where applicable, to treat such remittances immediately on receipt in accordance with the Client Assets chapter of the FCA's Handbook of rules and guidance ("CASS") including (but not limited to) CASS 7.2.3R, CASS 7.2.15R and CASS 7.5; and
- (iii) not initiate any further business; including accepting new clients or new orders for existing clients other than any that would serve to terminate an existing contract.

(b) Nothing in (a)(i) prevents LCCM from carrying on any business that involves the carrying on of any regulated activities with the prior express written permission of the FCA.

(c) LCCM must proactively inform its supervisory contact at the FCA on progress in relation to (a)(i) and (a)(ii).

Requirement 2

- (a) With immediate effect, LCCM must not in any way deal with or release any client money save as provided in paragraph (b).
- (b) LCCM is not prohibited from:
 - (i) returning client money to any client for whom it is held, in compliance with CASS;
 - (ii) receiving client money into its client bank accounts, in compliance with CASS; or
 - (iii) otherwise dealing with or releasing client money with the FCA's prior written consent.

Requirement 3

LCCM must not in any way dispose of, deal with or act in any way that would diminish the value of any of its assets without the FCA's prior written consent.

Requirement 4

- (a) LCCM must submit to its supervisory contact at the FCA a daily attestation at 0900hours stating that it remains in compliance with the requirements set out in this application until such time as these requirements no longer apply.
- (b) LCCM must ensure that this daily attestation is addressed to the FCA and is personally signed by a holder of the director function (CF1).

Definitions and interpretation

In this application:

- (a) "client money" has the meaning specified in the Glossary of the FCA's Handbook;
- (b) "client bank account" has the meaning specified in the Glossary of the FCA's Handbook; and
- (c) "the Financial Services Register" means the record for the purposes of s.347 of the Act.

Effective date

The requirements in this application are to take effect immediately on their acceptance by the FCA and notification of such to LCCM via email glen.ward@clochemarkets.com

Signed:



Mr Glen Ward, Director

For and on behalf of
La Cloche Capital Markets Limited