





# HIDING IN PLAIN SIGHT

global laundromats  
and the UK  
connection

THE  
DARK MONEY  
FILES





# Danske

# Bank



Suspicious activity began in late 2007 – possibly earlier

Carried on until 2015

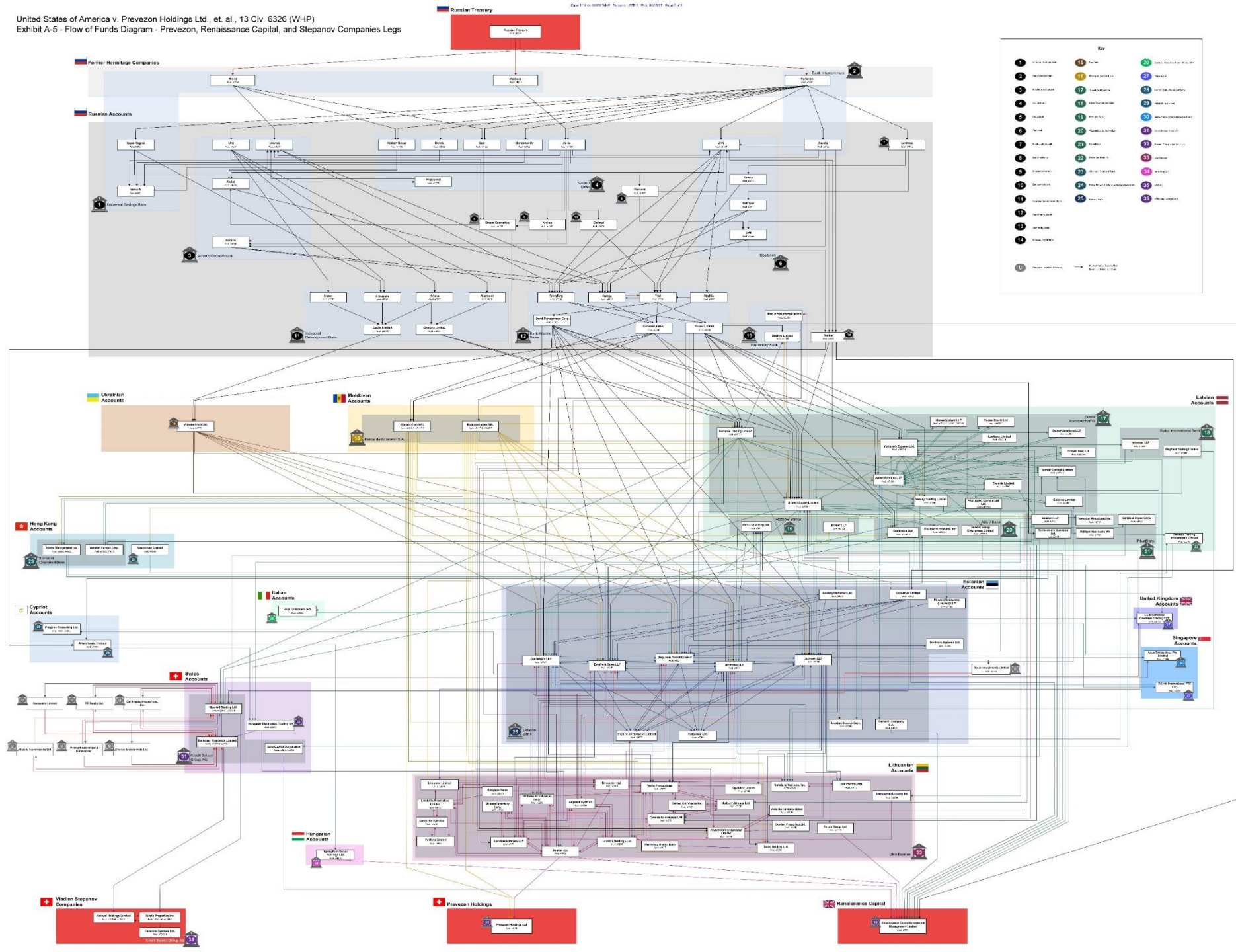
€200bn in total flowed through the branch

Most of it now deemed suspicious

Danske

Bank





- |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 |





# LLP

2007		
JAN	FEB	MAR
APR	MAY	JUN
JUL	AUG	SEP
OCT	NOV	DEC

Incorporated

2007		
JAN	FEB	MAR
APR	MAY	JUN
JUL	AUG	SEP
OCT	NOV	DEC

Opened account

2007		
JAN	FEB	MAR
APR	MAY	JUN
JUL	AUG	SEP
OCT	NOV	DEC

First credit

2008		
JAN	FEB	MAR
APR	MAY	JUN
JUL	AUG	SEP
OCT	NOV	DEC

Closed account



# Account activity

CHF	Total credit turnover	+164 571.21
CHF	Total debit turnover	-164 571.21
CHF 09.12.2008	Closing balance	0.00

GBP	Total credit turnover	+1 472 941.45
GBP	Total debit turnover	-1 472 941.45
GBP 09.12.2008	Closing balance	0.00

RUB	Total credit turnover	+2 258 919 000.00
RUB	Total debit turnover	-2 258 919 000.00
RUB 09.12.2008	Closing balance	0.00

EUR	Total credit turnover	+283 391 063.45
EUR	Total debit turnover	-283 391 063.45
EUR 09.12.2008	Closing balance	0.00

USD	Total credit turnover	+748 102 570.35
USD	Total debit turnover	-748 102 570.35
USD 09.12.2008	Closing balance	0.00

**\$1,196,669,700**

nk

YAROSLAVSKAYA 35 MOSKVA VENEMAA		ACCOUNT STATEMENT 19.10.2007 - 09.12.2008 333469900007 EE77 3300 3334 6990 0007			1/2015 p.9 22.04.2015
Archive ID	Doc.no	Name Details	Account Reference	Amount	
			EUR 18.10.2007	Opening balance	0.00
02.11.2007					
0711025102693309		CREDIT 0711025102693309 /OWN/RNN600400583742/ACC/0296367 98/DES/FOR ELECTRONIC ELECTROHOME APPLIANC ESCONTRACT CN TR 24/2007-10 DD 24100 7 PROFORMA- INVOICE 2			+984 775.00
0711015105203759		CREDIT 0711015105203759 /OWN/RNN600400583742/ACC/0296367 98/DES/FOR ELECTRONIC ELECTROHOME CONTR 24/2007-10 DD 24 1007			+579 660.00
			02.11.2007	Credit turnover	+1 564 435.00
			02.11.2007	Balance	+1 564 435.00
05.11.2007					
0711055100339131		CREDIT 0711055100339131 /OWN/RNN600400583742/ACC/0296367 98/DES/FOR ELECTRONIC ELECTROHOME APPLIANC ES CONTRACT C NTR 24/2007-10DD 24100 7 PROFORMA- INVOICE 3			+945 862.50
0711059992197435		Danske Bank A/S Estonia branch COMMISSION FEE 0711059992197435 /REF/0711055023294715/AC C/900026			-1.92
0711059996896075		Danske Bank A/S Estonia branch COMMISSION FEE 0711059996896075 /REF/0711055024796139/AC C/900026			-1.92
0711059996683195		Danske Bank A/S Estonia branch COMMISSION FEE 0711059996683195 /REF/0711055021003259/AC C/900026			-1.92
0711059990003131		Danske Bank A/S Estonia branch COMMISSION FEE 0711059990003131 /REF/0711055021100411/AC C/900026			-1.92
0711055021100411		CUSTOMER DEBIT 0711055021100411 /OWN/LLP/ACC/33 3463200004/NMB/2/DES/Pmt for cnt02/11 dd.02.11.2007 for electronics equipment			-200 000.00
0711055023294715		CUSTOMER DEBIT 0711055023294715 /OWN/LLP/ ACC/333465380003/NMB/1/DES/Pmt for cnt01/11-2007 dd.02.1 1.2007 for electronics technics.			-300 000.00
0711055024796139		CUSTOMER DEBIT 0711055024796139 /OWN/LLP/ ACC/333465380003/NMB/4/DES/Pmt for cnt01/11-2007 dd.02.1 1.2007 for electronics technics.			-500 000.00
0711055021003259		CUSTOMER DEBIT 0711055021003259 /OWN/LLP/A CC/333459820003/NMB/3/DES/Pmt for cnt03/11/2007 dd.02.11 .2007 for bilding technics			-500 000.00
			05.11.2007	Credit turnover	+945 862.50
			05.11.2007	Debit turnover	-1 500 007.68
			05.11.2007	Balance	+1 010 289.82
06.11.2007					
0711055100829255		CREDIT 0711055100829255 /OWN/RNN600400583742/ACC/0296367 98/DES/FOR ELECTRONIC ELECTROHOME APPLIANC ES CONTRACT C NTR 24/2007-10 DD 2410 07 PROFORMA- INVOICE 4			+984 350.00
0711069994281490		Danske Bank A/S Estonia branch COMMISSION FEE 0711069994281490 /REF/0711065026475794/AC C/900026			-1.92
0711065026475794		CUSTOMER DEBIT 0711065026475794 /OWN/LLP/ACC/3 33465320005/NMB/5/DES/Pmt for cnt07/2007-11 dd.02.11.200 7 for electronics technics.			-1 990 000.00
			06.11.2007	Credit turnover	+984 350.00
			06.11.2007	Debit turnover	-1 990 001.92
			06.11.2007	Balance	+4 637.90
07.11.2007					
0711075104981398		CREDIT 0711075104981398 /OWN/RNN600400583742/ACC/0296367 98/DES/FOR ELECTRONIC ELECTROHOME APPLIANC ES DD 241007P ROFORMA- INVOICE 6 CON TRACT CNTR 24/2007-10			+777 000.00
0711065102497466		CREDIT 0711065102497466 /OWN/RNN600400583742/ACC/0296367 98/DES/FOR ELECTRONIC ELECTROHOME APPLIANC ES DD 241007 PROFORMA- INVOICE 5 CON TRACT CNTR 24/2007-10			+738 150.00
0711079996184334		Danske Bank A/S Estonia branch COMMISSION FEE 0711079996184334 /REF/0711075027378766/AC C/900026			-1.92
0711075027378766		CUSTOMER DEBIT 0711075027378766 /OWN/LLP/ACC/3 33465320005/NMB/6/DES/Pmt for cnt07/2007-11 dd.02.11.200 7 for electronics technics.			-740 000.00

