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## FINAL NOTICE

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**To: William Albert Securities Limited**

**To: Veena Bhandari**

**FRN: 230691**

**2 Mill Street  
Bedford  
Bedfordshire  
MK40 3HD**

**Date of Birth: 6 October 1947**

**21 December 2015**

### **ACTION**

1. By an application dated 28 April 2014 ("the Application") William Albert Securities Limited ("WASL") applied under section 60 of the Financial Services and Markets Act 2000 ("the Act") for approval of Mrs Veena Bhandari ("Mrs Bhandari") to perform the controlled function of CF3 (Chief executive).
2. For the reasons listed below, the Authority has refused the Application.

### **SUMMARY OF REASONS**

3. By its Warning Notice dated 24 July 2015 ("the Warning Notice") the Authority gave notice that it proposed to refuse the Application and that WASL and Mrs Bhandari were entitled to make representations to the Authority about that proposed action.
4. Written representations were received by the Authority from WASL on 19 August 2015 and these were considered by the Regulatory Decisions Committee ("RDC"). No oral representations meeting was convened.

5. By its Decision Notice dated 8 October 2015 ("the Decision Notice"), the Authority gave WASL and Mrs Bhandari notice that it had decided to take the action described above.
6. Under section 133(1) of the Act, WASL and Mrs Bhandari had 28 days from the date the Decision Notice was given to refer the matter to the Upper Tribunal (formerly known as the Financial Services and Markets Tribunal). No referral was made to the Upper Tribunal within this period of time or to date.
7. Under section 390(1) of the Act, the Authority, having decided to refuse the Application and there having been no reference of that decision to the Tribunal, must give WASL and Mrs Bhandari Final Notice of its refusal.
8. The Authority is not satisfied that Ms Bhandari is a fit and proper person to perform the controlled function to which the Application relates; in particular, it is not satisfied that Ms Bhandari has the required competence and capability.
9. The evidence provided by WASL in relation to Ms Bhandari's competence and capability is very limited, and is insufficient to enable the Authority to be satisfied that Ms Bhandari has the required competence and capability and is therefore fit and proper to hold the CF3 (Chief executive) function.
10. Despite ongoing engagement by the Authority's Supervision team with WASL concerning supervisory issues, that engagement has not enabled the Authority to make any assessment of Ms Bhandari's competence and capability because Ms Bhandari has not been actively engaged with the Authority during that process.
11. WASL and Ms Bhandari were invited to attend an interview in order to provide the Authority with an opportunity to assess her fitness and propriety. Although the invitation was repeated by the Authority, and remained open throughout the Authority's dialogue with WASL in relation to the application, WASL has consistently refused the invitation on Ms Bhandari's behalf. The information which the Authority hoped to obtain in interview therefore remains outstanding.
12. Accordingly, the Authority cannot be satisfied, on the information provided to date, that Ms Bhandari is fit and proper to perform the CF3 (Chief executive) function.

## **DEFINITIONS**

13. The definitions below are used in this Final Notice.

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

"APPD" means the Authority's Approved Persons, Passporting and Mutuals Department

"the Authority" means the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority;

"FIT" means the section of the Handbook entitled "The Fit and Proper test for Approved Persons";

"Handbook" means the Authority's Handbook of Rules and Guidance;

"SUP" means the Supervision Manual in the Handbook;

"SYSC" means the section of the Handbook entitled "Senior Management Arrangements, Systems and Controls";

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

"WASL" means William Albert Securities Limited;

"Mrs Bhandari" means Mrs Veena Bhandari.

## **RELEVANT REGULATORY PROVISIONS**

14. Details of the regulatory provisions relevant to this Final Notice are referred to in Annex A.

## **FACTS AND MATTERS**

15. By application dated 28 April 2014, WASL applied under section 60 of the Act for approval of Ms Veena Bhandari to perform the CF3 (Chief executive) function.

16. Ms Bhandari's employment history as stated in the CV provided by WASL is summarised below:

- i. India Deputy Manager at the State Bank of Patiala from May 1970 to March 2001;
- ii. Director at WASL from 2007 to 2014; and
- iii. Currently "CEO" at WASL (stated to be awaiting Authority approval).

The CV contains very little detail about the responsibilities and experience of Ms Bhandari in those roles.

