

FINANCIAL MARKETS LAW COMMITTEE

England & Wales - Charity number 1164902

Details

Other names	?FMLC? AND ?THE FINANCIAL MARKETS LAW COMMITTEE? ARE NAMES USED BY A COMMITTEE APPOINTED BY THE COMPANY, FMLC AND THE FINANCIAL MARKETS LAW COMMITTEE ARE NAMES USED BY A COMMITTEE APPOINTED BY THE COMPANY
Status	Registered
Legal form	Charitable company
Company number	08733443
Registered	2015-12-17
Register	View on the Charity Commission register

Contact

Address	North Wing Guildhall Basinghall Street London EC2R 2EJ
Phone	02045229190
Email	rachel.toon@fmlc.org
Website	http://www.fmlc.org

Activities

Objects: THE COMPANY'S OBJECTS ARE SPECIFICALLY RESTRICTED TO PROMOTING FOR THE PUBLIC BENEFIT THE ADVANCEMENT OF EDUCATION BY:(1) IDENTIFYING AND CONSIDERING, IMPARTIALLY AND IN THE PUBLIC INTEREST, ISSUES OF LEGAL UNCERTAINTY OR MISUNDERSTANDING RELATING TO THE FUNCTIONING AND REGULATION OF FINANCIAL MARKETS; AND; (2) MAKING ITS WORK ON THOSE LEGAL ISSUES FREELY AVAILABLE TO FINANCIAL MARKETS AND TO THE GENERAL PUBLIC.

Activities: The Financial Markets Law Committee aims to identify issues of legal uncertainty affecting wholesale financial markets, including inconsistencies between draft law or regulation and market practice, and to publish proposals for resolving them.

Classification

- **How:** Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** Education/training, Other Charitable Purposes
- **Who:** The General Public/mankind

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-10-31	£422,846	£470,238	-	-
2024-10-31	£389,808	£478,319	-	-
2023-10-31	£451,308	£450,267	-	-
2022-10-31	£435,000	£462,761	-	-
2021-10-31	£362,500	£405,979	-	-
2020-10-31	£365,959	£336,111	-	-

Trustees

Name	Role	Appointed
The Rt Hon the Lord Thomas of Cwmgiedd	Chair	2017-11-08
Carolyn Jackson		2020-04-02
Jonathan May		2022-05-26
KATHLEEN GIBBONS		2013-12-05
SIMON FIRTH		2013-12-05
SIR ROBIN KNOWLES CBE		2016-03-24

FINANCIAL MARKETS LAW COMMITTEE

England & Wales - Charity number 1164902

Accounts



FINANCIAL MARKETS LAW COMMITTEE
Trustees' Report And Financial Statements
Year Ending 31 October 2025

Registered Charity Number: 1164902.

"FMLC" and "Financial Markets Law Committee" are terms used to describe a committee appointed by Financial Markets Law Committee, a limited company ("Company").
Registered office: North Wing, Guildhall, Basinghall Street, London EC2P 2EJ. Registered in England and Wales with number: 8733443

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FINANCIAL MARKETS LAW COMMITTEE
REFERENCE AND ADMINISTRATIVE
DETAILS

CHARITY REGISTRATION NUMBER 1164902

COMPANY REGISTRATION NUMBER 08733443

TRUSTEES

Lord R J L Thomas of
Cwmgiedd
Mr S Firth
Ms K Gibbons
Ms C Jackson
Sir R Knowles CBE
Mr J May

REGISTERED OFFICE

North Wing
Guildhall
Basinghall Street
London
EC2P 2EJ

INDEPENDENT AUDITORS

Price Bailey LLP
Chartered Accountants & Statutory
Auditors
24 Old Bond Street
London
W1S 4AP

TRUSTEES

Lord Thomas of Cwmgiedd	Chair, Director, Member
Simon Firth	Director, Member
Kathleen Gibbons	Deputy Chair, Director, Member
Carolyn Jackson	Director, Member
Sir Robin Knowles CBE	Director, Member
Jonathan Edward May	Director, Member

The Trustees are pleased to present their annual report together with the financial statements for the year ending 31 October 2025, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Companies Act 2006 and the Memorandum and Articles of Association.