YAROSLAVSKAYA 35 MOSKVA VENEMAA		ACCOUNT STATEMENT 19.10.2007 - 09.12.2008 333469900007 EE77 3300 3334 6990 0007			1/2015 p.168 22.04.2015
Archive ID	Doc.no	Name Details	Account Reference	Amount	
			USD 18.10.2007	Opening balance	0.00
09.11.2007					
0711085103235868		CREDIT 0711085103235868 /OWN/LLP/ACC/33 3463200004/NMB/2/DES/Pmt for cnt02/11 dd.02.11.2007 for electronics equipment			+994 700.00
0711085106527452		CUSTOMER DEBIT 0711085106527452 /OWN/LLP/A CC/333459820003/NMB/10/DES/Pmt for cnt03/11/2007 dd.02.1 1.2007 for bilding technics			+450 000.00
			09.11.2007	Credit turnover	+1 444 700.00
			09.11.2007	Debit turnover	-1 444 016.86
			09.11.2007	Balance	+683.14
0711099995041966		Danske Bank A/S Estonia branch COMMISSION FEE 0711099995041966 /REF/0711095026139246/AC C/900026			-2.81
0711099997236270		Danske Bank A/S Estonia branch COMMISSION FEE 0711099997236270 /REF/0711095028333550/AC C/900026			-2.81
0711099993443958		Danske Bank A/S Estonia branch COMMISSION FEE 0711099993443958 /REF/0711095024540982/AC C/900026			-2.81
0711099993294974		Danske Bank A/S Estonia branch COMMISSION FEE 0711099993294974 /REF/0711095024391998/AC C/900026			-2.81
0711099991410446		Danske Bank A/S Estonia branch COMMISSION FEE 0711099991410446 /REF/0711095022507726/AC C/900026			-2.81
0711099991170446		Danske Bank A/S Estonia branch COMMISSION FEE 0711099991170446 /REF/0711095022267726/AC C/900026			-2.81
0711095022267726		CUSTOMER DEBIT 0711095022267726 /OWN/LLP/ ACC/333465380003/NMB/11/DES/Pmt for cnt01/11-2007 dd.02. 11.2007 for electronics technics.			-100 000.00
0711095024391998		CUSTOMER DEBIT 0711095024391998 /OWN/LLP/A CC/333459820003/NMB/12/DES/Pmt for cnt03/11/2007 dd.02.1 1.2007 for bilding technics			-200 000.00
0711095024540982		CUSTOMER DEBIT 0711095024540982 /OWN/LLP/A CC/333459820003/NMB/10/DES/Pmt for cnt03/11/2007 dd.02.1 1.2007 for bilding technics			-200 000.00
0711095028333550		CUSTOMER DEBIT 0711095028333550 /OWN/LLP/ACC/33 3463200004/NMB/14/DES/Pmt for cnt02/11 dd.02.11.2007 for electronics equipment			-200 000.00
0711095026139246		CUSTOMER DEBIT 0711095026139246 /OWN/LLP/ACC/3 33465320005/NMB/15/DES/Pmt for cnt07/2007-11 dd.02.11.20 07 for electronics technics.			-344 000.00
0711095022507726		CUSTOMER DEBIT 0711095022507726 /OWN/LLP/ ACC/333465380003/NMB/13/DES/Pmt for cnt01/11-2007 dd.02. 11.2007 for electronics technics.			-400 000.00
			12.11.2007	Credit turnover	+986 847.67
			12.11.2007	Debit turnover	-987 010.81
			12.11.2007	Balance	+520.00
15.11.2007					
0711129996157378		CREDIT 0711129996157378 /OWN/LLP/ACC/3 33465320005/NMB/16/DES/Pmt for cnt07/2007-11 dd.02.11.20 07 for electronics technics.			+986 847.67
0711129996388250		Danske Bank A/S Estonia branch COMMISSION FEE 0711129996388250 /REF/0711125027254402/AC C/900026			-2.82
0711125027254402		Danske Bank A/S Estonia branch COMMISSION FEE 0711125027254402 /OWN/LLP/ACC/3 33465320005/NMB/16/DES/Pmt for cnt07/2007-11 dd.02.11.20 07 for electronics technics.			-7.99
			12.11.2007	Credit turnover	+986 847.67
			12.11.2007	Debit turnover	-987 010.81
			12.11.2007	Balance	+520.00

# Annual accounts filed for the period

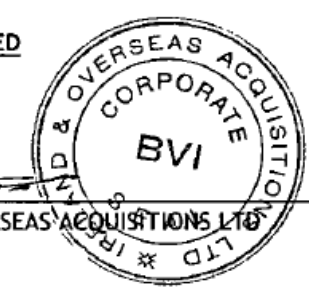
Companie  
Tŷ'r Cwmr



**PROFIT & LOSS ACCOUNT**  
for the period ended 31 June 2008

	Notes	GB£	GB£
<b><u>INCOME</u></b>			
1 Income from ordinary activities.			
1 1 Commission			43,689
<b><u>OPERATING EXPENSES</u></b>			
1 Administrative Expenses			
1 1 Office costs		300	
1 2 Director's fees		700	
1 3 Professional fees		500	
TOTAL OPERATING EXPENSES			<u>(1,500)</u>
<b><u>OPERATING PROFIT</u></b>			<u>42,189</u>
<b><u>PROFIT FOR PERIOD</u></b>			<u>42,189</u>
<b><u>PROFIT RETAINED</u></b>			<u>42,189</u>

IRELAND & OVERSEAS ACQUISITIONS LTD  
Member



MILLTOWN CORPORATE SERVICES LTD  
Member



Approved by the members on 1 August 2008.



# Russian laundromat

Albionex LLP  
England, UK Company No OC307819

## PROFIT & LOSS ACCOUNT for the period ended 31 May 2013

	Notes	2013 GB£	2012 GB£
<b><u>INCOME</u></b>			
1 Income from ordinary activities			
1 1 Commission		19,037	18,702
<b><u>OPERATING EXPENSES</u></b>			
1 Administrative Expenses			
1 1 Office costs		300	
1 2 Directors fees		700	
1 3 Professional fees		500	
TOTAL OPERATING EXPENSES		<u>(1,500)</u>	<u>(1,500)</u>
<b><u>GROSS PROFIT FOR THE PERIOD</u></b>		<u>17,537</u>	<u>17,202</u>

Alı MOULAYE for  
FORMOND INC  
Designated member



Approved by the Board on 28 August 2013

# Azerbaijani laundromat

LCM ALLIANCE LLP  
United Kingdom, Registered Company No OC372263

**PROFIT & LOSS ACCOUNT**  
for the period ended  
28 February 2013

	Notes	GB£	GB£
<b><u>INCOME</u></b>			
1. Income from ordinary activities.			
1.1 Commission			26 159
<b><u>OPERATING EXPENSES</u></b>			
1. Administrative Expenses			
1.1 Office costs		300	
1.2 Director's fees		700	
1.3 Professional fees		500	
TOTAL OPERATING EXPENSES			<u>(1 500)</u>
<b><u>OPERATING PROFIT</u></b>			<u>24 659</u>
<b><u>PROFIT FOR PERIOD</u></b>			<u><u>24 659</u></u>

  
ASTROCOM AG  
Designated member

Approved by the members on 11 April 2013

# Deutsche Bank Mirror Trades

## CHADBORG TRADE LLP

United Kingdom, Registered Company No OC378273

### PROFIT & LOSS ACCOUNT for the period ended 30 September 2014

	Notes	2014 GB£	2013 GB£
<b>INCOME</b>			
1 Income from ordinary activities			
1 1 Commission		21 353	20 683
<b>OPERATING EXPENSES</b>			
1 Administrative Expenses		(1 500)	(1 500)
<b>OPERATING PROFIT</b>			
		19 853	19 183
<b>PROFIT FOR PERIOD</b>			
		19 853	19 183



Approved by the members on 11 November 2014

## ERGOINVEST LLP

United Kingdom, Registered Company No OC378276

### PROFIT & LOSS ACCOUNT for the period ended 30 September 2014

	Notes	2014 GB£	2013 GB£
<b>INCOME</b>			
1 Income from ordinary activities			
1 1 Commission		21 353	20 683
<b>OPERATING EXPENSES</b>			
1 Administrative Expenses		(1 500)	(1 500)
<b>OPERATING PROFIT</b>			
		19 853	19 183
<b>PROFIT FOR PERIOD</b>			
		19 853	19 183



Approved by the members on 11 November 2014



And then there was this one...

**LANTANA TRADE LLP**  
United Kingdom, Registered Company No. OC364391

**PROFIT & LOSS ACCOUNT**  
for the period ended  
31 May 2014

	Notes	2014 GBE	2013 GBE
<b><u>INCOME</u></b>			
1. Income from ordinary activities.			
1.1 Commission		14,682	13,783
<b><u>OPERATING EXPENSES</u></b>			
Administrative Expenses		(1,500)	(1,500)
<b><u>OPERATING PROFIT</u></b>			
		13,182	12,283
<b><u>PROFIT FOR PERIOD</u></b>			
		13,182	12,283



Ali MOULAYE for  
FORMOND INC  
Designated member

Approved by the members on 5 December 2014.



Companies House  
Tŷ'r Cwmnïau



Companies House  
Tŷ'r Cwmniau

LLPs





Companies House  
Tŷ'r Cwmniau

No web  
presence



Companies House  
Tŷ'r Cwmniau

Admin  
charges



Companies House  
Tŷ'r Cwmniau

Commission  
reporting





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Accounting  
formats



Companies House  
Tŷ'r Cwmniau

The same  
signatory

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- Officers
- Disqualifications

But surely it can't still be happening?

