

---

## FIRST SUPERVISORY NOTICE

---

**To:** Grosvenor Associates Ltd

**Reference Number:** 934042

**Address:** 34 – 36 Gray’s Inn Road  
London  
WC1X 8HR

**Date:** 30 November 2021

### 1 ACTION

- 1.1 For the reasons given in this First Supervisory Notice, and pursuant to sections 55J(1)(a) and (c) of the Act, the Authority has decided to vary with immediate effect the Part 4A permission granted to Grosvenor by removing the following regulated activities:
- 1) Secondary credit broking; and
  - 2) Agreeing to carry on a regulated activity.
- 1.2 The effect of the Variation is that Grosvenor no longer has permission to conduct any regulated activities.

### 2 REASONS FOR ACTION

#### Summary

- 2.1 The Authority has concluded, on the basis of the facts and matters described below that, that it is appropriate to exercise its power under sections 55J(1)(a) and (c) of the Act to vary Grosvenor’s permission because it is failing, or is likely to fail, to satisfy the Suitability Threshold Condition and to advance the Authority’s consumer protection objectives (section 1C of the Act).

2.2 The Authority has identified serious concerns relating to Grosvenor in that its conduct appears to demonstrate that it is not a fit and proper person and poses a significant risk of harm to consumers. Specifically:

- 1) Grosvenor has links to Marvell, to whom the Authority issued a First Supervisory Notice on 11 November 2021 for carrying out investment activities outside the scope of its permission and misleading investors about the extent of its regulated status. Information filed on Companies House records that Marvell holds a significant interest in Grosvenor in the form of a 39.69% shareholding. The websites for Grosvenor and Marvell also carry identical formatting, images and wording. There are serious concerns that Grosvenor may be attempting to engage in similar activities previously undertaken by Marvell.
- 2) Grosvenor also appears to be, or has been, connected to firms that the Authority has warned about for undertaking unauthorised business, including Texmoore, Fabcourt and the website 'regulated-fixed-income.co.uk'.
- 3) Grosvenor is permitted to act as a credit broker. However, Grosvenor's business model as described on its website is materially different to that described in its authorisation application. Grosvenor's website does not indicate it is involved in any activity that would require it to be authorised as a credit broker, but it makes numerous references to investment activity for which it does not hold permission. It appears that Grosvenor has made misleading statements about its intended business when applying for authorisation. There are serious concerns that Grosvenor may be seeking to misuse its regulated status as a credit broker to take advantage of consumers by undertaking investment activities without relevant permissions as indicated from information on its website.
- 4) Information filed by Grosvenor on Companies House records that Marvell is a significant controller, and its shareholding appears to have been acquired before, but filed after, Grosvenor was authorised. Grosvenor did not disclose this information to the Authority during or after its authorisation. The sequence of events suggests that Grosvenor misled the Authority about its controllers during the authorisation process.
- 5) Grosvenor has failed to respond to three information requirements issued under section 165 of the Act requiring clarity on its business model, current activities and links to Marvell. The Authority has also been unable to reach Grosvenor through telephone calls.

2.3 The Authority considers that Grosvenor is failing, or is likely to fail, to satisfy the Suitability Threshold Condition (paragraph 2E of Schedule 6 to the Act) because of its apparent connections to Marvell and other firms that the Authority has warned about (as summarised at 2.2.(1) and (2)), as well as its failure to comply with the Authority's requirements in potential breach of Principle 11 (Relations with regulators) of the Authority's Principles for Businesses (as summarised at 2.2(3) to (5)). The Authority considers that Variation of Grosvenor's permission with immediate effect is desirable to protect consumers.

