
FIRST SUPERVISORY NOTICE

To: **Wilton Corporate Finance Limited**

Reference Number: **217180**

Address: **26 Grosvenor Street
London
W1K 4QW**

Date: **5 July 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 Wilton Corporate Finance Limited ("Wilton CF" or "the Firm") with immediate effect.

Restriction on activities

- 1) The Firm must immediately cease carrying on all regulated activities for which it has a Part 4A permission, other than where it has the express written consent of the Authority, following the issuance of the First Supervisory Notice.
- 2) The Firm must not, in the course of business, market or communicate any invitation to engage in investment activity.

Notification requirements

- 3) The Firm must, by 14 July 2023, write to all of its clients informing them of the imposition of these Requirements and their effects. The wording of this

communication is to be first agreed with the Authority. The method of delivery must be agreed in advance by the Authority.

- 4) Once the notifications referred to above have been made, within 24 hours, the Firm must supply to the Authority:
 - a) Copies of the template notifications sent to all recipients;
 - b) A list of all parties to whom notifications have been sent; and
 - c) Confirmation that, to the best of its knowledge, the Firm has sent the specified notifications to all relevant parties.

Records Retention

- 5) The Firm must secure all books and records and preserve all information, including material held via online/cloud-based systems to which the Firm has access, in relation to regulated activities carried on by it. These include but are not limited to all: (i) all client lists; (ii) all communications with clients; (iii) all financial records. 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 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.
- 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 the Firm, it is necessary to exercise its power under section 55L(3)(a) of the Act to impose the Requirements on Wilton CF because it is failing, or is likely to fail, to satisfy the Threshold Conditions.

Breach of Threshold Conditions

- 2.2 The Threshold Conditions are minimum requirements that firms need to meet to be authorised and to continue carrying on regulated activities. Section 55L of the Act permits the Authority to impose requirements on Wilton CF because it:
- 1) is failing, or is likely to fail, to satisfy the Appropriate Resources Threshold Condition pursuant to section 2D of Schedule 6 of the Act;
 - 2) is failing, or is likely to fail, to satisfy the Effective Supervision Threshold Condition pursuant to section 2C of Schedule 6 of the Act; and
 - 3) is failing, or is likely to fail, to satisfy the Suitability Threshold Condition pursuant to section 2E of Schedule 6 of the Act.
- 2.3 The Authority considers that the Firm is failing, or likely to fail, to meet the Appropriate Resources and Effective Supervision Threshold Condition. Specifically:

- 1) The Firm has consistently failed to respond to an information request from the Authority. The information requested specifically relates to its financial resources in light of concerns about the potential insolvency of its parent company, which is now in administration.
 - 2) The Firm has failed to submit financial regulatory returns outstanding since February 2023 which would also provide information to the Authority about its financial resources.
 - 3) The Firm has been given no fewer than eight reminders and extensions over five months to submit the outstanding financial information. On each occasion, the Firm breached the deadline or extension without adequate explanation.
- 2.4 The Authority considers therefore that the Firm cannot be effectively supervised, nor can the Authority be satisfied that it has appropriate financial resources.
- 2.5 The Authority also considers that the Firm is failing, or likely to fail, to meet the Suitability Threshold Condition. Specifically:
- 1) Given the Firm provided other information requested (albeit also after the deadlines set), the Authority is concerned that the failure to provide the information as to its finances or to submit financial regulatory returns is likely to be deliberate.
 - 2) The Firm failed to notify the Authority of its parent's administration, even though it knew of the Authority's concerns about the impact of a potential insolvency. The Authority is therefore concerned that the failure to notify the Authority of the parent's administration was likely to be deliberate.
- 2.6 The Authority considers that the apparent deliberate withholding of information from the Authority means the Firm is not a fit and proper person.
- 2.7 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.
- 2.8 The Authority considers that 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:

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

"the Authority" means the Financial Conduct Authority;

"the Firm" or "Wilton CF" means Wilton Corporate Finance Limited;

"FOS" refers to the Financial Ombudsman Service;

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

“the parent” means the company that is the 100% owner of Wilton CF;