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[Developers](#)







Companies House



# BRANDMAX LLP

Company number **OC330993**

[Overview](#)

[Filing history](#)

[People](#)

Registered office address

**Suite B, 11 Churchill Court, 58 Station Road, North Harrow,  
Middlesex, HA2 7SA**

Company status

**Active**

Company type

**Limited liability partnership**

Incorporated on

**31 August 2007**

## Accounts

Next accounts made up to **31 August 2019**  
due by **31 May 2020**

Last accounts made up to **31 August 2018**

## Confirmation statement

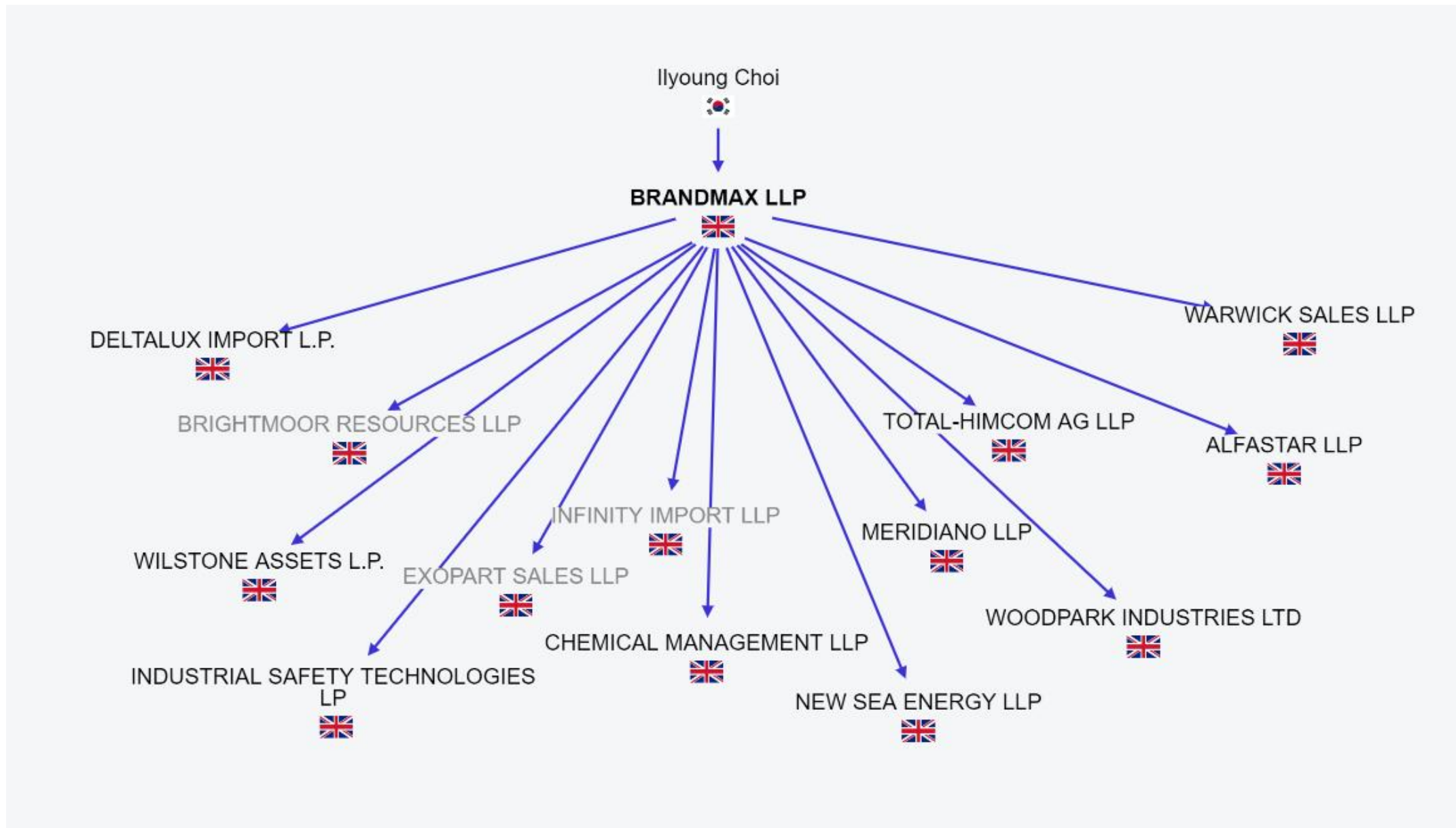
Next statement date **31 August 2019**  
due by **14 September 2019**

Last statement dated **31 August 2018**



# BRANDMAX LLP

Company number OC330993







# BRANDMAX LLP

Company number OC330993

Overview

Filing history

People

### Filter by category

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Accounts

Confirmation statements / Annual returns

Capital

Incorporation

Charges

Officers

Date	Description	View / Download
06 Mar 2019	<b>Total exemption full accounts</b> made up to 31 August 2018	<a href="#">View PDF</a> (3 pages)
04 Sep 2018	<b>Confirmation statement</b> made on 31 August 2018 with no updates	<a href="#">View PDF</a> (3 pages)
22 Jan 2018	<b>Total exemption full accounts</b> made up to 31 August 2017	<a href="#">View PDF</a> (2 pages)
14 Dec 2017	<b>Compulsory strike-off action has been discontinued</b>	<a href="#">View PDF</a> (1 page)
13 Dec 2017	<b>Confirmation statement</b> made on 31 August 2017 with no updates	<a href="#">View PDF</a> (3 pages)
21 Nov 2017	<b>First Gazette</b> notice for compulsory strike-off	<a href="#">View PDF</a> (1 page)
20 Jun 2017	<b>Appointment</b> of Formlux Capital L.P. as a member on 17 January 2017	<a href="#">View PDF</a> (2 pages)
05 May 2017	<b>Total exemption small company accounts</b> made up to 31 August 2016	<a href="#">View PDF</a> (2 pages)
27 Sep 2016	<b>Confirmation statement</b> made on 31 August 2016 with updates	<a href="#">View PDF</a> (4 pages)
27 Apr 2016	<b>Total exemption full accounts</b> made up to 31 August 2015	<a href="#">View PDF</a> (2 pages)





## BRANDMAX LLP

United Kingdom, Registered Company No. OC330993

### REPORT OF THE MEMBERS FOR THE FINANCIAL PERIOD FROM 01.09.2017 TO 31.08.2018

The Members herewith present their report with the Financial Statements of the Company for the period ended 31 August 2018.

#### INCORPORATION & REGISTERED OFFICE

The Company incorporated on 31 August 2007 under Registered Company No. OC330993. The registered office address is at Suite B, 11 Churchill Court, 58 Station Road, North Harrow, Middlesex, HA2 7SA.

#### PRINCIPAL ACTIVITY & REVIEW OF BUSINESS

During the current financial period the company was dormant.

#### RESPONSIBILITY

The members are required by Company Law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year under review and of the result of that period and deliver the same to the registrar. The members of the partnership are responsible for maintaining adequate accounting records and for the safeguarding of the books and assets of the Company.

Ian VIREL for  
DELTRON CORP.  
Designated member

Approved by the members on 19 February 2018.



## BRANDMAX LLP

United Kingdom, Registered Company No. OC330993

### PROFIT & LOSS ACCOUNT for the period ended 31 August 2018

	Notes	2018 GB£	2017 GB£
<b>INCOME</b>			
1. Income from ordinary activities.			
1.1 Commission		0	0
<b>OPERATING EXPENSES</b>			
Administrative Expenses			
TOTAL OPERATING EXPENSES		0	0
<b>OPERATING PROFIT</b>			
		0	0
<b>PROFIT FOR PERIOD</b>			
		0	0

Ian VIREL for  
DELTRON CORP.  
Designated member

Approved by the members on 19 February 2018.

## BRANDMAX LLP

United Kingdom, Registered Company No. OC330993

### BALANCE SHEET as at 31 August 2018

	Notes	2018 GB£	2017 GB£
<b>CURRENT ASSETS</b>			
Debtors		0	0
Cash at Bank or in hand		300	300
<b>NET CURRENT ASSETS</b>		300	300
<b>CREDITORS</b>			
Amounts falling due within one year		0	0
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		300	300
<b>REPRESENTED BY:</b>			
Members capital		300	300
Reserves		0	0
Profit & Loss Account		0	0
<b>TOTAL CAPITAL &amp; RESERVES</b>		300	300

- For the year ending 31/08/2018 the limited liability partnership was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit)(Application of Companies Act 2006) Regulations 2008) relating to small limited liability partnerships.
- The members acknowledge their responsibility for complying with the requirements of the Companies Act 2006 (as applied to limited liability partnerships) with respect to accounting records and the preparation of accounts.
- These accounts have been prepared in accordance with the special provisions of the Companies Act 2006 (as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) applicable to LLPs subject to the small LLPs regime.

Ian VIREL for  
DELTRON CORP.  
Designated member

Approved by the members on 19 February 2018.



# Companies House

830558  
830558  
003101/640  
**LLP2**  
(Section 2 LLP Act 2000)

**Application for Incorporation of a Limited Liability Partnership**  
Please complete in typescript, or in bold black capitals.

CHWP000  
Please leave this box blank  
OC329431

Full Name of Limited Liability Partnership

Situation of Registered Office  
ENGLAND and WALES  
Insert "England and Wales", "Wales" or "Scotland"

Registered Office Address  
39 WETHERBY MANSIONS, EARLS COURT SQUARE

Post town  
LONDON

PO Box number only is not acceptable  
County / Region  
ENGLAND  
UK Postcode  
SW5 9BH

Will all Members from time to time be designated members?  
 YES  NO  
*If no, at least two of the listed members must be designated members (List members overleaf)*

Number of continuation sheets attached to this application for incorporation

I certify that I am a (Please tick appropriate box)  
 Solicitor engaged in the formation of this LLP

Member named overleaf of the LLP  
And that the two or more persons named overleaf are associated for carrying on a lawful business with a view to profit

Signed  
Date 25.06.07

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

E-mail

When you have completed and signed the form please send it to the Registrar of Companies at  
Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff  
for partnerships registered in England and Wales or  
Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB  
for partnerships registered in Scotland DX 235 Edinburgh  
or LP - 4 Edinburgh 2



List of Members on Incorporation  
Surname of Corporate name  
Ireland & Overseas Acquisitions Ltd

Forename(s)  
Member Reference Number \*  
18589  
Date of Birth

†† Usual Residential Address (or registered or principal office address in the case of a corporation or

1st Floor, Yamraj Building, Market Square, Road Town  
Post town  
Tortola

County / Region  
UK Postcode  
Country  
British Virgin Islands

I consent to act as a member of the limited liability partnership named on page 1  
(Please tick this box if consenting to act as a designated member)

Signed  
Date 25.06.07  
Member to sign and date

\* Voluntary information

Surname of Corporate name  
MILLTOWN CORPORATE SERVICES LTD.

Forename(s)  
Member Reference Number \*  
18590  
Date of Birth

†† Usual Residential Address (or registered or principal office address in the case of a corporation or Scottish firm

1st Floor, Yamraj Building, Market Square, Road Town  
Post town  
Tortola

County / Region  
UK Postcode  
Country  
British Virgin Islands

I consent to act as a member of the limited liability partnership named on page 1  
(Please tick this box if consenting to act as a designated member)

Signed  
Date 25.06.07  
Member to sign and date

\* Voluntary information

NOTE: - Unless there are at least two designated members, all members will be designated members.

FILE COPY



**CERTIFICATE OF INCORPORATION OF A LIMITED LIABILITY PARTNERSHIP**

Partnership No. OC329431

The Registrar of Companies for England and Wales hereby certifies that

is this day incorporated under the Limited Liability Partnerships Act 2000 as a limited liability partnership and that the partnership is limited.

Given at Companies House, Cardiff the 28 June 2007







002817/260



Complete in typescript, lack capitals.

