
FIRST SUPERVISORY NOTICE

To: **Sentor Solutions Commercial Limited**

Reference Number: **917089**

Address: **11 High Beech Road
Loughton
Essex
IG10 4BN**

Date: **8 September 2021**

1 ACTION

1.1 For the reasons given in this First Supervisory Notice, and pursuant to sections 55L(2) and (3) 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 Sentor Solutions Commercial Limited ("SSCL") with immediate effect:

- 1) SSCL must not, without the prior written consent of the Authority, carry on any regulated activities for which it has a Part 4 A permission.
- 2) SSCL must not undertake any business relating to the promotion, offering or distribution of investments for or on behalf of Texmoore Limited and Fabcourt Developments Limited.
- 3) SSCL must ensure that its directors and employees do not engage in any promotion, offering or distribution of investments for or on behalf of Texmoore Limited and Fabcourt Developments Limited. SSCL must also not permit any individual to remain as a director or employee if they carry on any business through SSCL or elsewhere for, or otherwise have an interest in, these companies.

1.2 The Requirements shall take immediate effect and remain in force unless and until varied or cancelled by the Authority (either on the application of SSCL 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 it is appropriate to exercise its power under sections 55L(2) and (3) of the Act to impose the Requirements on SSCL because it is failing, or is likely to fail, to satisfy the Suitability Threshold Condition (paragraph 2E of Schedule 6 to the Act). The action is also desirable in order to advance the Authority's operational objective of securing an appropriate degree of protection for consumers (section 1C of the Act).
- 2.2 The Authority has identified serious concerns relating to SSCL in that it appears to have breached the Authority's Principles for Businesses in the following way:
- 1) Principle 6 (Customers' interests) by failing to pay due regard to the interests of its customers and treat them fairly:
 - a) The Authority has issued warnings relating to investments offered by Texmoore Limited ("Texmoore") and Fabcourt Developments Limited ("Fabcourt"). Information obtained by the Authority indicates that Texmoore and Fabcourt investments are protected by SSCL and/or a related firm owned by its director called Sentor Solutions Advisory Limited ("SSAL") acting as security trustees. Neither SSCL nor SSAL are, or have been, permitted by the Authority to provide regulated investment activities. SSCL and SSAL may also have misled consumers about the permitted scope of their regulated activities.
 - b) SSCL and SSAL appear to have continued facilitating consumer investments in Texmoore and Fabcourt after the Authority issued warnings on these companies. In addition, the Authority has received reports from at least three consumers suggesting that another company potentially associated with SSCL's director called Sentor Solutions Limited ("SSL") may be operating an investment redemption scheme on behalf of Texmoore and Fabcourt.
 - 2) Principle 11 (Relations with regulators) by failing to deal with the Authority in an open and cooperative way:
 - a) The Authority is unclear about the actual nature of SSCL's current business activities. Despite claiming to be a consumer credit intermediary in its response to an initial information request issued under section 165 of the Act, SSCL has provided no further information and failed to submit its latest regulatory return regarding its credit broking business.
 - b) SSCL has provided the Authority with misleading information about its activities and those of SSAL with Texmoore and Fabcourt. There are inconsistencies between SSCL's account of their involvement and other information obtained by the Authority from consumers.
 - c) Since 8 February 2021, SSCL has not answered telephone calls or responded to further written communications from the Authority. The written communications included three further information requests issued under section 165 of the Act requiring clarity on SSCL's business

activities and those of SSAL and their relationships with Texmoore and Fabcourt.

- 2.3 The Authority considers that imposition of the Requirements should take immediate effect because the matters set out in this First Supervisory Notice demonstrate that SSCL is not conducting its affairs in an appropriate manner having regard to the interests of consumers, nor is it complying with requirements imposed by the Authority.

3 DEFINITIONS

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

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

“AR” means appointed representative;

“the Authority” or “the FCA” means the Financial Conduct Authority;

“Fabcourt” means Fabcourt Developments Limited;

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

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

“SSAL” means Sentor Solutions Advisory Limited;

“SSCL” means Sentor Solutions Commercial Limited;

“SSL” means Sentor Solutions Limited;

“SMF” means senior management function;

“Supervision” means the Authority’s Supervision Division;

“Texmoore” means Texmoore Limited;

“Threshold Conditions” are the minimum requirements that firms need to meet pursuant to Schedule 6 of the Act; and

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

4 FACTS AND MATTERS

Background

- 4.1 SSCL was incorporated on 12 November 2019. It was authorised on 9 January 2020 as a limited permission credit broker with secondary broking permission. SSCL is not permitted to hold client money.
- 4.2 SSCL is managed by one approved person who holds the SMF29 limited scope function. According to Companies House records, this person has been a director and the significant controller of SSCL since 12 November 2019.
- 4.3 SSAL is connected to SSCL through a common director and owner. It was

incorporated on 5 August 2019. According to Companies House records, SSAL's owner has been a director and the significant controller of the firm since its incorporation. SSAL formerly operated as an appointed representative ("AR") between 15 August 2019 and 17 March 2020.