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

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

4 FACTS AND MATTERS

Background

- 4.1 Wilton CF is a corporate finance firm with two main lines of business: fundraising for UK corporates and providing valuations for fundraising or share schemes. The Firm was incorporated on 19 October 2001.
- 4.2 The Firm was authorised by the Authority on 9 April 2003. It has Part 4A Permissions to conduct the following regulated activities: Advising on investments (except on Pension Transfers and Pension Opt Outs); Arranging (bringing about) deals in investments; Making arrangements with a view to transactions in investments; Agreeing to carry on a regulated activity.
- 4.3 It is wholly owned by another company. In October 2020, in response to capital adequacy concerns raised by the Authority, the Firm told the Authority that its parent provided financial support to the Firm.

Failings and risks identified

- 4.4 In July 2022, the Firm’s parent received a winding up petition. When the Authority became aware of the winding up petition, it became concerned about the Firm’s financial resources and on 30 January 2023, it sent an information request to the Firm under section 165 of the Act. Firms are required to respond to information requests issued under section 165 of the Act. All such section 165 requests are accompanied with an explanation that failure to respond “*may result in disciplinary action under FSMA by reference to relevant provisions in the FCA Handbook.*”
- 4.5 The Firm was required to provide:
 - 1) An up-to-date entity organisation chart for the group of companies of which it is a part;
 - 2) Details of what services the Firm had provided to other group entities for the preceding three years;
 - 3) Details of funds received from or paid to group entities for the preceding three years; and
 - 4) An explanation of the implication of the insolvency of the parent entity together with a monthly cashflow forecast for the following 12 months.
 - 5) Noting that the Firm had previously stated it would terminate an appointed representative but had not done so on the FCA’s systems, the Firm was asked for an update on the termination.
 - 6) Noting that a current SMF3 had been terminated as a director on Companies House in December 2022 but remained as an SMF3 on the FCA’s systems, the

Firm was asked for an update on the Form C (termination of approved person).

- 7) Noting that a number of regulatory returns were overdue, the Firm was asked for an explanation of when the returns would be submitted.
- 8) Finally, the letter required the Firm to explain any remedial steps it had taken with respect to a complaint that had been referred to the Financial Ombudsman Service ("FOS").

4.6 The deadline for response was 6 February 2023.

4.7 The letter was sent by email to the Firm's address for correspondence provided to the Authority, which is the email address of the SMF3 and SMF16/SMF17. The Authority received an "out of office" response and then forwarded the section 165 information request to the contact provided in the automated response. Later that day, that contact stated that the Firm would require until 20 February 2023 to respond to Items 2 (services to Group companies), 3 (funds to and from Group companies), 4 (implication of parent entity's insolvency and cashflow forecasts) and the FOS complaint because they would "require additional work and analysis".

4.8 The Authority agreed to extend the deadline, not to the 20 February 2023 requested, but to 13 February 2023. The Authority also emailed a copy of the section 165 letter with the extended deadlines to the Firm's other SMF3.

4.9 No response was received from the Firm and no information was provided for any of the items requested so the Authority sent a reminder of the deadlines on 13 February 2023 and of the warnings of the consequences of non-compliance. No response was received so the Authority sent another reminder on 15 February 2023 in the same terms.

4.10 No response was received, however, the following day on 16 February 2023, the Firm submitted the overdue regulatory returns (Item 5).

4.11 There was still no response from the Firm so on 20 February 2023 the Authority sent a further reminder to the Firm by email and post. The Authority also telephoned the Firm and was told that the director was "travelling". Later that day, the Firm terminated the SMF3 (Item 6) and the appointed representative (Item 6) and on the Authority's Connect system.

4.12 At the end of that day, the Firm sent an email attaching the structure chart (Item 1) and stated that no services had been provided to other Group entities in the preceding three years (Item 2). With respect to the remaining Items 3, 4 and 8 of the section 165 information request separately:

"[Item 3] Funds received from or paid to [Group] entities – to follow;

"[Item 4] Petition to wind up [Wilton CF's parent] – see below – this is being dealt with by legal representation and we have asked for an update for you; [...]"

"[Item 8] Complaint to the Financial Ombudsman – please provide a copy of the complaint you hold?"