## LLP2

(Section 2 LLP Act 2000)

### Application for Incorporation of a Limited Liability Partnership

Please leave this box blank

Full Name of Limited Liability Partnership

Situation of Registered Office   
Insert "England and Wales", "Wales" or "Scotland"

Registered Office Address

Post town

County / Region  UK Postcode

Will all Members from time to time be designated members?  YES  NO  
*If no, at least two of the listed members must be designated members*  
*(List members overleaf)*

Number of continuation sheets attached to this application for incorporation

I certify that I am a *(Please tick appropriate box)*

Solicitor engaged in the formation of this LLP

Member named overleaf of the LLP

And that the two or more persons named overleaf are associated for carrying on a lawful business with a view to profit

Signed Date

You must give any contact details in the box opposite but if you help Companies House to help you if there is a query on the contact information that you provide visible to searchers of the register



\*ADP21SD1\*  
24/08/2007 250  
COMPANIES HOUSE

When you have completed and signed the form please send it to the Registrar of Companies at

- Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff or Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB
- DX 235 Edinburgh for partnerships registered in Scotland or LP - 4 Edinburgh 2

#### List of Members on Incorporation

Peers or others known by a title may use the title instead of or in addition to their name  
Surname or Corporate name   
Forename(s)

Member Reference Number \*  Date of Birth

†† Usual Residential Address

†† Tick this box if the address shown is a service address for the beneficiary of a Confidentiality Order granted under the provisions of section 723B of the Companies Act 1985

Post town

County / Region  UK Postcode

Country

I consent to act as a member of the limited liability partnership named on page 1

*(Please tick this box if consenting to act as a designated member)*

\* Voluntary information

Signed Date

*(Member to sign and date)*

Peers or others known by a title may use the title instead of or in addition to their name

Surname or Corporate name   
Forename(s)

Member Reference Number \*  Date of Birth

†† Usual Residential Address

†† Tick this box if the address shown is a service address for the beneficiary of a Confidentiality Order granted under the provisions of section 723B of the Companies Act 1985

Post town

County / Region  UK Postcode

Country

I consent to act as a member of the limited liability partnership named on page 1

*(Please tick this box if consenting to act as a designated member)*

\* Voluntary information

Signed Date

*(Member to sign and date)*

NOTE. Unless there are at least two designated members, all members will be designated members

FILE COPY



## CERTIFICATE OF INCORPORATION OF A LIMITED LIABILITY PARTNERSHIP

Partnership No. OC330993

The Registrar of Companies for England and Wales hereby certifies that BRANDMAX LLP

is this day incorporated under the Limited Liability Partnerships Act 2000 as a limited liability partnership and that the partnership is limited.

Given at Companies House, Cardiff the 31 August 2007



Companies House  
for the record

# BRANDMAX LLP

## Company number OC330993





# THANK YOU FOR ATTENDING

we look forward to  
seeing you again

THE  
DARK MONEY  
FILES



**JUST.**

*Vulnerability*

**Who are you calling vulnerable?**



# Learning Objectives

---

By attending this session, you will be able to:

- Understand the key points from the FCA's guidance consultation on the fair treatment of vulnerable consumers
- Understand what lessons can be learned to make improvements in financial planning firms
- Understand how to identify potential vulnerable clients

# Read all about it!

---



What is...

---

*Vulnerability?*

# Definition

---

A vulnerable person is someone who, due to their personal circumstances, **is especially susceptible to detriment...**

...particularly when a firm is **not acting with appropriate levels of care.**

Source: FCA Occasional Paper 8, February 2015



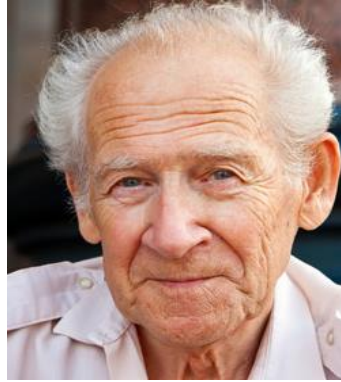
Who is...

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vulnerable?

# Who is Vulnerable?

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# Who is Vulnerable?

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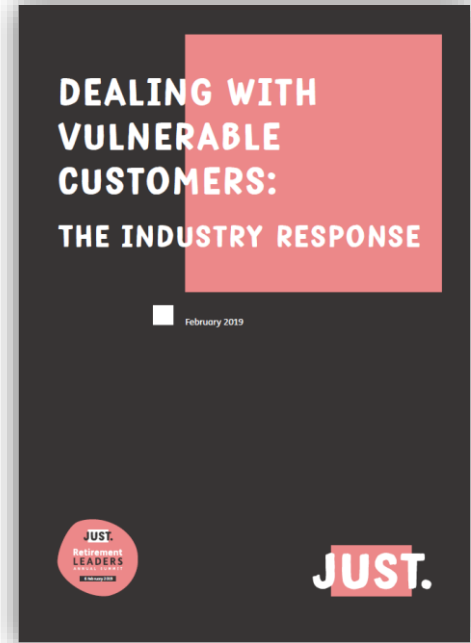
# Mind Your Language!

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“The biggest challenge is not identifying somebody who could be ***vulnerable but who is very good at hiding it,***

or identifying somebody as vulnerable who would be ***seriously affronted*** if they knew this to be the case!”

*Survey respondent*





# Who is Vulnerable?

---



- Low literacy, numeracy, financial capability
- Physical disability
- Severe or long-term illness
- 'older old'

- Caring responsibilities
- Low income and/or debt
- Change in circumstances



# Treating Customers Fairly...

---



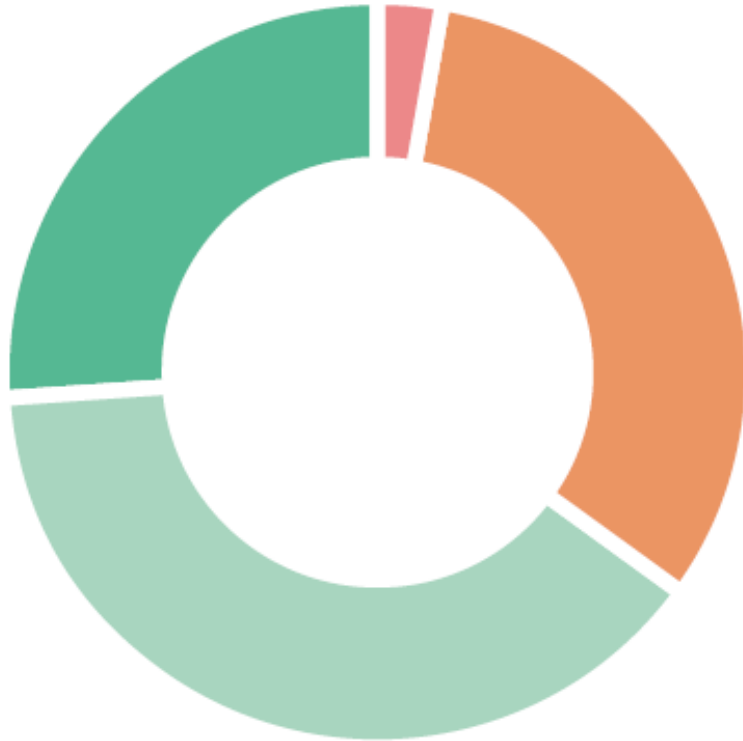
Source: FCA OP8 February 2015

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# Importance to Firms

**“I expect vulnerability to become a supervisory activity for the FCA in the next five years”**



Strongly disagree	3%
Disagree	0%
Neither agree nor disagree	32%
Agree	39%
Strongly agree	26%

# Importance to Firms

---

Trust

Differentiation

Engagement

CX

Generational

Reputation

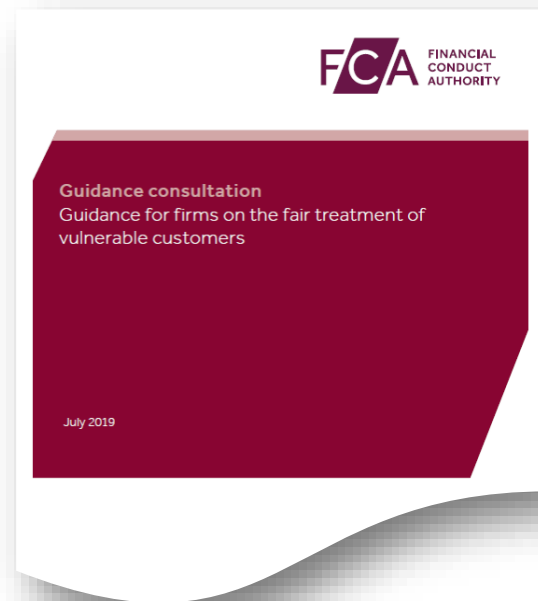
Culture



# Culture

---

“We want to see doing the right thing for vulnerable consumers deeply embedded in the **culture** of firms...”



# Four Key Areas

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Health



Resilience

Life Events



Capability

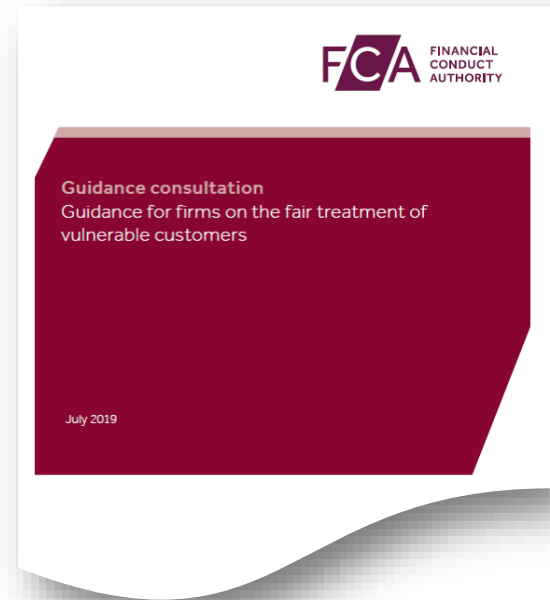
# Behavioural Bias

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“In addition to **how they present information**, firms should also consider how vulnerable customers process that information..

..including considering the effect of **potential behavioural biases**..

..and giving additional time where appropriate”.