OBJECTIVES AND ACTIVITIES

- 1.1. The objectives of Financial Markets Law Committee ("**FMLC**" or the "**Charity**") are to promote for the public benefit the upholding and proper administration of the law and the advancement of education by:
 - a) identifying and considering, impartially and in the public interest, issues of legal uncertainty or misunderstanding relating to the functioning and regulation of financial markets; and
 - b) making its work on those legal issues freely available to financial markets and to the general public.
- 1.2. FMLC aims to identify issues of legal uncertainty, or misunderstanding, present and future, affecting the wholesale financial markets which might give rise to material risks, and to consider how such issues should be addressed.
- 1.3. Some element of legal uncertainty is inevitable in financial markets that are international, competitive and innovative. Although the U.K. framework of law for financial markets is highly developed and robust, new ideas or practices or advances in technology, such as digital assets and artificial intelligence sometimes raise legal uncertainties as to how the law will apply, on occasion based on misunderstandings about existing law. In addition, proposals (whether at home or abroad) for new law or new regulations can give rise to uncertainties or misunderstandings when the specific features of wholesale market practice have not been fully understood by a legislature or other public authority.
- 1.4. The establishment of FMLC reflects the view – widely held across the wholesale financial markets – that London should have arrangements in place to identify and analyse areas of legal uncertainty or misunderstanding affecting those markets. The Committee¹, which meets bi-monthly to review FMLC publication proposals and to guide the forward research strategy of the Charity's employees (the "**Secretariat**"), strives to act impartially. It comprises senior lawyers, representatives of financial market participants (buy-side and sell-side) and the Tripartite Authorities (i.e., Bank of England, HM Treasury and Financial Conduct Authority). Meetings are attended regularly by observers from public bodies and industry associations.
- 1.5. The Committee was originally established by the Bank of England (the "**Bank**"). FMLC, however, is independent from the Bank and its views and any published materials cannot be taken to reflect the views of the Bank, or those of any other patron and/or stakeholder.
- 1.6. The Charity fulfils its purposes by its activities which include publishing reports and responses to consultations or calls for evidence in respect of areas of legal uncertainty and making these available for the public on its website, organising scoping forums where interested practitioners can educate each other on issues of legal uncertainty

¹ The Committee is an independent body of experts appointed by FMLC. For further detail, please see www.fmlc.org

- 1.7. as well as organising seminars and webinars on topics of legal uncertainty where the identification and minimisation of that uncertainty is in the public interest.
- 1.8. The Charity also acts as a bridge to the judiciary, helping the U.K. courts to remain up to date with developments in financial markets. It carries out this role primarily by organising seminars to brief senior members of the judiciary on aspects of wholesale financial markets of which they might not otherwise be aware. FMLC also holds educational events which are not aimed solely at the judiciary and which are attended by interested parties including representatives from law firms and trade associations, together with other industry practitioners, academics and some students. Accompanying materials from such events are published on the FMLC's website.
- 1.9. FMLC also liaises with the members of international forums, originally established by central banks that have a regulatory role in the leading global financial centres. These are the European Financial Markets Lawyers Group ("**EFMLG**") in Frankfurt; the Financial Law Board ("**FLB**") in Tokyo and the FMLC in London. The forum members discuss global issues of concern to the financial markets and they typically meet at least annually.
- 1.10. In order for the Charity's work to be promoted for the public benefit, the Secretariat take appropriate steps to ensure that FMLC's work is available to any interested party by making it available on its website and, where appropriate, publishing on social media.
- 1.11. The trustees confirm that they have had regard to section 17 of the Charities Act 2011 and the Charity Commission's guidance on public benefit when setting the charity's aims and objectives and in planning future activities.

2. ACHIEVEMENTS AND PERFORMANCE

- 2.1. During this period, the Charity produced six publications addressing a range of topics, including private law issues in connection with artificial intelligence and notice requirements associated with insolvency protections under the Settlement Finality Regulations. The Charity also issued responses to several consultations, including those from HM Treasury and the Financial Conduct Authority on cryptoasset regulation, as well as the Law Commission's consultation on governing law and digital assets. Full details of all publications are available on the Charity's website at www.fmlc.org.
- 2.2. The FMLC hosted an in-person event with Clifford Chance LLP with a panel discussing Liability for Artificial Intelligence use in the financial markets in November 2025.
- 2.3. The achievements highlighted serve as evidence that the aims of the Charity, as stated in Section One above, have been met.