"Items 3 and 4 above will be sent to you under separate cover. We look forward to hearing from you in respect of item 8 above."

- 4.13 The Authority responded on 22 February 2023 to request the Firm to provide items 3 and 4 as soon as possible.
- 4.14 On 27 February 2023 the Firm responded stating:
- "The deadline provided and the threats posed within the FCA correspondence are, we believe, unreasonable.*
- "We are working on the remaining two questions (items 3 + 4) and will get these to you shortly."*
- 4.15 The Authority notes that the Firm provided no explanation as to why the deadlines were "unreasonable", nor did the Firm provide any timeframe for response for the outstanding items. The Firm has not, to date, provided any response to Item 3 or to Item 4.
- 4.16 On 1 March 2023, the Authority provided the Firm with further details with respect to Item 8 as requested by the Firm and asked for a definitive date for a response to Item 3 or Item 4. No response was received. The Authority sent a further chaser on 8 March 2023. No response was received.
- 4.17 On 5 April 2023, the Firm's parent entered administration. The Firm did not notify the Authority of the administration. The Authority considers that such an event would be notifiable to the Authority per the Firm's obligations under Principle 11 and SUP 15.
- 4.18 On 23 May 2023, the Authority made a final attempt to obtain the information from the Firm, warning it that the lack of response raised concerns that the Firm was not meeting the Threshold Conditions. The Authority requested a response before close of business on 31 May 2023. On 31 May 2023, minutes before the close of business, one of the Firm's directors responded:
- "I am unsure whether [the other director] has provided a response but given your reminder I can only presume [they have] not. Subject to that, I am afraid I cannot comment in any meaningful manner on the complaint." [...]*
- 4.19 On 2 June 2023, the Authority responded:
- "[The Authority does] not consider you have complied with the s165 information requirement issued on 30 January 2023 as items 3 and 4 are still outstanding. Also, you have not addressed the other concerns we have set out in our letter dated 23 May 2023. Based on the above, we are concerned that Wilton Corporate Finance Ltd is not meeting the Threshold Conditions and will consider our next steps internally."*
- 4.20 No response was received. As of the date of this Notice, the Authority has exchanged no further communication with the Firm. Items 3 and 4 of the Authority's section 165 information request remain outstanding despite extensions and reminders on eight separate occasions over the course of five months. The Authority considers that the lack of any response on these items appears to be deliberate, in light of the Firm's parent's administration in April 2023.
- 4.21 The Authority wrote to the Firm on 23 May 2023 setting out its concerns at the Firm's failure to provide the information and invited the Firm to agree to the above Requirements in light of those concerns. Although the Firm acknowledged the correspondence, it did not respond to the substance of the Authority's concerns and did not respond to the Authority's invitation to agree to the Requirements. The

information remains outstanding.

Failure to submit regulatory returns

- 4.22 The last regulatory returns from the Firm stated that the Firm had £382,400 in investments and £454,000 in debtors due after 90 days included in its net assets of £685,000 of 31 October 2022.
- 4.23 However, as of the date of this application, the Firm has failed to submit regulatory returns for the period 1 November 2022 to 31 January 2023 which were required to be submitted by 28 February 2023. The overdue regulatory returns are FSA029 (Balance Sheet), FSA030 (Profit and Loss Account) and FSA033 (Capital Adequacy). The same series of returns for the period 1 February 2023 to 30 April 2023 were required to be submitted on 31 May 2023, but have not been.
- 4.24 The Authority considers that the failure to submit these regulatory returns appears to be deliberate, in light of the failure to respond to the Authority's questions about the Firm's reliance on its parent for financial support and its administration.