# Spotting the Signs

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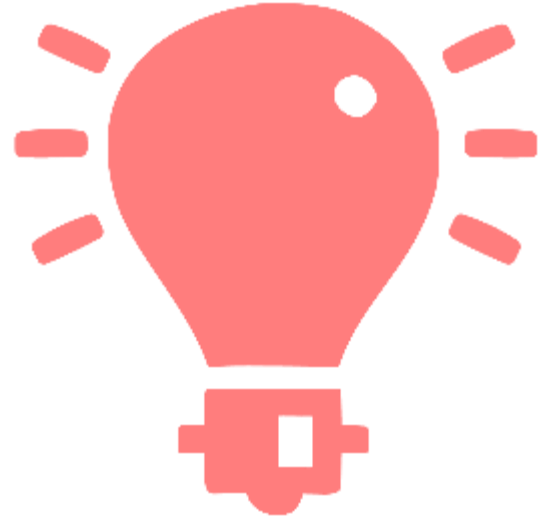
<b>“Could you slow down a bit please?”</b>	<b>“I didn’t understand that last report you sent”</b>	<b>Repetition</b>	<b>“My son is looking after this sort of thing for me”</b>
<b>Flustered/ out of breath/ agitated</b>	<b>“I’m on these new tablets and they’re making me drowsy”</b>	<b>Asking unrelated questions or wandering off topic</b>	<b>Asking for unexpected withdrawals</b>
<b>Sudden change in health</b>	<b>Financial shock?</b>	<b>“Could you come to see me at home?”</b>	<b>“Oh I haven’t got round to reading that yet”</b>



# Developing Skills and Capability

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- Internal training programmes
- Staff to share knowledge and experiences
- Specially trained staff
- Vulnerability champions
- Engage external organisations
- Third-party support providers
- Specialist guides
- Escalation process and training



Source: FCA Guidance for firms on the fair treatment of vulnerable customers, July 2019

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# Practical Action - Communications

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- Assess complexity of key documents and web pages
- Work with charities and other organisations
- Allow staff to take sufficient time to explain details clearly
- Check consumer understanding
- Offer a range of channels



# Just Take Action

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**01**

Develop Policy

**02**

Review existing policies and documentation

**03**

Feedback from clients

**04**

Training

**05**

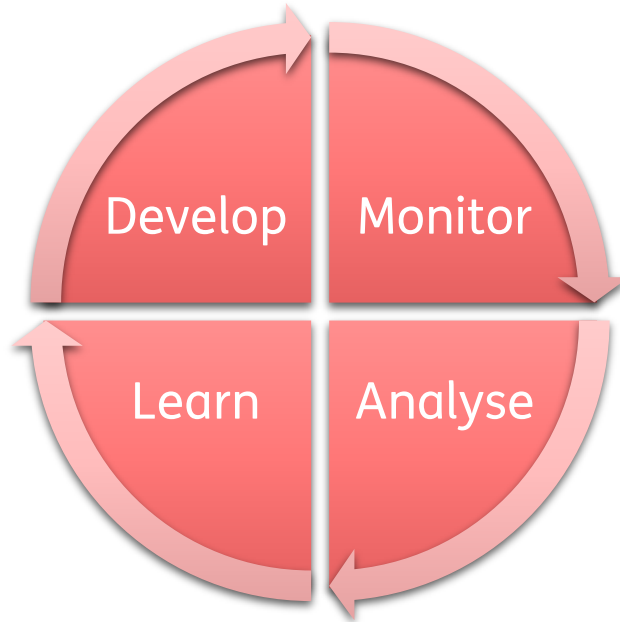
Third parties

**06**

Grow your network!

# Monitoring and Evaluation

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Source: FCA Guidance for firms on the fair treatment of vulnerable customers, July 2019

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# Learning Objectives

---

By attending this session, you will be able to:


- Recognise the key points from the FCA's guidance consultation on the fair treatment of vulnerable consumers
- Understand what lessons can be learned to make improvements in financial planning firms
- Understand how to identify potential vulnerable clients

# How Can We Help?

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## TECHNICAL BULLETIN



### HOW TO IDENTIFY VULNERABLE CLIENTS

**Is a client vulnerable?** At first glance this appears to be a fairly straight forward question to answer. And advisers should already have an existing approach in place for helping individuals they assess as vulnerable. But is it always so easy to spot a vulnerable person? This technical bulletin examines what defines vulnerability in clients. It may offer up a few surprises. It might also prompt a review of existing approaches towards client interaction and changes to advice processes.

Vulnerability is a complex area. This bulletin aims to summarise some of the key indicators of vulnerability. It also highlights some of the risks and benefits of working with vulnerable clients, and ways of supporting them effectively. We consider people seeking advice in relationships where they feel they are in a difficult position.

#### Defining vulnerability

A common misconception is that a vulnerable client is simply someone experiencing the frailties that often occur with advanced ageing.

The FCA defines a vulnerable consumer as... someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when s/he is not acting with appropriate levels of care.

To add some context to this broad definition, it means vulnerability can:

- be either physical or mental;
- include a short-lived, longer term or permanent condition;
- cover an emotional or financial shock (for example, bereavement or a diagnosis of illness); and
- include more than one element (be multi-layered) and can fluctuate over time.

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This definition suggests vulnerability can affect anyone, and can impact numerous clients seeking (or in receipt of) financial advice. In many cases, there's no element of subjectivity for whoever is attempting to make an assessment.

There is no expectation that advisers must act as medical professionals when dealing with clients. However an awareness of some of the indicators that may cause someone to be treated as vulnerable is required.

#### Why an awareness of potential vulnerability matters

Financial vulnerability is more widespread than many imagine:

- Only one in seven adults has literacy skills expected of a child aged 11 or below.
- Just under half of UK adults have a numeracy attainment age of 11 or below.
- Almost half of adults don't have enough savings to cover an unexpected bill of £300.
- Dementia affects one in six people over 80.

It therefore makes sense and demonstrates best practice to have an awareness and understanding of the issues surrounding vulnerability. Indeed failure to correctly message a vulnerable client can result in reputational damage and complaints.

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## DEALING WITH VULNERABLE CUSTOMERS: THE INDUSTRY RESPONSE

February 2019

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- Call your account manager
- OR.....



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It is our intention that the information contained within this presentation is accurate. We have taken all reasonable steps to ensure that it is up-to-date and, where relevant, reflects the current views of our experts. However, we do not accept any liability for errors or omissions in the information supplied and if you require clarification on anything, our recommendation is that you contact us at the address below for verification, or call 0345 302 2287.

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## **Our registered address:**

Just Group plc  
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Bancroft Road,  
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Surrey RH2 7RU

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Exp 15/6/21

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PLACL is registered in England and Wales, with company number 05465261. PHLL is registered in England and Wales, with company number 05108846. The registered office for both PLACL and PHLL is 5th floor, 110 Bishopsgate, London EC2N 4AY. JRL and PLACL are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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*Vulnerability*

**Who are you calling vulnerable?**

# **FCA Enforcement - are the FCA long on rhetoric and short on action?**

**What is to be learned about enforcement priorities from recent FCA speeches and enforcement action?**

## Areas to be covered

1. FCA annual statement – headline enforcement priorities – drafted Pre-COVID
2. Dear CEO letters – a useful sign post?
3. FCA speeches – day to day priorities
4. Recent FCA enforcement action and decision notices
5. What is to be learned?
6. What enforcement looks like in practice? – a case example

# FCA Business plan 2019/20

Through our enforcement activities, we identify and drive out behaviour that fails to meet our standards, or is dishonest or unlawful.

The overriding principle in our Approach to Enforcement is substantive justice – to ensure we carry out investigations in a consistent and open-minded way to get the right outcomes. We decide whether to take enforcement action based on whether we believe there has been serious misconduct, considering factors such as intent to do wrong, failure to act on feedback or negligence or recklessness. In many of our cases, harm has already been caused, but early detection of an issue and intervention can prevent it from getting worse.” – *April 2019 FCA Mission Statement*

## Key Areas

- Firm’s culture and governance – including extending the SM&CR to all firms the FCA regulates;
- Financial Crime & AML;
- Operational resilience

# FCA Business Plan 2020/21 – dominated by its response to COVID-19

- The regulator warned that the implementation of their priorities may be delayed due to the impending need to respond to Covid-19 effectively
- Key priorities that likely impact on enforcement:
- Faster and more effective decision making
- Renewed emphasis on the principles of business as a basis for enforcement.
  - **Enabling effective consumer investment decisions**
    - Providing consumers with accessible information as a means of ensuring they can make informed decisions is likely to be an additional regulatory burden on firms. However, it is hoped that it will be met with improved regulatory guidance to enable TCF to be achieved across a range of investment markets.
  - **Ensuring consumer credit markets work well;**
    - We have already seen a stepping up of FCA engagement with firms in regard to the credit and consumer hire perimeter, particularly around high cost subscription and “try before you buy” business models. Firms can expect greater scrutiny of applications to become authorised in this sector and of those who seek to remain outside of the need to authorise



# FCA letters – Dear CEO letters

## DB transfers

The FCA issued letters to around 1700 firms that have advised on DB Transfers. The letters are being issued in stages.

The letter is a follow up to the online data submission by firms following the FCA section 165 request. The letter is standard and follows consideration by the FCA of each firm's:

- Volume of transfers
- Conversion rate
- Insistent client(s)
- Income from DB business
- Unauthorised introducers
- Transfers per Pension Transfer Specialist
- Expensive solutions

The letter states relevant firm specific data for each of the aspects above and defines action to be taken in respect of each aspect. Firms are required to:

- Review the feedback and take the actions defined in each section including appropriate mitigation actions;
- Provide the FCA with a high-level, succinct overview of the actions taken, the results from this and any further action planned. The response for each area of feedback (e.g. volume of transfers, conversion rate etc.) should be no more than 1 side of A4;

This summary should be emailed to the FCA when complete.

This action must be done 'as soon as practicable' but, in any event, within either one month or two months (varies according to individual firm's letter) of the date of the FCA's letter.

If the letter received does not outline any concerns on a particular area, that does not indicate there is no risk arising from the firm's systems and controls in that area. In reviewing practices and procedures, the firm should ensure that all DB advice requirements are met.

## Dear CEO

### Persistent Debt (PD)

#### Persistent Debt (PD); Your approach to customers who have been in Persistent Debt for 36 months (PD36)

- Follows introduction of PD rules in March 2018
- Sets out expectations in a review of firm's responses
- Concerns about blanket card suspensions
- Concerns about quality and clarity of communications
- The robustness of operational readiness for PD36 interventions
- TCF at the heart
- Explicit indication of swift action being taken if poor practice is identified.