### **3 DEFINITIONS**

3.1 The definitions below are used in this First Supervisory Notice:

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

"the Authority" means the Financial Conduct Authority;

"Executive Procedures" means the process as described in Chapter 4 of the Decision Procedure and Penalties Manual of the Handbook;

"Fabcourt" means Fabcourt Developments Limited;

"Grosvenor" means Grosvenor Associates Ltd;

"Handbook" means the Authority's online handbook of rules and guidance (as in force from time to time);

"Information requirement" means an information requirement pursuant to section 165 of the Act;

"Marvell" means Marvell Enterprises Ltd;

"Part 4A permission" means permission to conduct regulated activities, granted by the Authority under Part 4A of the Act;

"SMF" means senior management function;

"Texmoore" means Texmoore Limited;

"Threshold Conditions" are the minimum requirements that firms need to meet in order to be authorised and to continue carrying on regulated activities as set out in Schedule 6 to the Act;

"Tribunal" means the Upper Tribunal (Tax and Chancery Chamber); and

"Variation" means the variation of Grosvenor's Part 4A permission set out in paragraph 1.1. above.

## **4 FACTS AND MATTERS**

### **Background**

- 4.1 Grosvenor was incorporated on 13 November 2018. It was authorised on 8 March 2021 as a limited permission credit broker with secondary broking permission. Grosvenor is not permitted to hold client money.
- 4.2 Grosvenor's website, [www.grosvenorassociates.com](http://www.grosvenorassociates.com), indicates that it is engaged in property development activity focusing on student accommodation, social housing and commercial schemes.
- 4.3 Grosvenor has one approved person who holds the SMF29 limited scope function. This person also acts as Grosvenor's sole director.

### **Failings and risks identified**

#### Grosvenor's connections to other firms

##### *Grosvenor's links to Marvell*

- 4.4 The Authority issued a First Supervisory Notice to Marvell on 11 November 2021. Marvell was authorised as a limited permission credit broker. It appeared to have

successfully persuaded some consumers to invest substantial sums with it while not having the required permissions to engage in investment related activities, and by making misleading statements designed to give false comfort to investors about the level of regulatory protection their investments would receive.

- 4.5 Grosvenor's website carries material which is substantially identical to that on Marvell's website. A comparison of the two websites shows that they use identical formatting, images and wording, with the exception of their name and logo. Grosvenor's website home page and pages describing its 'Focus', 'Mission' and 'Role' are identical to that used on Marvell's website.
- 4.6 Marvell's website discloses information on four senior members of staff and includes their images. However, the filenames for those images do not correspond to the names of the staff listed on its website. The filenames of the images are identical to the names of Grosvenor's directors as recorded on Companies House.
- 4.7 Companies House also records that Marvell is a significant controller and holds a 39.69% shareholding in Grosvenor. The Authority is concerned that Grosvenor may be attempting to engage in similar investment related activities previously undertaken by Marvell.

*Grosvenor's links to Texmoore and Fabcourt*

- 4.8 Grosvenor appears to be, or has been, connected to firms that the Authority has warned about for conducting unauthorised investment business, including Texmoore and Fabcourt, through a common associate.
- 4.9 Companies House records that the common associate was a significant controller of Grosvenor. Companies House also records the common associate as having links with the following firms:
  - 1) Sampson Property Developments Limited as the company secretary. This firm was formerly known as Texmoore between 12 April 2013 and 14 June 2021.
  - 2) Fabcourt as a director.
- 4.10 On 19 May 2020, the Authority issued a warning relating to investments offered by Texmoore. The Authority warned that Texmoore may be providing financial services or products in the UK without authorisation. It warned consumers that they will not have access to the Financial Ombudsman Service or be protected by the Financial Services and Compensation Scheme.
- 4.11 On 2 March 2021, the Authority issued a warning about Fabcourt. This warned that Fabcourt is not authorised by the Authority to offer, promote or sell financial products and has been targeting people in the UK. It warned consumers that they are unlikely to get their money back if things go wrong.

*Grosvenor's links to 'regulated-fixed-income.co.uk'*

- 4.12 On 15 November 2021, the Authority issued a warning on the website 'regulated-fixed-income.co.uk'. The Authority warned that this website may be providing financial services or products in the UK without authorisation.
- 4.13 Grosvenor appears to have links to this website. The pages operated under the domain of 'regulated-fixed-income.co.uk' includes a page with Grosvenor's name

and branding. The page also contains information about Grosvenor, including its authorised status, activities and the name of its director.

