
FIRST SUPERVISORY NOTICE

To: **Nexus Independent Financial Advisers Limited
Nexus Investment Managers Limited**

Reference Number: **584769 and 610663**

Address: The Camber
East Street
Portsmouth
Hampshire
PO1 2JJ

Date: **25 January 2023**

1 ACTION

1.1 For the reasons given in this First Supervisory Notice, and pursuant to section 55L(3)(a) of the Financial Services and Markets Act 2000 ("the Act"), the Financial Conduct Authority ("the Authority") has decided to impose the following requirements ("the Requirements") on Nexus Independent Financial Advisers Limited ("Nexus IFA") and Nexus Investment Managers Limited ("Nexus IM") (collectively "the Firms") with immediate effect.

Restriction on activities

- a) Each Firm must immediately cease carrying on all regulated activities for which each has a Part 4A permission, other than where it has the express written consent of the Authority, given subsequent to the issuance of the First Supervisory Notice, to carry on a regulated activity (or activities);
- b) The Firms must not on-board any new customers;

Notification Requirements

- c) The Firms must, within 72 hours of the receipt of the First Supervisory Notice, write to (i) all clients and; (ii) all platforms upon which its clients have funds placed, informing each of them of the imposition of the Requirements and their effects, in a form and further to a method of delivery each to be agreed in advance with the Authority;
- d) Once the notifications referred to in (c) above have been made, within 24 hours, the Firms must provide to the Authority:
 - i. A list of all parties to whom notifications have been sent; and
 - ii. Confirmation that, to the best of their knowledge, the Firms have sent the specified notifications (in the form agreed with the Authority) to all relevant parties.

Record Retention

- e) The Firms must secure all books and records and preserve all information, including material held via online/cloud-based systems to which the Firms have access, in relation to regulated activities carried on by it. These include but are not limited to all: (i) client lists; (ii) communications with clients; (iii) financial records. These also include any materials that they hold and which are relevant to the factual matters referred to in the First Supervisory Notice. These books and records must be retained in a form and at a location within the UK to be notified to the Authority within 24 hours of the receipt of this notice. The records must also be retained in a form and at a location such that they can be provided to the Authority, or to a person named by the Authority, promptly upon its request;

Asset Requirement

- f) Save as set out in sub-paragraph (g) below, the Firms must not, without the prior written consent of the Authority, take any action which has, or may have, the effect of in any way disposing of, withdrawing, transferring, dealing with or diminishing the value of any of its own assets, whether in the United Kingdom or elsewhere (including, but not limited to, any assets or funds held by the Firm with either Bank A and Bank B);
- g) The Assets Restriction does not apply to monetary payments or the disposal of assets in the following circumstances:
 - i. Payments to the Firms' suppliers and in satisfaction of any existing contractual obligation of each Firm, on the proviso that any such payment (other than those envisaged pursuant to sub-paragraph (g)(ii)) has first been approved in writing by the Authority. To enable the Authority to consider any such requests for payment, the Firms are to first provide the Authority with details of the proposed recipient of any such payment, the amount of the payment, and a written justification for the payment;
 - ii. Payments to legal advisors of the Firms;
- h) The following will not be regarded as payments in the ordinary course of

business or necessary living expenses:

- i. The making of any distribution to the Firms' shareholders and/or director whether by way of capital distribution or dividends (or by any other means);
 - ii. The making of any gift, loan, or dividend;
 - iii. Salaries to any of staff employed by the Firms which has not been approved in writing by the Authority.
- i) The terms and effect of (f)-(h) above comprise an asset requirement within the meaning of Section 55P(4)(a) of the Act.
- 1.2 These Requirements shall take immediate effect and remain in force unless and until varied or cancelled by the Authority (either on the application of the Firm or of the Authority's own volition).