## Dear CEO – PPI – Claims Management

- In line with CMCOB 2.1.8G, the FCA expect CMCs to take all reasonable steps to investigate the existence and merits of a complaint before referring it, with evidence of the merits, to the Ombudsman Service (on the basis they will take more than 8 weeks to be resolved);
- There is an expectation that CMCs will cooperate with the FOS:

If a CMC fails to act as the FCA expect, it will potentially be in breach of its regulatory obligations:

Under CMCOB:

- to act honestly, fairly and professionally in the best interests of its customer (CMCOB 2.1.1)
- to not pursue a claim if the CMC knows or has reasonable grounds to suspect that the claim does not have a good arguable base, is fraudulent, or is frivolous or vexatious (CMCOB 2.1.7R ), and
- to take all reasonable steps to investigate the existence and merits of each element of a potential claim before making or pursuing a claim (CMCOB 2.1.8 G )

Under the FCA Principles for Businesses, including:

- to conduct its business with integrity, due skill, care and diligence, and
- to deal with its regulators in an open and cooperative way

Where relevant, the FCA will consider CMCs' conduct under these rules and guidance (among others) when the FCA assess if your firm meets their Threshold Conditions for authorisation

# FCA Speeches

## Mark Steward – Partly contested cases, the pipeline and AML investigations – Global Investigations Review Live – 04.04.2019

- Partly contested cases avoid a ‘deal-making’ approach to the imposition of penalties and sanctions giving subjects an opportunity to test and challenge the FCA’s penalties before the RDC, an independent FCA Board committee, without losing any cooperation benefit.
- Firms will be held accountable for foreseeable harm.
- The FCA is investigating suspected breaches of the Money Laundering Regulations that might give rise to either criminal or civil proceedings, giving effect to the full intention of the Money Laundering Regulations which provides for criminal prosecutions - This does not mean every investigation where we think there is a case to answer will or should be prosecuted in this way. I suspect criminal prosecutions, as opposed to civil or regulatory action, will be exceptional. However, we need to enliven the jurisdiction if we want to ensure it is not a white elephant and that is what we intend to do where we find strong evidence of egregiously poor systems and controls and what looks like actual money-laundering. – STILL NO AML PROSECUTIONS

# FCA Speeches

## Mark Steward – 19<sup>th</sup> Annual Institute on Securities Regulation in Europe Event – 6 February 2020 – market integrity

- Close to making enforcement decisions following investigations into suspected abusive trading carried out in support of European dividend arbitrage schemes (known as cum-ex);
- Investigating directors at three failed listed companies for market manipulation who are alleged to have improperly boosted their companies' share prices for their own benefit.
- But perhaps the most interesting finding concerned the FCA's analysis of the market cleanliness metric (MC) – based on the percentage of abnormal price movements connected with takeover announcements. The MC score has dramatically fallen from a peak of 30% in 2008, rising again in 2016 and then falling to around 10% in 2018. This has prompted the FCA to ask why? In Steward's own words, the findings represent the FCA's "total activity, encompassing not only enforcement but also primary and secondary market oversight, surveillance and wholesale supervision". Tackling misconduct is therefore multi-causal, the sum of all the regulator's tools working together
- An increase in enforcement is likely to be a significant factor here. Or perhaps to put it more fairly, I suspect the reduction would not have occurred at the same rate and to the same extent without:
  - the FCA's work creating a broader understanding that insider dealing is in fact a type of fraud;
  - the FCA's continuing investment in tackling market abuse; and
  - FCA prosecutions becoming successful with substantial terms of imprisonment and financial sanctions being imposed. – is this really the case?



## FCA Speeches - *Mark Steward – Penalties, remediation and our General Principles – City & financial Global Ltd Event – 12.02.20*

### *FCA Investigations and Enforcement: A Guide to Managing Regulatory Action*

- The point of financial penalties is deterrence but this is not the point of enforcement which is about just outcomes. In 2019 we imposed financial penalties of over £310 million on firms that also paid or are paying over £231 million in restitution. Addressing both serious misconduct as well as its consequences ensures just outcomes.
- Most of the cases involving financial penalties have involved serious breaches of the General Principles. In these cases too little attention is paid to the General Principles in planning and organising what a firm is doing.
- Firms need to engage with the Principles when undertaking regulated activities.
- As we have made publicly clear, we may impose tougher sanctions where we see firms failing to correct relevant deficiencies and make good losses to consumers caused by those firms' failings. We may also reduce sanctions to give credit for rapidly-commenced, pro-active, co-operative and thorough remediation, especially consumer redress.
- In rare cases, the quality, extent and speed of that redress may justify very significant reductions in sanction.

## FCA Speeches - *Mark Steward – Penalties, remediation and our General Principles – City & financial Global Ltd Event – 12.20.20*

### *FCA Investigations and Enforcement: A Guide to Managing Regulatory Action*

“Let me make some observations on some of the issues that have arisen in the cases we have completed over the last year or so.

Most of these cases have involved serious breaches of our Principles for Business, dealing with, among other things:

- lack of skill, care and diligence including when the risk of harm to customers is obvious or clearly foreseeable
- poor systems and controls whether they have not existed or have not been at all fit for purpose,
- exposing customers to harm or the risk of harm
- poor judgement, especially in relation to the reporting of misconduct to the FCA and law enforcement authorities; and
- unfair treatment of customers, usually where customers’ interests are overridden or sidelined negligently or recklessly by poor sales or distribution practices”

## FCA Speeches - *Mark Steward – Penalties, remediation and our General Principles – City & financial Global Ltd Event – 12.20.20*

### *FCA Investigations and Enforcement: A Guide to Managing Regulatory Action*

“A broad but overwhelmingly fundamental point is that, in each of the cases, it is apparent that neither firms nor senior management engaged directly or explicitly with the Principles for Businesses in deciding, carrying out or managing the conduct that led to the findings of breach.

There was no evidence that the Principles had been used to test or measure conduct before it was embarked on; nor used to measure systems and controls that were being put in place; nor used at any stage in identifying or addressing the inadequacies of the misconduct that occurred.

Indeed, it would seem, in many cases, the misconduct was not apparent until significant harm was also apparent.”

# FCA Speeches - *Mark Steward – Penalties, remediation and our General Principles – City & financial Global Ltd Event – 12.20.20*

## *FCA Investigations and Enforcement: A Guide to Managing Regulatory Action*

The Principles are sometimes criticised because it is said their generality makes it difficult for firms to determine the difference between compliance and non-compliance, leading to concerns that enforcement of principles leads to enforcement by hindsight.

It is difficult to know whether this is in fact the case when an investigation into failings to comply with the Principles reveals they were never really in mind in the first place and finds no evidence of the Principles being used to guide decision-making or to oversee relevant functions, outcomes or consequences, especially for consumers.

Everything appears in hindsight where there is no reasonable planning or foresight.

The Principles set out a firm's fundamental obligations and are sound, simple propositions – integrity, skill, care and diligence, fair treatment etc. And they are different to specific rules because they don't contain any instructions to guide compliance.

A rule, for example, like a speed limit requiring drivers to drive no more than 30 mph, answers the compliance question. No further thought or deliberation is required. It is a mechanical command to a set of circumstances and compliance can be measured easily.

A rule is effective for regulating simple, repeatable circumstances but rules cannot anticipate every single situation or circumstance. In this sense, principles are designed to respond and guide in growingly complex circumstances. Our principles, when applied, will more consistently ensure rational, reasonable and justifiable steps are taken.

We encourage firms to respond to this incentive by going beyond what we expect and taking immediate, unprompted steps, in consultation with us, to thoroughly and quickly ameliorate harm caused by their conduct failures.

For example, using the driving analogy again, a principle is more like a general obligation, for example 'slow down' or 'drive safely'.

To comply requires judgement, a 'spatial' awareness of context and changing circumstances, foresight of reasonably predictable consequences, planning, prudence and effective execution.

These types of obligations are not satisfied by accident: they require deliberate and intended thought, planning and organisation.

## FCA Speeches - [Mark Steward](#) – Penalties, remediation and our General Principles – City & financial Global Ltd Event – 12.02.20

### FCA Investigations and Enforcement: A Guide to Managing Regulatory Action

We have brought many other cases not involving our principles or rules. There have been many of them, some of them involving widespread harm. All of them involve serious misconduct, including:

- the criminal convictions of [Fabiana Abdel-Malek](#), a former senior compliance officer at UBS and Walid Anis Choucair, a professional trader, following an 11 week trial, on 5 counts of insider dealing. They were sentenced to three years imprisonment.
- we have also instituted proceedings against Park First Ltd and its senior managers over the failure of what we allege was an illegal collective investment scheme that raised £230 million from over 4,500 investors. We allege the scheme was promoted with false or misleading statements including promises of returns of 10% in years 3 and 4 and 12% returns on years 5 and 6, which we say they knew were unrealistic. We are seeking compensation for investors who have lost substantial sums of money they cannot afford to lose.
- we are presently in the High court against two unregulated pension introducers and connected individuals who were involved in the transfer of at least £86 million of pension assets from 2,000 pensioners where we are alleging misleading statements were used to persuade consumers to transfer their pensions into higher risk assets. Again we are seeking compensation orders.
- we have also concluded long running action against [Dharam Prakash Gopee](#), an incorrigible repeat offender who caused substantial harm to vulnerable consumers for many years, in defiance of court orders, through illegal money lending. This action led to a confiscation order of £5.1 million, one of the highest confiscation orders against an individual, under the Proceeds of Crime Act.
- Tackling notorious and blatant offenders like Mr Gopee now not only ensures justice for those he has harmed but provides longer protection in the future for the public. The latter cases demonstrate that a focus on seriousness should not be confused with widespread impact or well-known names.



## Recent FCA enforcement highlights

- 11 October 2019: FCA Fines Tullett Prebon £15.4m
- 18 November 2019: First Jointly Contested Enforcement Case Before the FCA and PRA Decision Making Committees
- Henderson Funds Fined £1.9 million for Failing to Protect Retail Customers
- PRA Fines Citigroup Companies £44m in Largest PRA Fine to Date
- First FCA Fine Under the Market Abuse Regulation for PDMR Notification Failures
- The FCA fines Moneybarn £2.77m for unfair treatment of customers in arrears

## What enforcement looks like in practice? – case examples

- Unauthorised Collective Investment Scheme – Overseas entity – delays and creative solutions
- IFA Network – DB transfers and SIPP advice – delay and the fine lien the regulator will run in enforcement action
- Consumer Hire agreements – enforcement by correspondence

## What is to be learned?

- Slow end to 2019 – but back with bang in early 2020 particularly in the advice market – suitability of advice is a key issue for the FCA at present.
- Fewer section 166s – more enforcement cases opened earlier and closed earlier; but flexible portfolio firms (no dedicated supervision team) made up 7 of the 10 new section 166s.
- However ignorance of or non compliance with FCA letters (DB) or Dear CEO letters likely to give rise to greater supervision and section 166s.
- Thematic reviews and market studies are going to be the signposts to future enforcement action (see DB transfers, motor insurance industry, claims management);
- FCA may be refocusing on general conduct breaches rather than specific conduct breaches;
- We can expect some specific deterrence enforcement cases – particularly given the partly contested cases regime;
- FCA are being more proactive in clearly setting out their expectations in their Dear CEO letters and market studies and thematic reviews.