#### Grosvenor's engagement with the Authority

##### *Grosvenor's business model*

- 4.14 Grosvenor was authorised on 8 March 2021 as a limited permission credit broker with secondary broking permission. During the authorisation process, in response to the Authority's request for more information about the nature of its business, Grosvenor stated that it, *"will offer ICT consulting to sole traders and SME companies... They will be predominantly hospitality and retail"*.
- 4.15 Grosvenor's website indicates that it is engaged in property development activity focusing on student accommodation, social housing and commercial schemes. Information provided in Grosvenor's authorisation application did not mention any property development or investment activity, or any other activity similar to that described on its website.
- 4.16 Grosvenor's website makes numerous references to investment activity. It contains a 'Legal Notice' page which, among other things, includes:
- 1) References to investment activity and the placing of investments through Grosvenor.
  - 2) Warnings about loss of capital, investment risk, the rarity of dividend payments, potential dilution of investments, the lack of operating history, dependence on directors and that shares in Grosvenor have limited liquidity.
  - 3) Confirmation of Grosvenor's authorised status. It has also included potentially misleading statements about the extent of regulatory protection afforded to consumers by claiming that, *"investors are treated as customers of Grosvenor Associates and therefore have the potential to be compensated out of the Financial Services Compensation Scheme...in the event that Grosvenor should fail in the conduct of its FCA regulated activities"*.
- 4.17 Grosvenor's website also contains a 'Terms and Conditions' page that includes references to investing through Grosvenor. This page has an 'Investor Terms' section which includes a disclaimer that Grosvenor is promoting any individual investment opportunity but is demonstrating the types of investments through it and highlights a full list is available to registered investors only.
- 4.18 Grosvenor's website describes activities that do not include anything that would suggest it is engaged in credit broking. Grosvenor's current activities are unclear as it has not responded to the Authority's information requirements about how it has used its credit broking permission.

##### *Grosvenor's controllers*

- 4.19 Grosvenor submitted its authorisation application on 14 September 2020. In the section of the application relating to controllers, Grosvenor stated its director was the sole controller of the firm with 100% control. The application also stated that the controller had no intention *"to change (increase or reduce) their level of control in the foreseeable future"*. On the same day the authorisation application was submitted to the Authority, Grosvenor filed on Companies House a

- confirmation statement stating that its director was the sole shareholder of the firm with 1 share.
- 4.20 According to Companies House records, no filings were made by Grosvenor between the dates it submitted its authorisation application on 14 September 2020 and when it became authorised on 8 March 2021 to indicate there had been any changes in shareholding during this period. At the time Grosvenor was authorised, Companies House records supported the information disclosed in its authorisation application.
- 4.21 In the three weeks after Grosvenor was authorised, it filed on Companies House three statements of capital following the allotment of shares:
- 1) Statement of capital 1 filed on 17 March 2021 shows that 1,480,500 shares were allotted on 8 February 2020.
  - 2) Statement of capital 2 filed on 19 March 2021 shows that 12,500,000 shares were allotted on 14 February 2020.
  - 3) Statement of capital 3 filed on 26 March 2021 shows that 7,019,499 shares were allotted on 17 September 2020.
- 4.22 The filings shows that the first two share allotments on 8 February 2020 and 14 February 2020 took place before Grosvenor's authorisation application was submitted to the Authority on 14 September 2020. The third share allotment on 17 September 2020 occurred three days after Grosvenor made its authorisation application.
- 4.23 On 29 March 2021, Grosvenor filed on Companies House a further confirmation statement. This listed Marvell as a shareholder with 8,250,000 shares. The dates of the three share allotments indicate that Marvell's shareholding was in place before Grosvenor was authorised.
- 4.24 The thresholds for notifying the Authority of a change in controller are set out on the Authority's website, which states that *"a single threshold of 33% applies to limited permission consumer credit firms"*. The three share allotments gave Marvell a 39.29% shareholding in Grosvenor. However, the fact Marvell is a shareholder and a controller was not disclosed by Grosvenor in its authorisation application, and the statements detailing Marvell's shareholding were only filed on Companies House after Grosvenor was authorised.
- 4.25 The statements filed on Companies House contradict the information disclosed in Grosvenor's authorisation application. This suggests Grosvenor misled the Authority during the application process about its controllers despite the declaration that it signed in the authorisation application to acknowledge that, *"It is a criminal offence, knowingly or recklessly, to give the appropriate regulator information that is materially false or misleading (see section 398 and 400 FSMA)"*.
- 4.26 Grosvenor's latest confirmation statement filed on Companies House on 24 May 2021 records that through further share allotments, Marvell now holds 9,725,000 shares in Grosvenor which has increased its shareholding to 39.69%. Neither Grosvenor nor Marvell has notified the Authority or submitted a change in control application. In addition, Grosvenor has not updated Companies House records to reflect that Marvell is a significant controller with a shareholding greater than 25%.

