
FINAL NOTICE

To: **RCWatches Ltd**

Address: **70 Hatton Garden
London
EC1N 8JT**

FRN: **987078**

Dated: **4 June 2024**

ACTION

1. For the reasons set out in this Final Notice, the Authority hereby takes the following action.
2. The Authority issued to RCW the Decision Notice, which notified it that for the reasons given below and pursuant to section 55J of the Act, the Authority has decided to cancel RCW's Part 4A permission.
3. RCW has not referred the matter to the Tribunal within 28 days of the date on which the Decision Notice was given to it.
4. Accordingly, the Authority has today cancelled RCW's Part 4A permission.

SUMMARY OF REASONS

5. From the facts and matters detailed below, the Authority, having regard to its operational objectives, considers that RCW's Part 4A permission should be cancelled. In particular, RCW's Part 4A permission was varied following the issuing of the FSN meaning it no longer has any permissions and the Authority is satisfied that it is no longer necessary to keep RCW's permission in force.

DEFINITIONS

6. The definitions below are used in this Final Notice (and in the Annex):
 - "the Act" means the Financial Services and Markets Act 2000;
 - "the Authority" means the Financial Conduct Authority;
 - "the Decision Notice" means the decision notice given to RCW dated 19 April 2024;
 - "EG" means the Authority's Enforcement Guide;
 - "FSN" means the First Supervisory Notice dated 20 December 2023;
 - "the Handbook" means the Authority's Handbook of rules and guidance;
 - "RCW" means RCWatches Ltd;
 - "RCW's Part 4A permission" means the permission granted by the Authority to RCW pursuant to Part 4A of the Act;
 - "the Suitability Threshold Condition" means the threshold condition set out in paragraph 2E of Schedule 6 of the Act;
 - "the Tribunal" means the Upper Tribunal (Tax and Chancery Chamber); and
 - "the Warning Notice" means the warning notice given to RCW dated 22 March 2024.

FACTS AND MATTERS

7. RCW was authorised by the Authority on 23 May 2023 with the following permissions:
 - i. agreeing to carry on a regulated activity; and
 - ii. credit broking (limited to secondary broking).
8. On 20 December 2023, the Authority gave RCW the FSN, under which RCW's permission was varied to remove all regulated activity to which the permission related. This action was taken because the Authority had identified serious concerns relating to RCW:
 - i. throughout the Authorisations process, RCW appears to have falsely stated that the sole individual approved to perform senior management functions at RCW ("the SMF"), was running the business and managed it on a day-to-day basis. However, after attempts by Supervision to meet with the SMF, RCW later disclosed on 26 October 2023 that it was a person closely connected with the SMF who was managing the business on a daily basis, and that despite the SMF being named as the SMF, they were not involved in day-to-day operations at RCW and were entirely "hands-off"; and

- ii. during the Authorisations process and after, RCW assured the Authority that it was not involved in providing unregulated financial services. However, on 25 October 2023, RCW disclosed that it had been offering a “corporate bond” to investors since November 2022.
9. This conduct appeared to demonstrate that RCW posed a serious risk of harm to consumers, and that it was not a fit and proper person in relation to the regulated activities which it carried on. It was therefore failing, or likely to fail, to satisfy the Suitability Threshold Condition.
 10. Since the variation of RCW’s Part 4A permission, it has continued to be authorised and to hold a Part 4A permission, but there are no regulated activities for which RCW has permission.
 11. Following the variation of RCW’s Part 4A permission, RCW has failed to voluntarily cancel its Part 4A permission, despite informing the Authority that it would do so.

CANCELLATION

12. The statutory and regulatory provisions relevant to this Final Notice are set out in the Annex.
13. From the facts and matters described above and having regard to its operational objectives, the Authority is satisfied that, following the variation of RCW’s Part 4A permission to remove all regulated activities for which RCW has permission, it is no longer necessary to keep RCW’s permission in force.
14. Accordingly, the Authority has cancelled RCW’s Part 4A permission.

DECISION MAKER

15. The decision which gave rise to the obligation to give this Final Notice was made by an Authority staff member under executive procedures.

PROCEDURAL MATTERS

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

Publicity

17. The Authority must publish such information about 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 information would, in the opinion of the Authority, be unfair to RCW or prejudicial to the interests of consumers.
18. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority Contact

19. For more information concerning this matter generally, RCW should contact Sukie Sandhar at the Authority (direct line: 020 7066 1796).

Jeremy Parkinson
Enforcement and Market Oversight Division

ANNEX

RELEVANT STATUTORY PROVISIONS

1. The Authority's operational objectives are set out in section 1B(3) of the Act include securing an appropriate degree of protection for consumers (section 1C of the Act) and protecting and enhancing the integrity of the UK financial system (section 1D of the Act).
2. Section 55J (8) of the Act states that:

"If, as a result of a variation of a Part 4A permission under this section, there are no longer any regulated activities for which the authorised person concerned has permission, the regulator responsible for the variation must, once it is satisfied that it is no longer necessary to keep the permission in force, cancel it."

RELEVANT HANDBOOK PROVISIONS

3. In exercising its power to cancel a firm's Part 4A permission, the Authority must have regard to guidance published in the Handbook and in regulatory guides, such as EG. The main considerations relevant to the action specified above are set out below.

The Enforcement Guide

4. The Authority's policy in relation to exercising its power to cancel a firm's Part 4A permission is set out in EG.
5. EG 8.1.1(1) provides that the Authority may use its own initiative power to cancel the permission of an authorised person under section 55J of the Act.

Cancelling a firm's Part 4A permissions on the Authority's own initiative

6. EG 8.5.1(2) states that the Authority will consider cancelling a firm's Part 4A permission using its own initiative power contained in section 55J of the Act in circumstances where the firm's regulated activities have come to an end, and it has not applied for cancellation of its Part 4A permission.
7. EG 8.5.4 states that where the situation appears so urgent and serious that the firm should immediately cease to carry on all regulated activities, the Authority may first vary the firm's Part 4A permission so that there is no longer any regulated activity for which the firm has a Part 4A permission. If it does this, the Authority will then have a duty to cancel the firm's Part 4A permission - once it is satisfied that it is no longer necessary to keep the Part 4A permission in force.