## What is to be learned?

- More informal discussions with supervision and enforcement – enforcement by correspondence - Ad hoc data requests on areas like training and competence records for advisers and ongoing services are also new;
- Enforcement action is often too slow, not proactive or even reactive enough –see Henderson – conduct was 2011-2016, my case is 2011-2016 conduct. Ongoing investigation is 2007 conduct to date.
- The FCA has cracked down on the misleading marketing of unregulated investments (which it does have the power to do) and has tried to clarify the ever-greier area between authorised advice and generic guidance through work such as the FAMR.
- We have seen a spike in terms of the regulator being proactive in what it wants to see from advice firms. But the fundamentals haven't changed. 'Treating customers fairly' hasn't gone away. It's still very much what the FCA expects to see. – the key is being able to evidence it – see Mark Stewards most recent speech – operational organisation – sitting down and thinking about handbook and principles from the outset.
- Use to be able to reverse engineer systems and controls – FCA will be more cautious about that approach now.

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# APCC Conference

## **The EU Regulatory Agenda in the Investor Protection space**

Dr David P. Doyle

From Brussels, 16 September 2020



## Global trends .... COVID-related

...striking the right balance between boosting citizens participation in the Capital Markets Union and safeguarding investors' interests... but important structural challenges abound...



- ❑ C-19 upheaval driving clients to question the value for money of advisers' services: 35% of clients with \$1m investable assets complained about fee structures and (lack) personalised information (Capgemini)
- ❑ 74% of these clients would consider services from new automated advisers and seek digital customer engagement (78% in Europe, 61% in North America)
- ❑ UK-based investors with wealth \$250,000 - \$1m – disconcerted by the C-19 crisis: 75% anticipate permanent lifestyle shifts.(UBS)
- ❑ Heightened risks to retail investors during C-19 crisis when trading (ESMA), under “unstable, volatile financial market conditions”, provoking “increase in market, credit and liquidity risks”
- ❑ Increased risk of ‘redemption gate closures’ by larger fund managers in Europe, who hold leveraged and maturity mismatched bonds (EU regulators)
- ❑ Hunt for yield, in an ultra-low interest rate environment, pushing some UCITS funds to invest in riskier and less liquid assets, i.e., unlisted equities and private credit...may prove challenging to sell in a downturn or in an underperforming sector (EU regulators)
- ❑ Some 80 EU-based funds with AUM in excess \$40bn suspended their redemption policy as a result of C-19: EU regulators growing concerns on liquidity risks in sever stress scenario
- ❑ Costs paid by retail UCITs clients significantly higher Vs paid by institutional investors and net returns on actively managed funds Vs passive lower (ESMA)

# Brexit and equivalence – Quō vādis?

## Equivalence decisions *vis-à-vis* the UK

- **The deadline to complete the UK/EU respective equivalence assessments did not materialize: end June 2020**
- ▶ Brussels: the UK will “**progressively**” **diverge** from the EU rules in financial services, but equally on environment, employment, state-aid...
- ▶ EU revised **equivalence assessment** re-built around a “forward-looking model, i.e., **interconnectedness** with the UK, protecting financial stability, investor protection etc.
- ▶ The EU equivalence regime: the only legal instrument available for a third-country to provide services. But **the EU’s 3rd-country equivalence regime is not comprehensive. Some areas not covered:** bank lending and deposit-taking. **Areas covered:** Derivatives clearing (CCPs under EMIR), trading and transparency on securities financing transactions + reuse

### Equivalence developments:

- EC to extend the Temporary Equivalence decision for UK CCP’s beyond end 2020 for 18 months, to allow EEA counterparties to continue accessing UK-based CCPs.
- Equivalence decision for 3rd country investment firms (under the IFR regime) doubtful from January 2021...impacts retail, professional and ECP clients in the 27EU

## What’s at stake?

- UK investment firms operating in 27EU (marketing/trading/execution venue) loose MiFID licence
- UK UCITS Mancos and UK AIF managers lose authorisation – EU Passport
- Non-AIF managers marketing EU AIFs + non-EU AIFs, UCITS regulated under National Private Placement regimes



## EC expectations on revised equivalence regime:

- ▶ Post-monitoring of enforcement and compliance
- ▶ On-site assessments
- ▶ Dual coverage: financial stability and market integrity risks, regulatory and supervisory equivalence
- ▶ Size of the relevant third country market
- ▶ Interconnectedness between the markets and actors in the third country
- ▶ Risks of circumvention of EU rules
- ▶ Tax and anti money laundering considerations as part of the assessment



# Fund management activities targeted since COVID pandemic...

## ESMA

- ❑ **Calls for assertive joint NCA/ESMA supervisory action over investment funds (14 May) with significant exposures to less liquid assets**, especially corporate debt and real estate: endorses ESRB Recommendation on use of liquidity management tools, swing pricing, redemption gates, but huge variation across the EU in availability
- ❑ Rotation from equity ETFs to bond ETFs, seen as investing in less liquid assets, ie, commodities, gold, high-yield instruments

## European Systemic Risk Board (14 May)

- ▶ Market illiquidity and implications for asset managers and insurers with unit-linked products: identifies two vulnerable areas in the financial markets – Investment funds with significant exposure to:
  - ▶ **Corporate debt** – short redemption periods/open-ended... impact of large-scale corporate bond downgrades on markets & financial system
  - ▶ **Real estate** - drop in transactions and valuation uncertainty... Real-estate AIFs most exposed to liquidity risk – highest liquidity mismatches of all AIFs (ESMA)

### Action proposed

- ▶ System wide restraints on dividends, share-buybacks, other pay-outs
- ▶ Liquidity risks arising from margin calls



# EC CMU recovery package...quick fixes that “cannot wait for a more in-depth MiFID”...a game-changer favourable to retail investors (July 2020)

- ❑ Phase-out of paper-based in favour of **electronic investor communications**, with retail investors allowed to opt-in for paper information.
- ❑ Exemption from **cost and charges disclosure** for ECPs and professional investors (ancillary services, costs of advice and financial instruments, including 3rd-party payments) – but not cover investment advice and portfolio management, nor retail investors.
- ❑ For ‘**distance communication**’, option for all investors (professional & retail) on ex-post delivery of costs and charges’ disclosures.
- ❑ **Periodic loss reports** - triggered by 10% portfolio losses - dis-applied for ECPs and professional clients (with opt-in), but retained for retail clients on a biannual rather than quarterly basis.

- More flexibility for ‘non-complex products’ in MiFID product governance rules – for simple corporate bonds with make-whole clauses (MWC’s)
- Removing unbundling rules for research/trading commissions for small and mid-cap issuers, i.e., SMEs with market capitalisation of up to €1bn ...

- ❑ Suspend best execution reports, pending 2022 full MiFID assessment on value of these reports.
- ❑ Targeted exemption of a priori cost-analysis in the case of product « switching » for professional clients.



## More comprehensive MiFID II/MiFIR reform

...striking the right balance between boosting citizens participation in the Capital Markets Union and safeguarding investors' interests... Consultation (February 2020)...



- **Need to distinguish: easier access to simple and transparent products** - certain plain-vanilla bonds, index ETFs and UCITS funds Vs protection to retail investors for complex products
- Currently 'ex-ante cost disclosure' applicable to all client categories, but is it necessary?
- Relevance and accessibility of adequate information – diverging information requirements across sectors
- MiFIR /MiFID II requires 'durable medium' i.e., electronic formats + paper-based information: phase-out paper-based format and when implemented?
- Create EU-wide database (run by ESMA) allowing for comparison of different investment products across the EU: all transferable securities, all with PRIIPs and UCITS KID?
- Client profiling and classification: create new 'semi-professional investors' category, with mitigated protection rules - sophisticated and/or HNW investor?

- ❑ **KIDs: an administrative burdens for professional and ECPs – exemption options:**
  - Total exemption for professional and ECPs without specific conditions
  - Only ECPs opt out unilaterally
  - Professional and ECPs opt-out if specific conditions met
  - All client categories opted-out if specific conditions met

- **Crowdfunding Regulation** – personal gross income € 60,000 p.a. or portfolio of € 100,000 +
- **CMU-NEXT Group** – HNW investor with “sufficient experience and understanding of risks”

Should professional client portfolio of € 500,000 be lowered?



## MiFID II – MiFIR revisions on Product oversight and inducements



Efficiency of 'target market' requirements: applicable to both manufacturers and distributors to identify actual 'positive and negative' target markets and concomitant distribution strategy

Should the rules be simplified?

Only apply to products to which retail clients can have access (i.e. not for non-equities securities that are only eligible for qualified investors or that have a minimum denomination of EUR 100.000)?

Only apply to complex products?

Simplification means that MiFID II/MiFIR product governance rules should be extended to other products

The main problems lie in the actual implementation.

Sale of products outside of target market "justified by the individual facts of the case"...resistance from distributors to do so even if clients insist.

### • Other Targeted Revisions to MiFID/MiFIR (2020)

- ❑ Review of inducement rules to prevent conflicts of interest – commission-based incentives seen as overpowering need to propose most suitable products
- ❑ Review requirement to record all telephone conversations (distance communications)
- ❑ EC study into functioning of EU secondary markets 'possible development paths for future architecture of primary and equity markets in the EU...as well as technological developments...'
- ❑ Review **Directive 2002/65/EC on the distance marketing of consumer financial services** (Q4, 2020):
  - Targeted amendments (align rules) to MiFID, IDD and PRIIPS regimes to improve disclosure, fairness & quality of financial advice, qualifications of advisers etc (EC 2021-2022):
    - Distributors to inform clients of 3<sup>rd</sup> party products
    - End temporary KIDS exemption rule for UCITS and retail AIFs
    - Improving clients understanding of inducements

## Sustainability Finance agenda...

Disclosures Regulation and the Framework Regulation...its impact at product level

### Suitability Delegated Regulation under MiFID

Aims to change how MiFID firms assess the suitability of its products/services for its potential investors by ensuring that ESG/climate change preferences are taken account of at various stages in the suitability assessment



### ESG considerations

- information about the client's investment objectives to include the client's ESG preferences, if any
- information about the client which the MiFID firm must obtain in order for it to determine that a specific transaction meets the client's investment objectives to also include the client's ESG preferences: What are your ESG preferences?
- policies and procedures which the MiFID firm must have in place to ensure that it adequately understands the features of services and instruments selected for its clients must include ESG considerations
- when providing investment advice to a retail client, the MiFID firm must state in its report whether the client's investment objectives are achieved by taking into account the client's expressed ESG preferences.