Failings and risks identified

Involvement in investment activities

Concerns with Texmoore and Fabcourt

- 4.4 Texmoore claims to be a financial institution that raises money for commercial and residential property and student accommodation development projects within the UK. It offers fixed rate investment products (either convertible loan notes or bonds) with high monthly or quarterly interest rates (between 8.2% – 13.9%) for a duration of 2 - 5 years.
- 4.5 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.
- 4.6 Fabcourt also claims to be a financial institution that raises money for development projects in the UK relating to commercial property, social housing and student accommodation. It offers fixed rate convertible loan notes with high monthly or quarterly interest rates (between 8.2% - 13.9%) for a duration of 2 – 5 years.
- 4.7 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 is targeting people in the UK. It warned consumers that they are unlikely to get their money back if things go wrong.

Acting without required permissions

- 4.8 Information obtained by the Authority suggests that the Texmoore and Fabcourt investments are safeguarded by SSCL and SSAL acting as security trustees.
- 4.9 According to Texmoore's investment brochure, the role of a security trustee is to help protect the capital and interest payments of investors. It explains further that if, for whatever reason, payments are not made, the security trustee is able to take ownership of Texmoore's assets and liquidate them to realise their value to reimburse investors. The brochure states that SSAL has been appointed to act as Texmoore's independent security trustee.
- 4.10 Fabcourt's investment brochure makes similar claims about the role of its security trustee. It explains the security trustee acts as an additional safeguard who can take and realise the value of Fabcourt's assets to reimburse investors if payments are not made or it faces uncertainty in its ability to meet obligations. The brochure states that Fabcourt has appointed SSCL to act on behalf of all its investors.
- 4.11 Neither SSCL nor SSAL are, or have been, permitted by the Authority to provide regulated investment activities which are required permissions for a security trustee. SSCL's Financial Services Register entry shows that it has only been authorised with credit broking permission but limited to secondary broking. This means SSCL is limited to credit broking as a supplier of goods or services carried on for the purposes of, or in connection with, the sale of goods or services to a

customer. SSCL also does not have permission to hold client money.

- 4.12 SSAL's former principal firm has confirmed that SSAL was approved as its AR to conduct insurance distribution and consumer credit activities. The principal firm elaborated that, although SSAL completed its application to become an AR in August 2019, SSAL was unable to commence activities until March 2020. Consequently, SSAL did not complete the required training or induction and was not issued with an authorisation letter to undertake regulated activities. The principal firm further explained that the authorisation letter would not have permitted SSAL to offer investment services of the type it provides to Texmoore.

Misleading statements to consumers

- 4.13 SSCL and SSAL may have misled consumers about the permitted scope of their regulated activities. Information obtained by the Authority indicates that SSCL and SSAL's regulated status were highlighted in communications to consumers without any explanation or clarity on the specific nature of their permissions. Taken at face value the statements may have given the impression that SSCL and SSAL have permissions to undertake regulated investment activities.
- 4.14 Although Texmoore's investment brochure does not refer directly to the Authority, it suggests that SSAL is "HCA" regulated. When describing who the HCA are, the brochure explains that, "HCA regulate the registered providers to ensure they do not get into financial difficulty, or should they do so, that a more financially secure organisation will take over". Fabcourt's investment brochure includes this same statement but makes direct reference to the "FCA". The brochure also specifically mentions that SSCL is authorised and regulated by the Authority and claims SSCL is a regulated security trustee.
- 4.15 The Authority has also obtained copies of emails and letters sent to consumers by Texmoore regarding SSAL and by Fabcourt relating to SSCL that state these firms act as security trustees and are regulated. The emails from Texmoore and Fabcourt also include a link to SSCL and SSAL's Financial Services Register entry and/or refer to their "firm reference number" as assigned to them by the Authority as confirmation of their regulated status.
- 4.16 In addition, the Authority has obtained copies of letters sent by SSAL to consumers that state it operates as a security trustee for Texmoore. The letters claim that SSAL is authorised by the Authority to supervise all incoming investment funds via regulated escrow providers.
- 4.17 The Authority considers these misleading statements were likely designed to increase consumer trust in the security of their investments with Texmoore and Fabcourt, and to influence investment decisions.