2 REASONS FOR ACTION

Summary

- 2.1 The Authority has concluded, on the basis of the facts and matters described below that, in respect of Nexus IFA and Nexus IM, it is necessary to exercise its power under section 55L(3)(a) of the Act to impose the Requirements on the Firms because the Firms are failing, or are likely to fail, to satisfy the Appropriate Resources Threshold Condition (Paragraph 2D of Schedule 6 of the Act and the Suitability Threshold Condition (Paragraph 2E of Schedule 6 of the Act).
- 2.2 The Authority has very serious concerns about the conduct of the Firms in that the Authority is concerned that the Firms' sole Director may have deducted sums from clients without authorisation or without their knowledge. Specifically, it appears that the Firms' Director may have taken a total of £2,072,242.80 in unauthorised and/or inappropriate withdrawals from clients of the Firms. The conduct appears to relate to multiple clients, and to have spanned at least the period from September 2021 to December 2022. The proposed asset requirement (as defined in Section 55P) is intended to preserve and prevent access to the Firms' accounts by the Firms' Director and/or any other individuals that may be asked by them to facilitate further withdrawals.
- 2.3 There is evidence to suggest that on or around 14 January 2023, the Firms' Director was able to access bank accounts held by the Firms and withdraw a further £50,000 which was transferred to their personal bank account. Consequently, the Authority considers it necessary and proportionate to impose the Requirements to address the ongoing risk of further dissipation and to preserve the Firms' assets and provide an appropriate degree of protection for the Firms' customers.
- 2.4 The Authority is also aware that the Firms' Director is not performing any ongoing functions at the Firms. Accordingly, there is an absence of individuals capable to making significant decisions at the Firms and there is no oversight to other staff at Nexus IFA and Nexus IM.
- 2.5 The Authority considers that the imposition of the Requirements should take immediate effect because the matters set out in this First Supervisory Notice demonstrate that the Firm is unable to manage its affairs in a sound and prudent manner, and is putting consumers at risk.

3 DEFINITIONS

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

“Appropriate Resources Threshold Condition” means the condition set out in Paragraph 2D of Schedule 6 of the Act and COND 2.5

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

“the Authority” means the Financial Conduct Authority;

“Bank A” means the bank at which Nexus IFA holds accounts;

“Bank B” means the bank at which Nexus IM holds accounts;

“the Firms” means Nexus IFA and Nexus IM

“FSN” means a First Supervisory Notice;

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

“Nexus IFA” means Nexus Independent Financial Advisers Limited;

“Nexus IM” means Nexus Investment Managers Limited;

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

“Platform N” means an investment platform which services Nexus IFA;

“Platform S” means an investment platform which services Nexus IFA and Nexus IM;

“the Platforms” means together Platform N and S;

“Requirements” means the terms imposed on the Firms by this First Supervisory Notice as outline in section 1 above;

“Suitability Threshold Condition” means the condition set out in Paragraph 2E of Schedule 6 of the Act and COND 2.5; and

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

4 FACTS AND MATTERS

Background

Nexus Independent Financial Advisors Limited, FRN 584769 ("Nexus IFA")

- 4.1 Nexus IFA was incorporated on 27 September 2007 (company number 06383260) and was authorised by the Authority to perform regulated activities from 15 November 2012. It is a financial advice firm.

Nexus Investment Managers Limited, FRN 610663 ("Nexus IM")

- 4.2 Nexus IM was incorporated on 12 August 2013 (company number 08646780) and was authorised by the Authority to perform regulated activities from 14 April 2014. It is a discretionary fund manager.
- 4.3 The Firms have one Director and holder of senior management functions.
- 4.4 The Firms purport to provide a range of services to their clients including the provision of financial advice, discretionary and advisory portfolio management, financial planning and mortgage advice.
- 4.5 In terms of fees, Nexus IFA's website states that it asks for an upfront advice fee of between £500 to £2000, depending on the extent of initial work undertaken, a maximum implementation charge of 2% of assets and a typical ongoing advice fee of 0.75% of assets managed for each customer.
- 4.6 Nexus IFA utilises the services of Platform N and each of Nexus IFA and Nexus IM use the services of Platform S. Under the arrangements between the Firms and the Platforms, where the Firms provide advice to a client, they can deduct fees from the client's funds held on the relevant Platform. The Firms can instruct 'ad hoc payments' of fees to be deducted (as compared to more regular fee payments) from each of Platform S and Platform N: to deduct such 'ad hoc payments', a client will typically be asked to provide signed instructions to confirm the fee, or will otherwise be sent a letter referring to the deduction of the ad hoc fee to the client's correspondence address on file.
- 4.7 Between September 2021 and December 2022, it appears that approximately £2m has been withdrawn from client investment accounts held with either Platform N or Platform S and transferred to the Firms' business accounts. Initial analysis by the Authority suggests that, between September 2021 and December 2022, approximately £1,141,000 was then transferred, from the relevant business account held by one of the Firms, to the Firms' Director's personal bank accounts.

