
FINAL NOTICE

To: **Clark Rees LLP**

FRN: **468079**

Address: **1 Caspian Point
Pier Head Street
Cardiff
CF10 4DQ**

Date: **25 November 2010**

TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (“the FSA”) gives Clark Rees LLP final notice about the cancellation of its Part IV permission to carry on regulated activities:

1. ACTION

- 1.1 The FSA gave Clark Rees LLP (“the LLP”) a Decision Notice on 25 November 2010 (“the Decision Notice”) which stated that, pursuant to section 45 of the Financial Services and Markets Act 2000 (“the Act”), it had decided to cancel the Part IV permission granted to the LLP. This was because the LLP was failing to satisfy Threshold Condition 4 (Adequate Resources) and Threshold Condition 5 (Suitability) set out in Schedule 6 to the Act.
- 1.2 The LLP agreed to settle at any early stage of the FSA’s investigation. Accordingly, the FSA has today cancelled the LLP’s Part IV permission.

2. REASONS FOR THE ACTION

- 2.1 By a Final Notice dated 25 November 2010, having concluded that Mr Ceri Rees (“Mr Rees”) is not a fit and proper person, pursuant to section 63 of the Act, the FSA withdrew Mr Rees’s approval to perform the controlled function of CF4 (Partner) at the LLP.
- 2.2 Mr Rees was the only approved person and partner at the LLP. For the reasons given in the FSA’s Final Notice dated 25 November 2010, the FSA concluded that Mr Rees did not have the necessary competence and capability to ensure that the LLP met its regulatory requirements. Therefore, the LLP was not able to satisfy the FSA that was fit and proper having regard to all the circumstances.
- 2.3 As Mr Rees was not fit and proper, the LLP failed to satisfy the threshold conditions set out in Schedule 6 to the Act (the “Threshold Conditions”) in that, in the opinion of the FSA, the LLP did not have adequate resources in relation to the regulated activities it sought to carry on. Specifically, the LLP did not have adequate human resources (Threshold Condition 4). In addition, as the FSA concluded that Mr Rees was not fit and proper, the LLP was accordingly likely to fail to satisfy Threshold Condition 5 (Suitability).

3. STATUTORY PROVISIONS, REGULATORY REQUIREMENTS AND GUIDANCE

- 3.1 The relevant statutory provisions, regulatory guidance and policy are set out as an Annex to this Notice.

4. DECISION MAKER

- 4.1 The decision that gave rise to the obligation to give this Final Notice was made on behalf of the FSA by Settlement Decision Makers for purposes of the FSA’s Decision Procedure and Penalties Manual.

IMPORTANT

- 4.2 This Final Notice is given to the LLP in accordance with section 390 of the Act. The following rights are important.

Confidentiality and publicity

- 4.3 Sections 391(4), 392(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 FSA must publish such information about the matter to which this Notice relates as the FSA considers appropriate. The information may be published in such manner as the FSA considers appropriate. However, the FSA may not publish information if such publication would, in the opinion of the FSA, be unfair to the LLP or prejudicial to the interests of consumers.
- 4.4 The FSA intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

FSA contacts

- 4.5 For more information concerning this matter generally, you should contact Chris Walmsley of the Enforcement and Financial Crime Division of the FSA (direct telephone line: 020 7066 5894).

Tom Spender
Head of Department
Enforcement and Financial Crime Division

ANNEX

STATUTORY PROVISIONS, REGULATORY GUIDANCE AND POLICY

- 1) The FSA's regulatory objectives, as set out in section 2(2) of the Act, include market confidence, the protection of consumers and the reduction of financial crime.
- 2) Section 41 and Schedule 6 to the Act set out the threshold conditions, which are conditions that the FSA must ensure a firm will satisfy, and continue to satisfy, in relation to regulated activities for which it has permission.
- 3) Paragraph 4 of Schedule 6 to the Act states that the resources of the person concerned must, in the opinion of the FSA, be adequate in relation to the regulated activities that he seeks to carry on, or carries on (threshold condition 4: Adequate Resources).
- 4) Paragraph 5 of Schedule 6 to the Act states that the person concerned must satisfy the FSA that he is a fit and proper person having regard to all the circumstances including the need to ensure that his affairs are conducted soundly and prudently (threshold condition 5: Suitability).
- 5) The FSA's Handbook includes guidance as to the threshold conditions ("COND"). COND 2.4.2G(2) states that the FSA will interpret the term "*adequate*" in relation to threshold condition 4 as meaning sufficient in terms of quantity, quality and availability, and "*resources*" as including all financial resources, non-financial resources and means of managing resources; for example, capital, provisions against liabilities, holdings of or access to cash and other liquid assets, human resources and effective means by which to manage risks.
- 6) 2.4.4G(2)(c) states that the FSA will consider in this context whether there are any implications for the adequacy of the firm's resources arising from the history of the firm; for example, whether the firm has been adjudged bankrupt.
- 7) COND 2.5.4G and COND 2.5.6G give guidance as to whether a firm satisfies threshold condition 5. They state that the FSA will have regard to whether, among other things:
 - (1) the firm is conducting its business with integrity and in compliance with proper standards (COND 2.5.4G(2)(a)), including whether the firm has been open and co-operative in all its dealings with the FSA in accordance with Principle 11 of the FSA's Principles for Businesses,
 - (2) is ready, willing and organised to comply with the requirements and standards under the regulatory system (COND 2.5.6G(1)); and
 - (3) whether the firm has contravened, or is connected with any person who has contravened, any provision of the Act or the regulatory system (COND 2.5.6G(4)).