17. Ms Bhandari has, since 21 August 2007, held the CF1 (Director) function at WASL. She also held the CF8 (Apportionment and oversight) function for a short period, from 21 August 2007 until 31 October 2007, when her approval was withdrawn due to a regulatory change.

18. Between May 2014 and June 2015, the Authority requested further information including details relating to the rationale behind the application and Ms Bhandari's competence and capability to perform the CF3 (Chief executive) function.

### **Rationale for application**

19. WASL explained in an email on 5 August 2014 that as CF3 Mrs Bhandari could provide direction to the other directors and would be the ultimate decision maker, directing the other directors, including, following a planned reorganisation, an intended non-executive director. Although she could exercise the same influence as owner of the firm, her appointment as CF3 would clearly identify her as the person responsible for the direction of the firm to the FCA and anyone examining the FCA register.

### **Outstanding information**

20. On 14 August 2014 the Authority invited Ms Bhandari to attend a voluntary interview at its offices, explaining that the rationale for the interview was that the Authority was required to assess her competence and capability to perform her

intended expanded role. It stated that the interview would take into account her past experiences at WASL as well as her skills, knowledge and experience to perform the role.

21. The Authority repeated this invitation on 8 October 2014, explaining that the purpose was in particular to obtain further information from WASL and Ms Bhandari regarding her competence and capability to perform the CF3 role and her involvement in the business of WASL to date, as well as answers to any other relevant questions arising as a result.
22. On each occasion, WASL declined the invitation on Ms Bhandari's behalf. In correspondence and telephone calls with the Authority between August 2014 and June 2015, WASL argued that the invitation was unjustifiable and that reliance could instead be placed on the assessment made in 2007 when Ms Bhandari was approved to perform, among other controlled functions, CF8 (Apportionment and oversight). Ms Bhandari had in their view already been assessed as competent for the CF3 function when she was approved for the CF8 function in 2007, and she had effectively been carrying out the CF3 function jointly with another director since she was originally approved for the CF8 function, so there would be no real change in her duties for which she had already been assessed as competent.
23. On 1 July 2015 the Authority sent a letter to WASL setting out the basis on which APPD had decided to recommend that the application be refused. In this letter, the Authority reiterated its reasons for the invitation to interview and that the information required remained outstanding. It also stated that it did not agree that prior approval to perform the CF8 function (or the CF1 function) necessarily demonstrated competence and capability to perform the CF3 function.
24. In response, WASL argued that Ms Bhandari's approval in 2007 for the CF8 (Apportionment and oversight) function was considered by the Authority to be appropriate only for the Chief Executive Officer and so it would follow that Ms Bhandari would also qualify for the CF3 function. It also suggested that any questions which the Authority wished to ask could have been put by email.
25. In reply, the Authority explained that while the Authority expected CF8 to be allocated to a holder of the CF3 (Chief executive) function, where there was one, it was possible to allocate the responsibility to a director or senior manager where there was no holder of the CF3 (Chief executive) function. In respect of the 2007 application, the Authority determined that Ms Bhandari was fit and proper to perform the controlled functions of CF1 and CF8. No determination was made in respect of her fitness and propriety to perform CF3 and nor could any such determination be implied. With regard to the suggestion that questions be put by email, the Authority reminded WASL that the Authority may require the applicant to present information in such form, or verify it in such way, as it may direct.

#### **IMPACT ON FITNESS AND PROPRIETY**

26. The Authority, having considered all of the circumstances, has decided to refuse the Application for the following reasons:
  - i. The evidence of Ms Bhandari's competence and capability provided, consisting principally of a short CV, containing very limited information, and email responses to the Authority's queries from WASL, is insufficient to enable the Authority to be satisfied that Ms Bhandari has the required

competence and capability and is therefore fit and proper to hold the CF3 (Chief executive) function.

- ii. Despite ongoing engagement by the Authority's Supervision team with WASL concerning supervisory issues, that engagement has not enabled the Authority to make any assessment of Ms Bhandari's competence and capability because Ms Bhandari has had only limited involvement in that process. Nor does Ms Bhandari's previous approval for the CF8 or CF1 roles demonstrate her competence and capability to hold the CF3 function.
- iii. WASL and Ms Bhandari have been invited to attend an interview to obtain information about her competence and capability and her previous involvement in the business of WASL, in order to allow the Authority to assess her fitness and propriety. Although that invitation has remained open throughout the Authority's dialogue with WASL relating to the application, WASL has consistently refused that invitation on Ms Bhandari's behalf. The information which the Authority hoped to obtain in interview therefore remains outstanding.
- iv. Accordingly, the Authority cannot be satisfied, on the information provided to date, that Ms Bhandari is fit and proper to perform the CF3 (Chief executive) function.