## Alternative Investment Funds Directive...closing the gaps between professional and retail investors



- ❑ AIF marketing to retail investors not covered under AIFMD – decided by NCA's with highly divergent supervisory policies
- ❑ AIFMD does not regulate funds, i.e., AIFs, but managers and their activities: no eligible assets specification, no limit to exposure of issuer concentration, no leverage cap on risk, no rules on diversification (unlike UCITS).
- ❑ ESMA Trends, Risks, Vulnerabilities (2018 report): AIF sector dominated by a few large participants and a large proportion of assets highly concentrated around a small pool of large funds and asset classes - insurance & pension funds hold 40% of total AIFs
- ❑ Use of leverage by AIFs via EU Hedge Funds: derivatives the major part of leverage – ESMA guidelines on use of leverage
- ❑ Illiquid funds: ESMA guidelines on liquidity stress testing applies from 30 September 2020

### Removing obstacles to marketing cross-border AIFs

- ❑ Improved definition of “Pre-Marketing” – allowed if **no** mention made of established AIF, a proposed prospectus, acquisition rights
- ❑ Targeted small investor protection measures: information in marketing communications on risks and rewards of investing in AIFs and rights about national collective redress mechanisms.
- ❑ Fund marketing rules to be published by national regulators
- ❑ Verification of compliance with national provisions/notifications to be decided within 10 working days.
- ❑ Local levies, fees or charges by NCAs must be proportionate to supervisory tasks carried out and published on regulators' websites.
- ❑ Removing the physical presence (i.e. paying agent) requirement in Member States where funds are marketed

#### NCAs to be vigilant on:

- AIFs employing leverage on a substantial basis
- AIFs using leverage even modestly that have AUM in excess of €500m
- AIFS with « unusually high use of leverage » posing risks to financial stability

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## APCC - Autumn Conference

General Insurance: Re-cap



# How did it start? Predictable... right?!





## 2019 – 2020 (so far...)



FCA Advice Unit  
(aka Sandbox)



Running since 2017...

What does it do?

What are the benefits?

Is it utilised?



Google again...



This slipped through...



Data Protection...



Beware.. Scams!

Home working vs security

Special category data

ICO's Children's Code



Lloyds of ...  
London vs Brussels



Part VII transfer

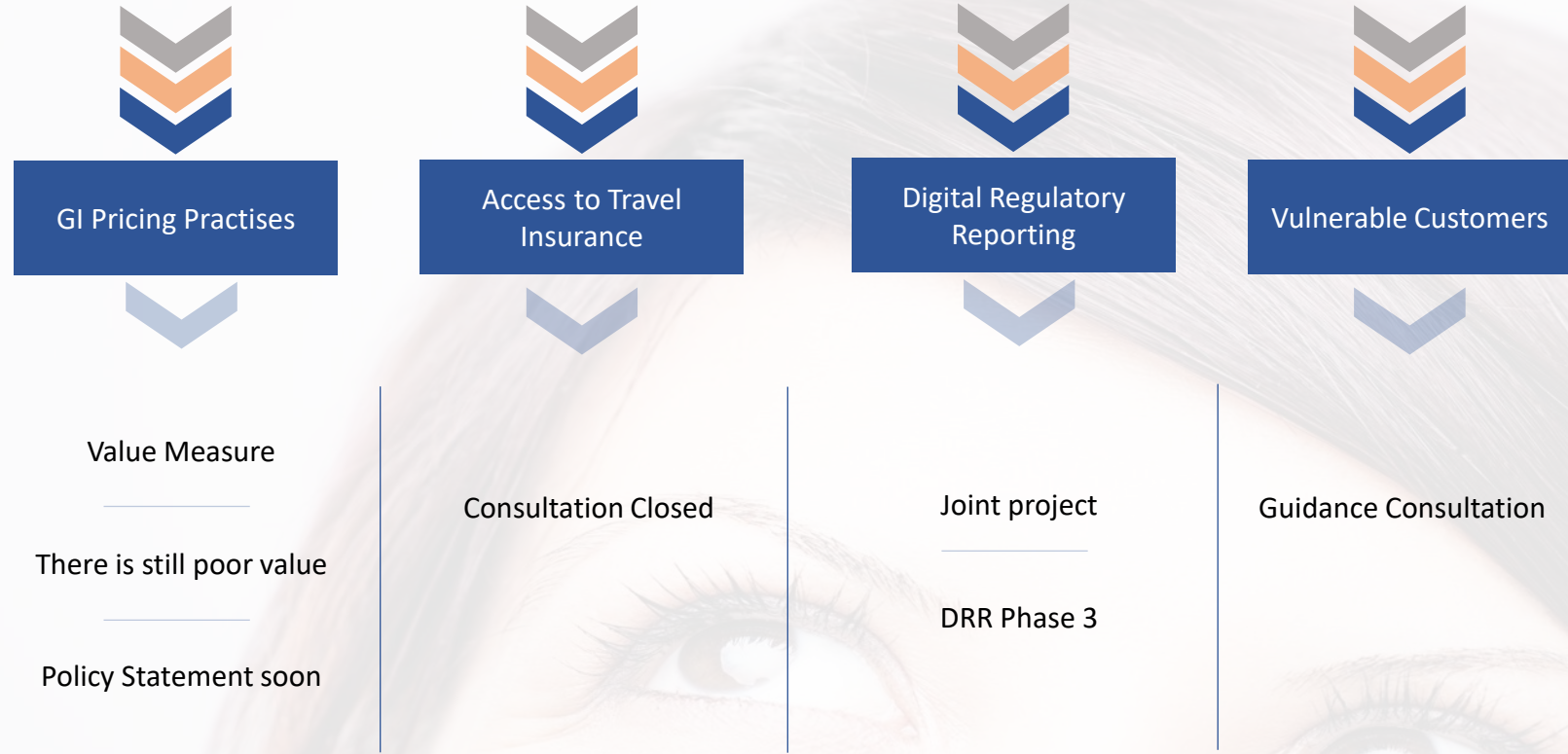
Lloyds Insurance  
Company S.A  
(Lloyds Brussels)

18 November 2020...

## Regulatory Initiative Grid... for 2020/21 and beyond



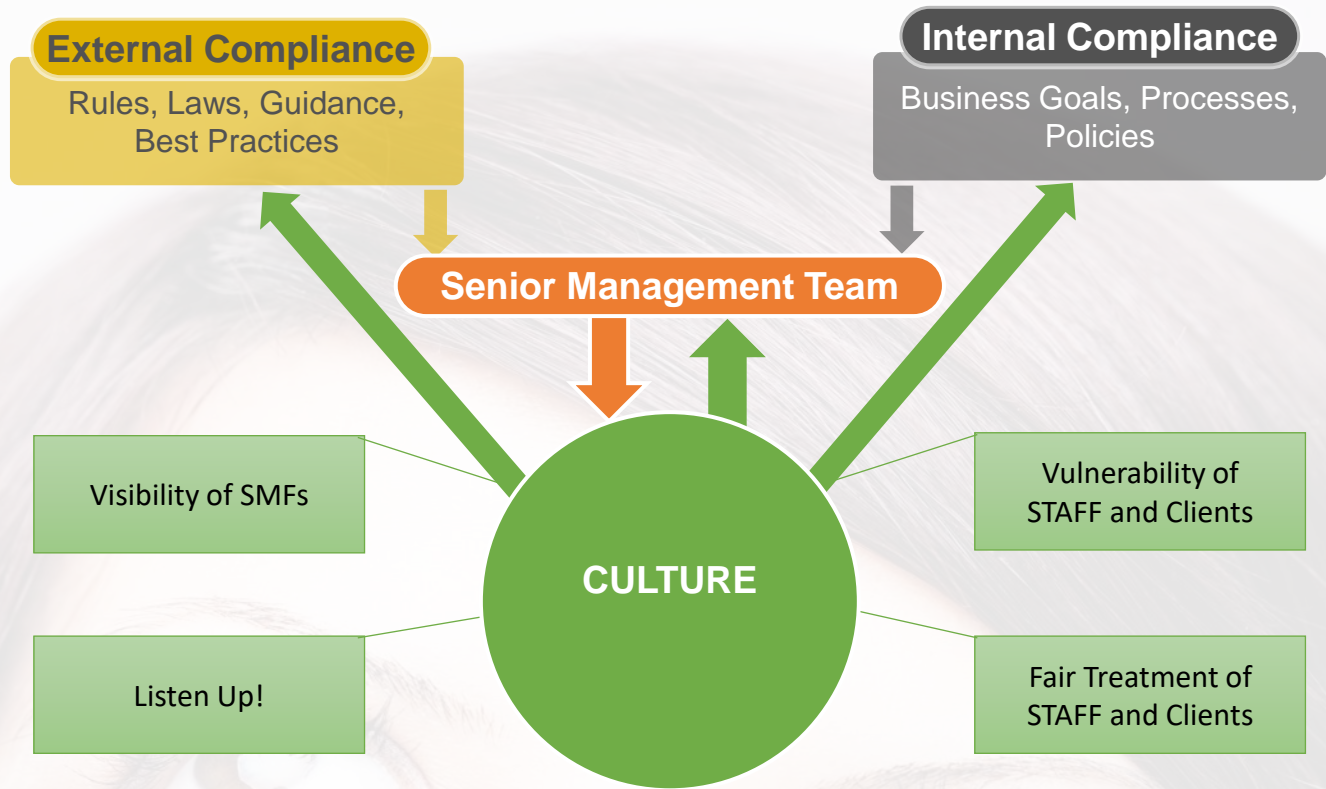
## Regulatory Initiative Grid... for 2020/21 and beyond



## CULTURE

“Putting a clear, meaningful, purpose, at the centre of a firm’s business model, strategy and culture is an important part of adopting a healthy culture. When aligned to positive outcomes for **shareholders, employees and customers**, purpose can benefit firms and play a fundamental role in reducing potential harm to consumers and markets.”

DP20/1





## Working Groups

APCC members are free to join and contribute to sector specific working groups such as:

- **General Insurance Working Group** (no bias, but it's the best...)
- Claims Management Working Group
- Authorisations Working Group
- SM&CR Working Group, and so on (12 in total)

## General Support

Other non-specific support via APCC updates, paper feedback, scam emails...

## Special Thanks...

To all regular members of the GI Working Group  
Bev and Gabby for keeping all these on track!

**APCC**

Supporting  
members,  
their clients,  
(and the regulator(s))

## **BI test case...** an update on judgement

Handing it over to our learnt colleague