Failings and risks identified

The Firms

- 4.8 On 13 December 2022, the Authority was notified by the Firms that an internal investigation had identified concerns as regards the solvency of Nexus IFA and as

regards the deductions of significant "fees" from a client of the Firms', which then appeared to have been transferred to accounts held by the Firms and onto the Firms' Director, over a period of approximately nine months. The Firms subsequently informed the Authority that there appeared to be no tasks associated with the "ad hoc" fees deducted, which appeared to have been in excess of £1.75m, and it appeared that at least one other client had been subject to deductions of "ad hoc" fees totalling approximately £66,000.

- 4.9 On 16 January 2023, the Firms informed the Authority that they had contacted one of the affected clients, who informed them that they had no knowledge of the fees being deducted from the accounts and had not authorised any such ad hoc fees. Further, the Firms informed the Authority that a further £50,000 appeared to have been removed from one of the Firms' bank accounts by the Firms' Director on or around 13 January 2023.

Investment platforms

Platform N

- 4.10 Platform N provides Nexus IFA with a platform through which Nexus IFA can select and manage customer funds. Platform N holds client money permissions.

- 4.11 On 19 December 2022, Platform N sent the Authority a report summarising an investigation it had conducted following concerns about funds being transferred from one of their client's accounts to Nexus IFA. The investigation concluded that £1,895,040 in 'ad hoc' adviser fees were transferred to Nexus IFA from accounts held by an individual client. The fees were deducted in round amounts, with a number taken across a succession of days within the same month. For example, in July 2022, fees of £180,000 had been deducted across three separate days.

- 4.12 In its report, Platform N noted that the fees appeared not to be in line with typical transaction types and historic levels of fees and raised concerns as regards signed authorities it had obtained in connection with the approval of certain of these 'ad hoc' fees.

Platform S

- 4.13 Platform S provides Nexus IFA and Nexus IM with an investment platform through which the Firms can select and manage customer funds. Platform S holds client money permissions.

- 4.14 On 22 December 2022, the Authority received information from Platform S following a high-level review of all fees paid to the Firms and indicated that it had identified certain ad hoc fees, deducted between July 2022 and November 2022, in respect of which it had concerns. Specifically, Platform S identified that four clients had been subjected to deductions of ad hoc fees by the Firms, of £111,000, £48,000, £9,700 and £7,500 respectively for each client.

Bank Accounts

- 4.15 On 20 December 2022, the Firms sent the Authority statements relating to the following business bank accounts:

- 4.16 Bank A accounts, with account numbers ending: 245, 243, 978, 671, 556, 125, 528; and
- 4.17 Bank B accounts, with account numbers ending: 844, 231 (Collectively the "Nexus Business Accounts").
- 4.18 The Authority also obtained bank statements relating to accounts held in the name of the Firms' Director.
- 4.19 The Authority analysed statements for the Nexus Business Accounts and the personal accounts. These account statements show that withdrawals were made from the investment platform accounts to the Nexus Business Accounts from September 2021 to December 2022. The Nexus Business Account statements also demonstrate that numerous payments were made to the personal accounts of the Firms' Director shortly after the withdrawals were made from the investment platform accounts. In addition to the payments from the Nexus Business Accounts to the Firms' Director, the analysis shows payments from the Nexus Business Accounts directly to third-parties, who do not appear to have provided any services to the Firms. Instead, the Authority considers that these third-parties may have provided personal services directly to the Firms' Director. Analysis of the personal accounts for the Firms' Director show that payments from the Nexus Business Accounts received by those accounts was then used for significant expenditure of a personal nature.