## **REPRESENTATIONS**

27. Annex B contains a brief summary of the key representations made by WASL and how they have been dealt with. In making the decision which gave rise to the obligation to give this Notice, the Authority has taken into account all of the representations made by WASL, whether or not set out in Annex B. Ms Bhandari did not make separate representations.

## **PROCEDURAL MATTERS**

Decision maker

28. The decision which gave rise to the obligation to give this Notice was made by the Regulatory Decisions Committee.

## **IMPORTANT NOTICES**

29. This Final Notice is given under section 390 (1) of the Act.

### **Publication**

30. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this Final Notice relates. Under those provisions, the Authority must publish such information about the matter to which this Final Notice relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to WASL or Mrs Bhandari or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.

31. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

**Authority contacts**

32. For more information concerning this matter generally, contact Marc Jobling, Acting Senior Manager, Approved Persons, Passporting, Mutuels Department the Authority (direct line: 020 7066 0326 / email: marc.jobling@fca.org.uk).

**Andrew Freeman**  
**Chair of the Regulatory Transactions Committee**

## **ANNEX A – REGULATORY PROVISIONS RELEVANT TO THIS FINAL NOTICE**

### **Relevant Statutory Provisions**

1. The Authority may grant an application for approval under section 60 of the Act only if it is satisfied that the person in respect of whom the application is made is a fit and proper person to perform the controlled function to which the application relates (section 61(1) of the Act).
2. Section 390 (1) of the Act requires the Authority, if the matter was not referred to the Tribunal within the time required by the Tribunal Procedure Rules, to issue a Final Notice.

### **Relevant provisions of the Authority’s Handbook**

3. The Fit and Proper test for Approved Persons (“FIT”) sets out the criteria that the Authority will consider when assessing the fitness and propriety of a person to perform a particular controlled function.
4. The most important considerations to which the Authority will have regard include the person’s competence and capability (FIT 1.3.1G).
5. In assessing fitness and propriety, the Authority will also take account of the activities of the firm for which the controlled function is or is to be performed, the permissions held by the firm and the markets within which it operates (FIT 1.3.2G).
6. If a matter comes to the Authority’s attention which suggests that the person might not be fit and proper, the Authority will take into account how relevant and important that matter is (FIT 1.3.4G).
7. In determining a person’s competence and capability, the matters to which the Authority will have regard include:
  - (1) whether the person has demonstrated by experience and training that the person is suitable, or will be suitable if approved, to perform the controlled function (FIT 2.2.1G (2)).

### **Authority Handbook provisions concerning CF1, CF3 & CF8**

8. Note: as in force from 1 April 2013, unless otherwise stated.

#### **Director Function (CF1)**

9. SUP 10A.6.7 R: “If a firm is a body corporate (other than a limited liability partnership), the director function is the function of acting in the capacity of a director (other than non-executive director) of that firm.”
10. SUP 10A.6.8 R: “(1) If a firm is a body corporate (other than a limited liability partnership), the director function is also the function of acting in the capacity of a person: (a) who is a director, partner, officer, member (if the parent undertaking or holding company is a limited liability partnership), senior manager, or employee of a parent undertaking or holding company of the firm; and (b) whose decisions or actions are regularly taken into account by the governing body of the firm....”

**Chief executive function (CF3)**

- 11. SUP 10A.6.17 R: "The chief executive function is the function of acting in the capacity of a chief executive of a firm."
- 12. SUP 10A.6.18 G: "This function is having the responsibility, alone or jointly with one or more others, under the immediate authority of the governing body: (1) for the conduct of the whole of the business (or relevant activities)..."
- 13. SUP 10A.6.20 G: "A person performing the chief executive function may be a member of the governing body but need not be. If the chairman of the governing body is also the chief executive, he will be discharging this function. If the responsibility is divided between more than one person but not shared, there is no person exercising the chief executive function. But if that responsibility is discharged jointly by more than one person, each of those persons will be performing the chief executive function."