3. FINANCIAL REVIEW

- 3.1. The Charity's financial performance was satisfactory in 2024-2025. Charitable donations increased to £401,000 from £375,500 in 2023-2024 and interest income increased to £21,846 from £14,308 in 2023-2024. As a result, total income was £422,846 (2024: £389,808).
- 3.2. The total income will allow FMLC to continue its current output for the foreseeable future and the Charity is also able to draw on its reserves, as detailed below, in pursuit of meeting its goals. Total costs decreased by 1.68% to £470,238 (2024: £478,319) with almost the entirety of expenditure relating to the direct costs of the upholding and proper administration of the law and the advancement of education.
- 3.3. FMLC is a small charity, which spends most of its income on salaries to fulfil its remit which requires extensive legal research, analysis and writing, as detailed above, together with a sound operational base. A majority of FMLC's donors are in the same line of business, being mostly law firms and trade associations, so an unforeseen event which has an impact on the business of one of the Charity's donors is likely similarly to affect other donors. FMLC raises funds once a year. If a large number of donors were to withdraw or reduce their support in any one year, FMLC's operating budget for that year would be adversely affected to a very significant degree without reserve funds. The reserve funds are intended to cover the costs of FMLC until the next fundraising round in the expectation that, over the year, the Charity will be successful in finding alternative sources of support.
- 3.4. The reserve funds are also intended to cover the costs of strategic planning to mitigate key risks identified in FMLC's risk register, as detailed below in Section Three.
- 3.5. FMLC's Trustees have agreed the FMLC reserves policy which is to hold in reserve funds approximately equal to at least one year's expenses to cover the risk of unforeseen events and meet the needs of cash flow in the event of a reduction in donations. At the year-end total reserves were £461,569 (2024:£508,961) being slightly less than total expenses in 2024-2025. The Charity continues to keep its reserves policy under regular review.
- 3.6. At the date of approving the report and accounts, there are no uncertainties about the Charity's ability to continue as a going concern.

4. STRUCTURE, GOVERNANCE AND MANAGEMENT

- 4.1. FMLC is a company limited by guarantee ("**the Company**") governed by its Memorandum and Articles of Association ("**Articles**") dated 3 December 2015 (replacing earlier Memorandum and Articles of Association dated 15 October 2013). Anyone over the age of 18 can become a Member of the Company. There are currently six Members, each of whom agrees to contribute a sum not exceeding £1 in the event of its being wound up.

- 4.2. FMLC is registered as a charity with the Charity Commission. Directors appointed to the Board of the Company have control and management of the Company and are, therefore, the Charity Trustees for the purposes of the Charities Act 2011. As such, they not only owe fiduciary duties in the normal way as Directors of the Company, but they also owe fiduciary duties to the Charity in the same way as they would if they were trustees of a charitable trust.
- 4.3. The Board is responsible for the governance of the Charity and oversees the operation and administration of FMLC, the Committee and the Secretariat. The Board maintains, supports and sets the terms of reference of the Committee. Minutes of meetings of the Committee are sent to the Board, who all also serve as Committee members.
- 4.4. In accordance with Article 45 the Board may delegate any of its powers or functions to committees of two or more Trustees (which the Board may create), subject to such rules or requirements as the Board may consider appropriate, provided that the terms of any delegation are recorded in the meeting minutes. Such a delegation can be subsequently revoked by the Trustees.
- 4.5. The Board must at all times comprise a minimum of two Trustees and a maximum (unless otherwise determined by an ordinary resolution of the Members) of ten in accordance with Article 27.
- 4.6. The Appointments Sub-Committee (the "**Sub-Committee**") comprises the Chair, the Deputy Chair and the CEO. Its responsibilities include:
- a) recommending to the Board the appointment of a Trustee to the position of Chair and to serve as Chair of the Committee;
 - b) recommending to the Board the appointment of a Trustee to the position of Deputy Chair and to serve as Deputy Chair of the Committee;
 - c) appointing or re-appointing individuals who are willing to serve as members of the Committee; and
 - d) removing Committee members if the circumstances demand it.
- 4.7. In exercising its powers, the Sub-Committee has regard to the need to maintain independent judgement and a proper balance of the skills and experience requisite for achieving the Charity's objects.
- 4.8. The Chair is appointed by the Board on the recommendation of the Sub-Committee. The criteria for eligibility require that the individual has held a position in the senior judiciary or, failing that, is a person of real distinction and unquestionable integrity and independence who has made a significant contribution to the legal system of the U.K. The Chair's main responsibilities include to:
- a) lead the Committee in such a way as to ensure that it fulfils its responsibilities;
 - b) lead the Board in such a way as to ensure that it fulfils its responsibilities for the governance of the Charity;