5 CONCLUSION

- 5.1 The regulatory provisions relevant to this First Supervisory Notice are set out in the Annex.
- 5.2 As a result of the matters detailed above, the Authority believes that the Firm is failing to satisfy the Suitability Threshold Condition and the Appropriate Resources (Non Financial) Threshold Condition. There appears to be evidence that the Firms, specifically the Firms' Director, has on multiple occasions taken substantial sums in "fees" from clients to which they were not entitled. These sums have then appeared to have been used to fund personal expenditure. The Authority has very serious concerns that the Firms are not fit and proper persons having regard to all the circumstances and therefore may not be meeting the threshold condition articulated in Paragraph 2E to Schedule 6 of the Act (see COND 2.5).
- 5.3 It also appears that the Firms are failing, or are likely to fail, to satisfy the Appropriate Resource Threshold Condition because employees at Nexus IFA and Nexus IM have prevented the sole Director, CEO and only SMF holder from accessing the Firms' systems from on or around 7 December 2022. Consequently, this has left the Firms without anyone to manage the Firms' affairs and make decisions.
- 5.4 Separately, the Firms also pose a risk to the Authority's statutory objective of securing an appropriate degree of protection for consumers (Section 1C of the Act). The Firms appear to have acted contrary to the interests of their clients by taking money from client investments to which the Firms were not entitled. Taking action to limit the Firms' ability to cause further harm and to dissipate those funds is plainly in the interests of consumers.

Analysis of failings and risks

Threshold Conditions

- 5.5 The Authority has serious concerns about the Firms' ability to meet the Threshold Conditions. The Threshold Conditions are minimum requirements that firms need to meet in order to be authorised and to continue carrying on regulated activities. In particular, the Authority considers that each of Nexus IFA and Nexus IM is failing, or is likely to fail, to satisfy the Appropriate Resources and Suitability Threshold Condition because it appears that the Firms' Director may have taken a total of £2,072,242.80 in unauthorised and/or inappropriate withdrawals from clients of the Firms and there are no individuals are the Firms who are capable of making significant decisions or having oversight of its staff. It is therefore proportionate and appropriate for the Authority to impose the Requirements to address this ongoing risk.

The Authority's operational objective of consumer protection

- 5.6 The Authority's operational objective of consumer protection requires the Authority to ensure an appropriate degree of protection for consumers. The Firm appears to have exposed some its "*clients*" to the risk of loss, by charging unauthorised fees from their investment funds held with the Platforms which have then been dissipated.
- 5.7 On the basis of the facts and matters set out, it appears to the Authority that it is desirable to impose these requirements in order to advance the consumer protection objective contained in Section 1C of the Act.
- 5.8 The Authority has concluded, in light of the matters set out above, that it is necessary to exercise its own-initiative power under section 55L(3)(a) of the Act by imposing the Requirements to stop the Firm conducting regulated activities and prevent any dissipation of assets in order to protect the interests of consumers.
- 5.9 The Authority considers that the Requirements are a proportionate and appropriate means to address the current and immediate risks, and are desirable in order to advance the Authority's operational objective of consumer protection.

Timing and duration of the Requirements

- 5.10 It is necessary to impose the Requirements on an urgent basis given the seriousness of the risks and the need to protect consumers.
- 5.11 The Authority considers that it is necessary for the Requirements 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 according to DEPP 2.3.7G and DEPP 4.1.7G.
- 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 Nexus IFA and Nexus IM have the right to make written representations to the Authority (whether or not it refers this matter to the Tribunal). The Firms may also request to make oral representations but the Authority will only consider this in exceptional circumstances according to DEPP 2.3.1AG. The deadline for providing written representations and notifying the Authority that the Firm wishes to make oral representations is [insert date] or such later date as may be permitted by the Authority. Any notification or representations should be sent to emma.reilly2@fca.org.uk and the SPC Decision Making Secretariat (SPCDecisionMakingSecretariat@fca.org.uk).