Ongoing contact with consumers

- 4.18 At least three consumers have contacted the Authority expressing concerns about the activities of SSCL and SSAL after the warnings on Texmoore and Fabcourt were issued. SSCL and SSAL appear to have continued facilitating consumer investments in Texmoore and Fabcourt despite the Authority's warnings on these companies.
- 4.19 The warning relating to investments offered by Texmoore was issued on 19 May 2020. Consumer 1 has provided the Authority with copies of letters sent by SSAL dated 9 July, 5 August and 25 September 2020 showing that SSAL assisted Texmoore to raise further funds of £102,500 from the consumer during this period. Further, SSCL's director informed the Authority in response to an initial information

request that SSCL and/or SSAL introduced 143 customers with investments of £6.05m to Texmoore between May and 14 November 2020.

- 4.20 In relation to Fabcourt, the Authority warned about investments offered by this company on 2 March 2021. Consumer 2 alerted the Authority that SSCL actively engaged them to invest in Fabcourt during April 2021. The consumer stated that SSCL had provided information on Fabcourt and claimed its investments were regulated. The consumer reported difficulties in contacting SSCL after investing £45,000 in Fabcourt.
- 4.21 The consumers have also reported that another company potentially associated with SSCL's director called Sentor Solutions Limited ("SSL") may be operating an investment redemption scheme on behalf of Texmoore and Fabcourt. Consumer 1 has provided the Authority with an email sent by SSL on 13 November 2020 offering to redeem their investment in Texmoore of c.£184,000 if they pay fees of c.£37,000 first. Similarly, Consumer 3 has shared with the Authority an email they received from SSL on 20 May 2021. This stated that Fabcourt had ceased trading and SSL, acting as the custodian, could return the consumer's investment of £90,000 in Fabcourt after the payment of £4,500 in fees. Both Consumer 1 and Consumer 3 reported that SSL claimed to be regulated by the Authority.
- 4.22 According to Companies House records, SSL has registered charges against Texmoore and Fabcourt, despite SSAL and SSCL being the stated security trustees. The Authority considers that these companies are all likely to be linked. Texmoore's investment brochure contains a letter from SSCL's director dated 11 October 2019 explaining the role of a security trustee. The letter appears to indicate that he is the Head of Operations at SSL and includes as contact details the registered address, website and email address for SSL.
- 4.23 Based on the consumer reports, the Authority considers that SSCL and its director may continue to present a significant risk to consumers. The offer of an investment redemption scheme by SSL on behalf of Texmoore and Fabcourt which claims incorrectly to be regulated by the Authority indicates there are continuing risk to existing investors, even if no new investments are being sold to consumers.

Business activities

- 4.24 Although SSCL was authorised on 9 January 2020 as a limited permission credit broker with secondary broking permission, the Authority is unclear about the actual nature of SSCL's current business activities.
- 4.25 The Authority issued an initial information request to SSCL for details of its current business, including its customer base and revenue sources. SSCL's director stated in response that SSCL is primarily a consumer credit intermediary and helps consumers finance electronics.
- 4.26 SSCL has not provided the Authority with any further information about its credit broking activities nor submitted its latest regulatory return that was due on 4 January 2021 for the period ended 30 November 2020 which required consumer credit data to be included. The response from SSCL's director about SSCL's business activities also differs to the information recorded by Companies House which states that SSCL's nature of business is "other information technology service activities".

Engagement with SSCL

Misleading responses to an initial information request

- 4.27 Following the warnings issued on Texmoore and Fabcourt and consumer reports about the activities of SSCL and SSAL, the Authority sent an initial information request to SSCL under section 165 of the Act seeking details about SSCL's activities and those of SSAL and their relationships and involvement with Texmoore and Fabcourt.
- 4.28 In response, SSCL's director stated that SSCL and SSAL had no current relationship with either Texmoore or Fabcourt but indicated they had previously introduced potential investors to the companies to help them raise funds. He also stated that SSCL and SSAL do not hold any kind of security on behalf of investors.
- 4.29 The Authority considers that the responses from SSCL's director to be misleading because they differ to information obtained by the Authority from consumers that indicates SSCL and SSAL did not act solely as introducers to Texmoore and Fabcourt. The Authority notes the Texmoore investment brochure includes a letter from SSCL's director dated 11 October 2019 explaining SSAL's responsibility as a security trustee. Similarly, SSCL's director provided a letter dated 11 May 2020 for the Fabcourt investment brochure regarding SSCL's security trustee role.
- 4.30 The claim by SSCL's director that SSCL and SSAL no longer had an ongoing relationship with Fabcourt was also potentially misleading. Consumer 2 subsequently reported to the Authority that SSCL actively engaged them to invest in Fabcourt during April 2021.