**Apportionment and oversight function (CF8)**

- 14. SUP 10A.7.1 R: "The apportionment and oversight function is the function of acting in the capacity of a director or senior manager responsible for either or both of the apportionment function and the oversight function set out in SYSC 2.1.3 R..."
- 15. SYSC 2.1.3R (in force from 1 December 2001): "A firm must appropriately allocate to one or more individuals, in accordance with SYSC 2.1.4 R, the functions of:
  - (1) Dealing with the apportionment of responsibilities...; and
  - (2) Overseeing the establishment and maintenance of systems and controls..."
- 16. SYSC 2.1.5 G (in force from 1 December 2001): "SYSC 2.1.3 R and SYSC 2.1.4 R give a firm some flexibility in the individuals to whom the functions may be allocated. It will be common for both the functions to be allocated solely to the firm's chief executive..."
- 17. SYSC 2.1.4 R (in force from 1 December 2001):

"Allocation of functions:

<b>1: Firm type</b>	<b>2: Allocation of both functions must be to the following individual, if any (see Note):</b>	<b>3: Allocation to one or more individuals selected from this column is compulsory if there is no allocation to an individual in column 2, but is otherwise optional and additional:</b>
...(3) Any other firm [I.e. not a member of a group or incoming EEA Firm]	the firm's chief executive (and all of them jointly, if more than one)	the firm's and its group's: (1) directors; and (2) senior manager's
<b>Note:</b> Column 2 does not require the involvement of the chief executive or other		



<b>1: Firm type</b>	<b>2: Allocation of both functions must be to the following individual, if any (see Note):</b>	<b>3: Allocation to one or more individuals selected from this column is compulsory if there is no allocation to an individual in column 2, but is otherwise optional and additional:</b>
<p>executive director or senior manager in an aspect of corporate governance if that would be contrary to generally accepted principles of good corporate governance.”</p>		

## ANNEX B

### REPRESENTATIONS

WASL's representations (in italics), and the Authority's conclusions in respect of them, are set out below.

1. *The Authority should have communicated to WASL at the time it responded that the short CV provided and the email responses to the Authority's queries were insufficient to enable it to be satisfied that Ms Bhandari had the required competence and capability for the CF3 (Chief executive) function, if that was its opinion. In fact, an internal Authority email of 5 June 2014 had confirmed that the response was complete.*
2. The Authority has concluded that it was made very clear to WASL that further information was required from WASL over and above that provided, in order to assess Ms Bhandari's competence and capability, and that this was the reason she was invited for interview. The reference in the email of 5 June 2014 to the response being complete indicated only that the view was taken by the Authority that the specific information requested in an email of the previous day had been provided.
3. *The reason Ms Bhandari had only limited involvement in dealing with the supervisory issues was because the Authority had excluded her from virtually all correspondence relating to those issues.*
4. The Authority has concluded that Ms Bhandari was not excluded from correspondence, and in fact was copied into the majority of correspondence between the Authority and WASL on these issues. In any event the significance of her lack of involvement with the supervisory issues, in the context of the application, is that it did not provide the Authority with any opportunity to assess her competence and capability.
5. *The interview was proposed in order to make it more difficult for WASL to effect the reorganisation it had been planning for some time. There should have been no need for such an interview because Ms Bhandari's competence and capability was (or should have been) assessed when she was approved for the CF8 role.*
6. The Authority has concluded that the interview was proposed by APPD in order to assess Ms Bhandari's competence and capability and for no other reason. The previous approval of Ms Bhandari for the CF8 function does not demonstrate her fitness and propriety in relation to the CF3 function (and would not have done so, even had it been current, or of recent date).
7. *WASL had established via a Freedom of Information Act request of the Authority that, since 1 April 2013, Ms Bhandari was the only person previously approved for the CF8 (Apportionment and oversight) function who had been asked to attend an interview in relation to an application for approval for the CF3 (Chief executive) function at the same firm.*

The Authority has concluded that if by this representation, WASL intends to suggest that Ms Bhandari has not been treated fairly in relation to this application, that is incorrect. The Authority is satisfied that the request for an interview was justified in all the circumstances of this case; in particular the lack of information provided by WASL in support of the application.