
FINAL NOTICE

To: **Network 300 Limited**
Of: **Prospect Place**
85 Great North Road
Hatfield
Herts AL9 5BS

Dated: **21 December 2004**

TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS ("the FSA") gives you final notice about a decision to cancel the permission granted to Network 300 Limited ("N300") to carry on regulated activities.

1. BACKGROUND

The FSA gave N300 a Warning Notice on 8 October 2004 which stated that the FSA proposed to cancel the permission granted to N300 pursuant to Part IV of the Act ("N300's Part IV permission"), on the basis that, in the opinion of the FSA, the resources of N300 were not adequate in relation to the regulated activities it carried on. On 11 October 2004, N300 entered administration, and on 18 October 2004 the FSA gave N300 a First Supervisory Notice in relation to a decision to vary N300's Part IV permission, to remove all regulated activities with immediate effect.

2. ACTION

The FSA gave N300 a Decision Notice on 16 November 2004 ("the Decision Notice") which notified N300 that for the reasons listed below and pursuant to section 45 of the Financial Services and Markets Act 2000 ("the Act"), the FSA had decided to cancel N300's Part IV permission.

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3. REASONS FOR ACTION

On the basis of the facts and matters and the conclusions described in its Warning Notice dated 8 October 2004 (an extract from which is attached to, and forms part of, this Notice) and in the Decision Notice, it appears to the FSA that the resources of N300 are not adequate in relation to the regulated activities it carries on, and that N300 has failed to satisfy Threshold Condition 4: Adequate Resources.

By virtue of section 45(1)(a) of the Act, which gives the FSA the power to cancel a firm's Part IV permission if it is considered appropriate to do so, the FSA has today cancelled N300's Part IV permission.

4. IMPORTANT

This Final Notice is given to N300 in accordance with section 390(1) of the Act.

Publicity

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 FSA must publish such information about the matter to which this Final 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 N300 or prejudicial to the interests of consumers.

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

FSA contact

For more information concerning this matter, you should contact Stephen Oakes at the FSA (direct line: 020 7066 5530 /fax: 020 7066 9720).

John Kirby
Manager, Retail Selling
Enforcement Division

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EXTRACT FROM WARNING NOTICE DATED 8 OCTOBER 2004

REASONS FOR PROPOSED ACTION

Facts and matters relied on

N300 is a category B3 personal investment firm and an independent financial adviser Network.

As such, N300 must comply with the financial resources requirements in FSA Rule 13.9.1 in the Interim Prudential Sourcebook for Investment Businesses, as follows:

- Under FSA Rule 13.10.1, N300's own funds must at all times be at least £10,000. N300 is also subject to an additional requirement of £73,000 of own funds which must be readily realisable, because its professional indemnity insurance is not fully compliant with the FSA's rules requirements;
- Under FSA Rule 13.11.3, N300 must at all times have adjusted net current assets of at least £1;
- Under FSA Rule 13.12.1D(2), N300 must have financial resources of 13/52 of its relevant annual expenditure.

N300 has failed since 29 February 2004 to meet these financial resources requirements.

Based on its draft financial statements as at 29 February 2004, and after making such adjustments as considered appropriate, the FSA calculated that N300 had, at that date, an own funds deficit of £33,556, a net current assets deficit of £246,588 and an expenditure-based requirement deficit of £381,618.

Based on its quarterly financial return for the period ending 31 May 2004, and after making appropriate adjustments, the FSA calculated that N300 had, at that date, an own funds deficit of £33,556, a net current assets deficit of £554,726 and an expenditure-based requirement deficit of £689,756.

In its quarterly financial return for the period ending 31 August 2004, N300 reported that it had, at that date, an own funds deficit of £71,036, a net current assets deficit of £268,985 and an expenditure-based requirement deficit of £123,337. After making adjustments to the own funds calculation, as required under FSA Rules, the own funds deficit was £793,508.

Despite repeated requests and warnings from the FSA, N300 has failed to rectify these deficits.

Conclusions

The facts and matters described above lead the FSA, having regard to its regulatory objectives which include the protection of consumers and maintaining confidence in the financial system, to the following conclusions.

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N300, by failing to meet the financial resources requirements applicable to it under the FSA rules, fails to demonstrate to the FSA that it has sufficient capital to run its affairs or to wind down its business in an orderly fashion if it was to cease trading and therefore fails to satisfy Threshold Condition 4: Adequate resources. That failure is material in relation to its permitted activities.