Further information requests to SSCL

- 4.31 The Authority has tried to contact SSCL to obtain further information about its business activities and those of SSAL to better understand their involvement with Texmoore and Fabcourt, and to ascertain whether they have been acting outside the scope of their permitted regulated activities. All communications were made to the email and registered addresses and telephone numbers recorded for SSCL on the Financial Services Register.
- 4.32 Between 8 and 25 February 2021, the Authority emailed SSCL on three separate occasions to arrange a call to discuss its response to the Authority's initial information request but SSCL did not respond.
- 4.33 Having received no response, the Authority emailed a follow up information request under section 165 of the Act to SSCL on 4 March 2021 to require the information sought about its activities and those of SSAL relating to Texmoore and Fabcourt with a deadline to reply of 19 March 2021. SSCL did not respond.
- 4.34 On 16 April 2021, the Authority sent another information request under section 165 of the Act to SSCL by post and email stating that it had not received a response to the communication of 4 March 2021 and that it was requesting the same information again. The Authority also drew attention to the consequences of failure to comply without reasonable excuse. The deadline for SSCL to provide the information required was 23 April 2021. Again, SSCL did not respond.
- 4.35 The Authority sent a final information request under section 165 of the Act to SSCL on 10 August 2021 by recorded post for the same information required on 4 March 2021 and warning again of the consequences of failure to comply without reasonable excuse. This gave a deadline for response of 13 August 2021. SSCL did not respond but postal delivery receipt confirmed this letter was delivered on 12 August 2021 and signed for by an individual named "Hall". The Authority considers that SSCL may be ignoring its communications.

- 4.36 SSCL has two telephone numbers recorded on the Financial Services Register. The Authority has tried to contact SSCL on its main telephone number and its director's mobile number on eight occasions since 25 February 2021. On each occasion, the line has been busy or the call was directed to an automatic message announcing the person is unavailable. The Authority has not received a response to any of these calls.
- 4.37 On 27 August 2021, the Authority emailed SSCL one final time to inform it that the information request of 10 August 2021 was delivered on 12 August 2021 and signed for by an individual named "Hall" but the Authority has received no acknowledgement. The email gave SSCL a final deadline to respond of 1 September 2021. SSCL has not responded to this final email.

5 CONCLUSION

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

Analysis of failings and risks

Compliance with regulatory requirements

- 5.2 Based on the facts and matters described, SSCL appears to have breached the Authority's Principles for Businesses.
- 5.3 Principle 6 (Customers' interests). Consumer reports indicate that SSCL and SSAL have acted as security trustees and their regulated status were highlighted in communications without clarifying the specific nature of their permitted regulated activities. We consider these misleading statements were likely designed to increase consumer trust in the security of their investments with Texmoore and Fabcourt, and to influence investment decisions. According to SSCL's director, SSCL and SSAL introduced at least 143 customers with investments of £6.05m to Texmoore between May and 14 November 2020. However, neither SSCL nor SSAL are, or have been, permitted by the Authority to provide regulated investment activities. Their actions may pose significant risks to consumers due to the potential lack of regulatory protection that would otherwise be afforded to them. In addition, despite the Authority's warnings on Texmoore and Fabcourt, SSCL and SSAL appear to have continued facilitating investments in these companies. Consequently, the Authority considers that SSCL and SSAL, through the actions of their common director and owner, may not have treated consumers fairly.
- 5.4 Principle 11 (Relations with regulators). SSCL has provided misleading information in response to an initial information request issued under section 165 of the Act and has failed to submit its latest regulatory return which was due on 4 January 2021 for the period ended 30 November 2020 to help shed light on its current business activities. The Authority also has unsuccessfully tried to contact SSCL by email, post and telephone calls since 8 February 2021 to obtain further information to clarify the nature of its current business activities. This has included three further information requests issued under section 165 of the Act and eight telephone calls since 25 February 2021. SSCL has failed to respond to these communications or acknowledge the Authority's final information request which postal delivery receipt confirmed was signed for by an individual named "Hall". Consequently, the Authority considers that SSCL has not been open and cooperative in its engagement with the Authority.