5 CONCLUSION

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

Analysis of failings and risks

Breach of Threshold Conditions

- 5.2 The Authority has concluded, on the basis of the facts and matters described below that, in respect of the Firm, it is necessary to exercise its power under section 55L(3)(a) of the Act to impose the Requirements on Wilton CF because it is failing, or is likely to fail, to satisfy the Threshold Conditions.
- 5.3 The Threshold Conditions are minimum requirements that firms need to meet to be authorised and to continue carrying on regulated activities. Section 55L of the Act permits the Authority to impose requirements on Wilton CF because it:
- 1) is failing, or is likely to fail, to satisfy the Appropriate Resources Threshold Condition pursuant to section 2D of Schedule 6 of the Act;
 - 2) is failing, or is likely to fail, to satisfy the Effective Supervision Threshold Condition pursuant to section 2C of Schedule 6 of the Act; and
 - 3) is failing, or is likely to fail, to satisfy the Suitability Threshold Condition pursuant to section 2E of Schedule 6 of the Act.
- 5.4 The Authority considers that the Firm is failing, or likely to fail, to meet the Appropriate Resources and Effective Supervision Threshold Condition. Specifically:
- 1) The Firm has consistently failed to respond to an information request from the Authority. The information requested specifically relates to its financial resources in light of concerns about the potential insolvency of its parent company, which is now in administration.
 - 2) The Firm has failed to submit financial regulatory returns outstanding since February 2023 which would also provide information to the Authority about its financial resources.

- 3) The Firm has been given no fewer than eight reminders and extensions over five months to submit the outstanding financial information. On each occasion, the Firm breached the deadline or extension without adequate explanation.
- 5.5 The Authority considers therefore that the Firm cannot be effectively supervised, nor can the Authority be satisfied that it has appropriate financial resources.
- 5.6 The Authority also considers that the Firm is failing, or likely to fail, to meet the Suitability Threshold Condition. Specifically:
 - 1) Given the Firm provided other information requested (albeit also after the deadlines set), the Authority is concerned that the failure to provide the information as to its finances or to submit financial regulatory returns is likely to be deliberate.
 - 2) The Firm failed to notify the Authority of its parent's administration, even though it knew of the Authority's concerns about the impact of a potential insolvency. The Authority is therefore concerned that the failure to notify the Authority of the parent's administration was likely to be deliberate.
- 5.7 The Authority considers that the apparent deliberate withholding of information from the Authority means the Firm is not a fit and proper person.

Timing and duration of the Requirements

- 5.8 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.
- 5.9 It is necessary to impose the Requirements on an urgent basis given the seriousness of the risks and the need to protect consumers.
- 5.10 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 2.5.7G 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 The Firm has the right to make written representations to the Authority (whether or not it refers this matter to the Tribunal). The Firm 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 21 July 2023 or such later date as may be permitted by the Authority. Any notification or representations should be sent to Man-Ching.Fung-Buschmann@fca.org.uk and the SPC Decision Making Secretariat (SPCDecisionMakingSecretariat@fca.org.uk).

The Tribunal

- 6.5 The Firm 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, 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 Firm 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 Man-Ching.Fung-Buschmann@fca.org.uk and the SPC Decision Making Secretariat (SPCDecisionMakingSecretariat@fca.org.uk).

Confidentiality and publicity

- 6.9 The Firm 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 Firm 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 Man-Ching.Fung-Buschmann@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).

Head of Department, Supervision, Policy & Competition

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 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).
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

FCA Handbook

Threshold Conditions

1. The section of the Handbook entitled "Threshold Conditions" (COND) gives guidance on threshold conditions. COND 1.2.3G provides that the Authority may exercise its own-initiative powers under 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.
2. COND 1.3.2G states that The FCA will consider whether a firm satisfies, and will continue to satisfy, the FCA Threshold Conditions in the context of the size, nature, scale and complexity of the business which the firm carries on or will carry on if the relevant application is granted.
3. COND 2.3.1A (para 2C, Sch. 6) states that firm:

- (1) [...] *must be capable of being effectively supervised by the FCA having regard to all the circumstances including – [...]*
- (c) *The way in which the firm’s business is organised;*
- (d) *If the firm is a member of a group, whether membership of the group is likely to prevent the FCA’s effective the Authority of the firm; [...]*
- (f) *If the Firm has close links with another person (CL)-*
- (i) *the nature of the relationship between the Firm and CL;*
- (ii) *whether those links are or that relationship is likely to prevent the FCA’s effective the Authority of the Firm; [...]*
4. COND 2.3.3G states that in assessing the Threshold Conditions set out in paragraphs 2C and 3B of Schedule 6 to the Act (which includes the Effective Supervision Threshold Condition), factors which the FCA will take into consideration *include, among other things, whether:*
- (1) *it is likely that the FCA will receive adequate information from the firm, and those persons with whom the firm has close links, to enable it to determine whether the firm is complying with the requirements and standards under the regulatory system for which the FCA is responsible and to identify and assess the impact on its statutory objectives; this will include consideration of whether the firm is ready, willing and organised to comply with Principle 11 (Relations with regulators and the rules in SUP on the provision of information to the FCA; [...]*
5. COND2.4.1A (para 2D, Sch. 6 of the Act) states that:
- (1) *The resources of [a Firm] must be appropriate in relation to the regulated activities that it carries on or seeks to carry on.*
- (2) *The matters which are relevant in determining whether the firm has appropriate resources include: [...]*
- (c) *the firm’s membership of a group and any effect which that membership may have.*
- (3) *Financial resources – [...]* *The matters which are relevant in determining whether the firm has appropriate financial resources include*
- (a) *the provision [the Firm] makes and, if [the Firm] is a member of a group, which other members of the group make, in respect of liabilities; and*
- (b) *the means by which [the Firm] manages and, if [the Firm] is a member of a group, by which other members of the group manage, the incidence of risk in connection with [the Firm]’s business.*
6. COND 2.5.1A (para 2E, Sch. 6 of the Act) states that
- (1) *[The firm] must be a fit and proper person having regard to all the circumstances, including- [...]*
- (d) *whether A has complied and is complying with requirements imposed by the FCA in the exercise of its functions, or requests made by the FCA, relating*

to the provision of information to the FCA and, where A has so complied or is so complying, the manner of that compliance;

7. COND 2.5.6G states that the FCA may have regard to include, but are not limited to, whether:
 - (1) *the firm has been open and co-operative in all its dealings with the FCA and any other regulatory body (see Principle 11 (Relations with regulators)) and is ready, willing and organised to comply with the requirements and standards under the regulatory system (such as the detailed requirements of SYSC and, in relation to a firm not carrying on, or seeking to carry on, a PRA-regulated activity only, the Prudential Standards part of the FCA Handbook) in addition to other legal, regulatory and professional obligations; the relevant requirements and standards will depend on the circumstances of each case, including the regulated activities which the firm has permission, or is seeking permission, to carry on [...]*

Principles for Businesses ("PRIN")

8. Principle 11 of PRIN states that a firm must deal with its regulators in an open and cooperative way, and must disclose to the FCA appropriately anything relating to the firm of which that regulator would reasonably expect notice.

The Authority Manual ("SUP")

9. Chapter 15 of SUP sets out the FCA's rules on events and changes in condition that a firm must notify, usually as soon as possible, if the FCA is to be able to carry out its monitoring function effectively and react in good time to developments that may require a regulatory response.
10. SUP 15.3.1 R states that a firm must notify the FCA immediately it becomes aware, or has information which reasonably suggests, that any of the following has occurred, may have occurred or may occur in the foreseeable future:
 - (1) the firm failing to satisfy one or more of the threshold conditions; or
 - (2) any matter which could have a significant adverse impact on the firm's reputation; or
 - (3) any matter which could affect the firm's ability to continue to provide adequate services to its customers and which could result in serious detriment to a customer of the firm.
11. SUP 15.6.1R requires that a firm must take reasonable steps to ensure that all information it gives to the FCA in accordance with a rule in any part of the Handbook (including Principle 11) is:
 - (1) factually accurate, or in the case of estimates and judgements, fairly and properly based after appropriate enquiries have been made by the firm; and
 - (2) complete, in that it should include anything of which the FCA would reasonably expect notice.
12. Chapter 15.7 of SUP specifies the form and method of notification. SUP 15.7.1R requires a notification to be given in writing. SUP 15.7.4R specifies the methods of notification.

The Enforcement Guide ("EG")

1. 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.
2. 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)).
3. 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)).
4. 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)).
5. 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.
6. 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.
7. 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.

8. 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:
- 1) EG 8.3.4(4) includes 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.
 - 2) EG 8.3.4(8) includes the firm's conduct. The Authority will take into account whether the firm identified the issue, brought it promptly to the Authority's attention and what steps the firm has taken or is taking to address the issue.
 - 3) 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.