*Information requirements to Grosvenor*

- 4.27 The Authority has tried to contact Grosvenor to obtain further information about its business model, current activities and links to Marvell. The Authority has attempted to contact Grosvenor by email, post and telephone calls since 16 November 2021 without success.
- 4.28 On 16 November 2021, the Authority sent Grosvenor an initial information requirement. This was sent to its postal address and email address as recorded on the Financial Services Register. The Authority received a 'bounce back' message from the email to Grosvenor indicating that the message could not be delivered. The letter was then forwarded to the email address for Grosvenor's director. The Authority set a response deadline of 19 November 2021 and explained the potential consequences of not responding, including cancellation of Grosvenor's permissions. No response was received.
- 4.29 On 19 November 2021, the Authority sent Grosvenor a second information requirement. This was sent to its postal address and both the email addresses for the firm and its director. This stated that the Authority had not received a response to the previous information requirement and was requiring the same information again. The Authority also drew attention to the consequences of failure to reply without reasonable excuse and set a response deadline of 23 November 2021. No response was received.
- 4.30 On 24 November 2021, the Authority sent a third information requirement to Grosvenor. This was sent to its postal address and both the email addresses for the firm and its director. The Authority received a 'bounce back' message from the email to Grosvenor indicating that the message could not be delivered. The letter repeated that the Authority had not received a response to the previous two information requirements and was requiring the same information again. It reiterated the consequence of failure to comply and set a response deadline of 26 November 2021. No response was received.
- 4.31 The Authority has attempted to contact Grosvenor by telephone on four occasions, twice on 16 November 2021, again on 23 November 2021 and then on 24 November 2021. These calls were made to the mobile phone number recorded for Grosvenor on the Financial Services Register. On each occasion, there was no response from Grosvenor and the calls were forwarded to voicemail. On two occasions, the Authority left a message with contact details and asking for a call back. Grosvenor did not return these calls.

## **5 CONCLUSION**

- 5.1 The regulatory provisions relevant to this First Supervisory Notice are set out in the Annex.

### **Analysis of failings and risks**

#### Failure to comply with the Threshold Conditions

- 5.2 The Authority has serious concerns about Grosvenor's compliance with the Threshold Conditions. The Authority considers that Grosvenor is failing, or is likely to fail, to satisfy the Suitability Threshold Condition because:
- 1) Grosvenor appears to have connections to firms that may not be fit and proper:



- a) Grosvenor has links to Marvell which has been the subject of a First Supervisory Notice. This link is established by the use of similar content on their websites and by information recorded on Companies House regarding Marvells' shareholding in Grosvenor.
  - b) Grosvenor also appears to be, or has been, connected to firms that the Authority has warned about for undertaking unauthorised business, including Fabcourt and Texmoore through a common associate, and having a page on the website 'regulated-fixed-income.co.uk'.
- 2) Grosvenor is not engaging with the Authority in an open and cooperative manner or complying with the Authority's requirements in potential breach of Principle 11 (Relations with regulators) by failing to:
- a) Provide accurate information about the nature of its intended business at the time of its authorisation application. Grosvenor may be intending to conduct investment activities beyond the scope of its permission as indicated from information on its website.
  - b) Be transparent and comply with requirement to provide the Authority with prompt and accurate information regarding its controllers.
  - c) Respond to three information requirements issued under section 165 of the Act.

5.3 As a result of these matters, it appears to the Authority that Grosvenor:

- 1) Is connected to firms that have been the subject of regulatory action or the Authority has warned about (sub-paragraph (a) of paragraph 2E of Schedule 6 to the Act).
- 2) Has not complied, and is not complying, with requirements imposed by the Authority in the exercise of its functions relating to the provision of information (sub-paragraph (d) of paragraph 2E of Schedule 6 to the Act).