Failure to comply with the Threshold Conditions

- 5.5 The Authority has serious concerns about SSCL's compliance with the Threshold Conditions. In particular, the Authority considers that SSCL is failing, or is likely to fail, to satisfy the Suitability Threshold Condition and poses a significant risk to consumers because:
- 1) SSCL is not conducting its affairs in an appropriate manner having due regard to the interests of consumers as it appears to have been:
 - a) Making misleading statements to consumers about its regulated status to influence their investment decisions that exposes them potentially to substantial financial losses; and
 - b) Providing investment services without due regard to the scope of its permitted regulated activities which may pose significant risks to consumers due to the potential lack of regulatory protection that would otherwise be afforded to them.
 - 2) SSCL is not complying with requirements imposed by the Authority by failing to:
 - a) Submit its latest regulatory return which is now overdue;
 - b) Provide accurate information in response to an initial information request issued under section 165 of the Act seeking details about its activities and those of SSAL and their involvement with Texmoore and Fabcourt; and
 - c) Respond to the Authority's further communications, including three other information requests issued under section 165 of the Act.
- 5.6 The Threshold Conditions are minimum requirements that firms need to meet in order to be authorised and to continue carrying on regulated activities. The Authority considers that SSCL is failing, or is likely to fail, to satisfy those minimum requirements.

The Authority's operational objective of consumer protection

- 5.7 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). SSCL appears to have made misleading statements to consumers, potentially provided regulated investment activities without required permissions and failed to engage with the Authority to explain and provide information on its current business activities. SSCL and its director's behaviour to date demonstrate they pose a significant risk of harm to consumers.
- 5.8 On the basis of the facts and matters set out, it appears to the Authority that it is desirable to exercise the power under sections 55L(2) and (3) of the Act in order to advance the consumer protection objective.

Timing and duration of the Requirements

- 5.9 It is necessary to impose the Requirements on an urgent basis to take immediate effect given the seriousness of the risks and the need to protect consumers. Given SSCL has potentially misled consumers into making investments, carried on regulated investment activities without required permissions and failed to respond

to regulatory information requests, in assessing the need to act urgently, the Authority has identified under EG 8.3.3:

- 1) Information indicating significant loss, risk of loss or other adverse effects for consumers, where action is necessary to protect their interests (EG 8.3.3(1)).
- 2) 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)).

5.10 The Authority considers that it is necessary for the Requirements to remain in place indefinitely, or until such time as the Authority is satisfied that it is appropriate for them to be lifted.

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 SSCL 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 providing written representations is by 5 October 2021 or such later date as may be permitted by the Authority. The address for doing so is:

Regulatory Transactions Committees Secretariat
Corporate Governance Division
The Financial Conduct Authority
12 Endeavour Square
London
E20 1JN
Email: RTCSecretariatMailbox@fca.org.uk

6.5 The Authority must be informed in writing of any intention to make oral representations by 22 September 2021. If the Authority is not notified by this date, SSCL will not, other than in exceptional circumstances, be able to make oral representations.

The Tribunal

6.6 SSCL 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, SSCL has 28 days from the date on which this First Supervisory Notice is given 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 SSCL 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).

- 6.8 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 SSCL 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 at the Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN.

Confidentiality and publicity

- 6.10 SSCL 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 SSCL 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).
- 6.13 Any questions regarding the procedures should be directed to the Regulatory Transactions Committees Secretariat by email: RTCsecretariat@fca.org.uk.



Lucy Castledine
Head of Department, 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 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)). This power is referred to as the Authority's own-initiative requirement power.
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)). Section 55N(2) provides that a requirement may extend to activities which are not regulated activities.
4. Section 55Y(3) of the Act allows a requirement imposed under the own-initiative requirement power 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).
5. 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 Principles for Businesses

6. The Principles for Businesses (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, and those which are of particular relevance to this Notice are:

Principle 6 (Customers' interests) provides that a firm must pay due regard to the interests of its customers and treat them fairly.

Principle 11 (Relations with regulators) 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

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 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.
8. 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

9. 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.
10. 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)).
11. 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)).
12. 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 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)).
13. 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.
14. 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.

15. 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.
16. 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 extent of any loss, or risk of loss, or other adverse effect on consumers (EG 8.3.4(1)); and the nature and extent of any false or inaccurate information provided by the firm (EG 8.3.4(3))
17. 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.