The Tribunal

- 6.5 The Firms have 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, the Firm has 28 days from the date on which this First Supervisory Notice is given to it to refer the matter to the Tribunal.
- 6.6 A reference to the Tribunal can be made by way of a reference notice (Form FTC3) signed by or on behalf of the Firms and filed with a copy of this First Supervisory Notice. The Tribunal's contact details are: The Upper Tribunal, Tax and Chancery Chamber, 5th Floor, Rolls Building, Fetter Lane, London EC4A 1NL (telephone: 020 7612 9730; email: uttc@hmcts.gsi.gov.uk).
- 6.7 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>
- 6.8 The Firm 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 emma.reilly2@fca.org.uk and the SPC Decision Making Secretariat (SPCDecisionMakingSecretariat@fca.org.uk).

Confidentiality and publicity

- 6.9 Nexus IFA and Nexus IM 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).
- 6.10 The Firms 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

- 6.11 For more information concerning this matter generally, contact emma.reilly2@fca.org.uk.
- 6.12 Any questions regarding the executive procedures decision-making process should be directed to the SPC Decision Making Secretariat (SPCDecisionMakingSecretariat@fca.org.uk).

Director – SPC Consumer Investments

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, and protecting and enhancing the integrity of the UK financial system.
2. Section 55L of the Act allows the Authority to impose a new requirement on 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 55L(2)(a)), or it is desirable to exercise the power in order to advance one or more of the Authority's operational objectives (section 55L(2)(c)).
3. Section 55N of the Act allows a requirement to be imposed under section 55L of the Act so as to require the person concerned to take specified action (section 55N(1)(a)), or to refrain from taking specified action (section 55N(1)(b)).
4. Section 55P of the Act allows a requirement to be imposed under section 55L of the Act prohibiting the disposal of, or other dealing with, any of an authorised person's assets (whether in the UK or elsewhere), or restricting such disposals or dealings.
5. Section 55Y(3) of the Act allows a requirement to take effect immediately (or on a specified date) 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 requirement to take effect immediately (or on that date).
6. 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) But 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 proposed to be taken [or] 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.”

RELEVANT REGULATORY PROVISIONS

The Threshold Conditions

7. 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 of the Act if, among other things, a firm is failing to satisfy any of the Threshold Conditions or is likely to do so.
8. COND 2.4.1A UK reflects the provisions of the Act (Paragraph 2D to schedule 6) to the effect that firms must have the skills and experience to manage the firms affairs. It can include whether firms have the appropriate decision makers operating the firm and whether it has sufficient systems and controls in place.

9. COND 2.5.1AUK reflects the provisions of the Act (Paragraph 2E to Schedule 6) to the effect that a firm must be fit and proper having regard to all the circumstances. These can include the nature of the firm's connection with any person (COND 2.5.1AUK(1)(a) and the need to ensure its affairs are conducted in an appropriate manner having regard to the needs of consumers (COND 2.5.1AUK(c)) and whether the firm has complied and is complying with the Authority's requirements (COND 2.5.1AUK(1)(d)).
10. COND 2.5.4G provides examples of the kind of general considerations to which 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

11. The Authority's approach in relation to its enforcement powers is set out in Chapter 8 of the Enforcement Guide (EG), certain provisions of which are summarised below.
12. EG 8.1.1 reflects the provisions of section 55L of the Act by stating that the Authority may use its own-initiative power to impose requirements on an authorised person 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)).
13. 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)).
14. EG 8.2.3 states that in the course of its the Authority 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 55L of the Act to impose a requirement 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)).
15. EG 8.3.1 states that the Authority may impose a requirement so that it takes effect immediately or on a specified date if it reasonably considers it necessary for the requirement to take effect immediately (or on the date specified), having regard to the ground on which it is exercising its own-initiative powers.
16. 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.

17. 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.
18. 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:

EG 8.3.4 (1) The extent of any loss, or risk of loss, or other adverse effect on *consumers*. The more serious the loss or potential loss or other adverse effect, the more likely it is that the *FCA's* exercise of *own-initiative powers* will be appropriate, to protect the consumers' interests.

EG 8.3.4 (2) The extent to which *customer* assets appear to be at risk. Exercise of the *FCA's own-initiative power* may be appropriate where the information available to the *FCA* suggests that *customer* assets held by, or to the order of, the *firm* may be at risk.

EG 8.3.4 (4) 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.

19. 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.