The Authority's operational objective of consumer protection

- 5.4 The Authority's operational objective of consumer protection requires the Authority to ensure an appropriate degree of protection for consumers (section 1C(1) of the Act). Grosvenor has links to Marvell which engaged in investment activities without permission and made misleading statements to consumers about the extent of its regulated status. Grosvenor also appears to be connected to firms that are not fit and proper and which the Authority has previously warned about.
- 5.5 In addition, Grosvenor appears to have misled the Authority about its intended business and controllers to obtain authorisation and has failed to engage with the Authority to provide information on its current business and activities. Grosvenor's actions to date casts serious doubts on its ability and willingness to observe regulatory requirements and demonstrate that it poses a significant risk of harm to consumers.
- 5.6 On the basis of the facts and matters set out, it appears to the Authority that it is desirable to exercise the power under section 55J(1)(c)(i) of the Act in order to advance the consumer protection objective.



### **Timing and duration of the Variation**

- 5.7 The Authority considers it is necessary to impose the Variation to take immediate effect given the seriousness of the risks and the need to protect consumers. The Authority has identified the following concerns:
- 1) Evidence that the firm has submitted to the Authority inaccurate or misleading information so that the Authority becomes seriously concerned about the firm's ability to meet its regulatory obligations (EG 8.3.3(3)).
  - 2) Circumstances suggesting a serious problem within a firm or with a firm's controllers that calls into question the firm's ability to continue to meet the Threshold Conditions (EG 8.3.3(4)).
- 5.8 The Authority will consider the full circumstances of each case when it decides whether an urgent variation is appropriate. The Authority has identified the following relevant factors:
- 1) The nature and extent of any false or inaccurate information provided by the firm (EG 8.3.4(3)).
  - 2) The seriousness of any suspected breach of the requirements of the legislation or the rules and the steps that need to be taken to correct that breach (EG 8.3.4(4)).
  - 3) The impact that use of the Authority's own-initiative powers will have on the firm's business and on its customers (EG 8.3.4(9)).
- 5.9 The Authority considers that it is necessary for the Variation to remain in place indefinitely.

## **6 PROCEDURAL MATTERS**

### **Decision-maker**

- 6.1 The decision which gave rise to the obligation to give this First Supervisory Notice was made by an Authority staff member under Executive Procedures.
- 6.2 This First Supervisory Notice is given under section 55Y(4) and in accordance with section 55Y(5) of the Act.
- 6.3 The following statutory rights are important.

### **Representations**

- 6.4 Grosvenor has the right to make written and oral representations to the Authority (whether or not it refers this matter to the Tribunal). The deadline for notifying the Authority that Grosvenor wishes to make oral representations and for providing written representations is 14 December 2021 or such later date as may be permitted by the Authority. Any notification or representations should be sent to David Watkins, ([david.watkins@fca.org.uk](mailto:david.watkins@fca.org.uk)).
- 6.5 The Authority must be informed in writing of any intention to make oral representations by 14 December 2021. If the Authority is not notified by this date, Grosvenor will not, other than in exceptional circumstances, be able to make oral representations.

### **The Tribunal**

- 6.6 Grosvenor has the right to refer the matter to which this First Supervisory Notice relates to the Tribunal. The Tax and Chancery Chamber is part of the Tribunal which, amongst other things, hears references arising from decisions of the Authority. Under paragraph 2(2) of Schedule 3 of the Tribunal Procedure (Upper Tribunal) Rules 2008, Grosvenor has 28 days from the date on which this First Supervisory Notice is given (i.e. by 28 December 2021) to it to refer the matter to the Tribunal.
- 6.7 A reference to the Tribunal can be made by way of a reference notice (Form FTC3) signed by or on behalf of Grosvenor and filed with a copy of this First Supervisory Notice. The Tribunal's contact details are: The Upper Tribunal, Tax and Chancery Chamber, 5<sup>th</sup> Floor, Rolls Building, Fetter Lane, London EC4A 1NL (telephone: 020 7612 9730; email: [uttc@hmcts.gsi.gov.uk](mailto:uttc@hmcts.gsi.gov.uk)).
- 6.8 Further information on the Tribunal, including guidance and the relevant forms to complete, can be found on the HM Courts and Tribunal Service website: <http://www.justice.gov.uk/forms/hmcts/tax-and-chancery-upper-tribunal>
- 6.9 Grosvenor should note that a copy of the reference notice (Form FTC3) must also be sent to the Authority at the same time as a reference is filed with the Tribunal. A copy of the reference notice should be sent to David Watkins, ([david.watkins@fca.org.uk](mailto:david.watkins@fca.org.uk)).

### **Confidentiality and publicity**

- 6.10 Grosvenor should note that this First Supervisory Notice may contain confidential information and should not be disclosed to a third party (except for the purpose of obtaining legal advice on its contents).
- 6.11 Grosvenor should note that section 391(5) of the Act requires the Authority, when the First Supervisory Notice takes effect, to publish such information about the matter to which the notice relates as it considers appropriate.

### **Authority contacts**

- 6.12 For more information concerning this matter generally, contact David Watkins, ([david.watkins@fca.org.uk](mailto:david.watkins@fca.org.uk)).



**Debbie Gupta**  
**Director, Consumer Investments Supervision**

## **Annex**

### **RELEVANT STATUTORY PROVISIONS**

1. The Authority's operational objectives established in section 1B of the Act include securing an appropriate degree of protection for consumers (section 1C).
2. Section 55J of the Act allows the Authority to vary the Part 4A permission of an authorised person if it appears to the Authority that the authorised person is failing, or likely to fail to satisfy the Threshold Conditions (section 55J(1)(a)), or it is desirable to exercise the power in order to advance one or more of the Authority's operational objectives (section 55J(1)(c)(i)). This power is referred to as the Authority's own-initiative power.
3. Section 55Y(3) of the Act allows a variation of permission imposed under the own-initiative power to take effect immediately (or on a specified date) only if the Authority, having regard to the ground on which it is exercising its own-initiative power, reasonably considers that it is necessary for the variation to take effect immediately (or on that date).
4. Section 391 of the Act provides that:  
" [...]  
(5) When a supervisory notice takes effect, the Authority must publish such information about the matter to which the notice relates as it considers appropriate.  
(6) The [Authority] may not publish information under this section if in its opinion, publication of the information would be...unfair to the person with respect to whom the action was taken (or was proposed to be taken), prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.  
(7) Information is to be published under this section in such manner as the [Authority] considers appropriate."
5. The Threshold conditions represent the minimum standards which a firm is required to satisfy, and continue to satisfy, in order to be given and to retain a Part 4A permission. They are set out in Part 1B of Schedule 6 to the Act.
6. The Suitability Threshold Condition in paragraph 2E of Schedule 6 to the Act stated that:  
"A must be a fit and proper person having regard to all the circumstances, including-  
(a) A's connection with any person.  
...  
(d) Whether A has complied and is complying with requirements imposed by the Authority in the exercise of its functions, or requests made by the Authority, relating to the provision of information to the Authority and, where A has so complied or is complying, the manner of that compliance."

### **RELEVANT REGULATORY PROVISIONS**

#### **The Principles for Businesses**

7. The Principles for Business (PRIN) are a general statement of the fundamental obligations of firms under the regulatory system. PRIN 1.1.2R provides that they derive their authority from the Authority's rule-making powers as set out in the Act and reflect the statutory objectives. The Principles are set out at PRIN 2.1.1.
8. Principle 11 (Relations with regulators) is of particular relevance. This provides that a firm must deal with its regulators in an open and cooperative way and must disclose to the Authority appropriately anything relating to the firm of which that regulator would reasonably expect notice.

#### The Threshold Conditions

9. The section of the Handbook entitled Threshold Conditions (COND) gives guidance on the Threshold Conditions. COND 1.2.3G provides that the Authority may exercise its own-initiative powers under either section 55J or section 55L of the Act if, among other things, a firm is failing to satisfy any of the Threshold Conditions or is likely to do so.
10. COND 2.5.1AUK reflects the provisions of the Act (Paragraph 2E of Schedule 6) to the effect that a firm must be a fit and proper person having regard to all the circumstances. These include the firm's connection with any person (COND 2.5.1AUK(1)(a) and whether the firm has complied and is complying with the Authority's requirements (COND 2.5.1AUK(1)(d)).
11. COND 2.5.4G(2) provides examples of the kind of general considerations the Authority may have regard when assessing whether a firm will satisfy, and continue to satisfy, the Suitability Threshold Condition. These include, but are not limited to, whether the firm conducts its business with integrity and in compliance with proper standards, has a competent and prudent management, and can demonstrate that it conducts its affairs with the exercise of due skill, care and diligence.

#### The Enforcement Guide

12. The Authority's approach in relation to its own-initiative powers is set out in Chapter 8 of the Enforcement Guide (EG), certain provisions of which are summarised below.
13. EG 8.1.1 reflects the provisions of section 55J of the Act by stating that the Authority may use its own-initiative power to vary an authorised person's Part 4A permission where, amongst other factors, the person is failing or is likely to fail to satisfy the threshold conditions for which the Authority is responsible (EG 8.1.1(1)), or it is desirable to exercise the power in order to advance one or more of its operational objectives (EG 8.1.1(3)).
14. EG 8.2.1 states that when the Authority considers how it should deal with a concern about a firm, it will have regard to its statutory objectives and the range of regulatory tools that are available to it. It will also have regard to the principle that a restriction imposed on a firm should be proportionate to the objectives the Authority is seeking to achieve (EG 8.2.1(2)).
15. EG 8.2.3 states that in the course of its supervision and monitoring of a firm or as part of an enforcement action, the Authority may make it clear that it expects the firm to take certain steps to meet regulatory requirements. In the vast majority of cases the Authority will seek to agree with a firm those steps the firm must take to address the Authority's concerns. However, where the Authority considers it appropriate to do so, it will exercise its formal powers under section 55J of the Act to vary a firm's permission to ensure such requirements are met. This may include where, amongst other factors, the Authority has serious concerns about a firm, or

about the way its business is being or has been conducted (EG 8.2.3(1)), or is concerned that the consequences of a firm not taking the desired steps may be serious (EG 8.2.3(2)).

16. EG 8.3.1 states that the Authority may impose a variation of permission so that it takes effect immediately or on a specified date if it reasonably considers it necessary for the variation to take effect immediately (or on the date specified), having regard to the ground on which it is exercising its own-initiative powers.
17. EG 8.3.2 states that the Authority will consider exercising its own-initiative power as a matter of urgency where: 1) the information available to it indicates serious concerns about the firm or its business that need to be addressed immediately; and 2) circumstances indicate that it is appropriate to use statutory powers immediately to require and/or prohibit certain actions by the firm in order to ensure the firm addresses these concerns.
18. EG 8.3.3 states that it is not possible to provide an exhaustive list of the situations that will give rise to such serious concerns, but they are likely to include one or more of four listed characteristics, these include: 1) information indicating significant loss, risk of loss or other adverse effects for consumers, where action is necessary to protect their interests; 2) information indicating that a firm's conduct has put it at risk of being used for the purposes of financial crime, or of being otherwise involved in crime; 3) evidence that the firm has submitted to the Authority inaccurate or misleading information so that the Authority becomes seriously concerned about the firm's ability to meet its regulatory obligations; 4) circumstances suggesting a serious problem within a firm or with a firm's controllers that calls into question the firm's ability to continue to meet the threshold conditions.
19. EG 8.3.4 states that the Authority will consider the full circumstances of each case when it decides whether an imposition of a requirement is appropriate and sets out a non-exhaustive list of factors the Authority may consider, these include: the nature and extent of any false or inaccurate information provided by the firm (EG 8.3.4(3); and the seriousness of any suspected breach of the requirements of the legislation or the rules and the steps that need to be taken to correct the breach (EG 8.3.4(4).
20. EG 8.3.4(9) includes the impact that use of the Authority's own-initiative powers will have on the firm's business and on its customers. The Authority will need to be satisfied that the impact of any use of the own-initiative power is likely to be proportionate to the concerns being addressed, in the context of the overall aim of achieving its statutory objectives.