- c) be a member of the Sub-Committee;
 - d) work with the CEO to help achieve the objectives of the Charity;
 - e) optimise the relationship between the Board, the Committee and the Secretariat; and
 - f) inform the Trustees of any material concerns employees may have in regard to the role of the Board to which the Chair is aware and to relate the concerns of Trustees and other stakeholders to the CEO.
- 4.9. Each new Trustee receives the Committee Members' Handbook, the most recent annual report and accounts of the Charity and the minutes of previous Board meetings, together with supporting papers. All Trustees must demonstrate:
- a) commitment to the work of the Charity;
 - b) willingness to participate actively in the work of the Board; and
 - c) regular attendance at Board meetings.
- 4.10. The Board may resolve by majority vote to appoint (or reappoint) Trustees. A Trustee ceases to hold office if he or she retires in accordance with Article 31 to 32A, or in any of the circumstances set out in Article 38. Trustees who retire will be eligible for reappointment.
- 4.11. None of FMLC's Trustees receive remuneration or other benefit from their work with the Charity. Any potential conflicts of interest must be reported to the Executive Assistant and are maintained on a confidential register. No substantive conflicts have been reported.
- 4.12. The Remunerations Sub-Committee comprises two Trustees. Its responsibilities include:
- a) reviewing CEO terms and conditions of employment;
 - b) reviewing Secretariat terms and conditions of employment; and
 - c) making recommendations to the Board on such matters.
- 4.13. The only executive personnel in charge of, running and operating the Charity on a day-to-day basis is the CEO, who is subject to the direction and control of the Trustees. The CEO's pay may be reviewed at each Board meeting or via the Remunerations Sub-Committee referred to above. The CEO manages the day-to-day operations of the Charity within clear guidelines agreed with the Trustees and in close consultation with them.
- 4.14. No external person or body has entitlement to appoint one or more of the Charity's Trustees.

- 4.15. The biggest risks facing the Charity in the year ahead 2025-26 are:
- a) income generation;
 - b) loss of senior management;
 - c) an adverse change in the Charity's occupation of its premises; and
 - d) loss of reputation.
- 4.16. The Charity has a number of systems and controls in place to mitigate the key risks identified. This includes a robust reserves policy which will allow FMLC to implement an optimal transition plan for CEO succession (including, if necessary, paying for head-hunters and/or hiring on an interim basis). The reserves policy will also protect FMLC should new premises need to be sought. Systematic peer review together with a commitment to the highest quality of expertise, both on the Committee and within the ad-hoc working groups convened to examine issues, as well as high quality staffing, will maximise confidence in FMLC's output, ensuring it remains at all times sturdy and robust.

5. FUTURE PLANS

- 5.1. FMLC has had a successful year and has met the objectives set out in Section One above. During the year ahead the Charity plans to continue its important work.

6. FUNDRAISING

- 6.1. FMLC understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate.
- 6.2. The Charity does not currently fundraise from the general public or use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns. No fundraising complaints were received during the year (2024: none).

7. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

- 7.1. There are no funds held as custodian Trustee on behalf of others.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Financial Markets Law Committee for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. observe the methods and principles in the Charities SORP 2019 FRS 102
3. make judgments and accounting estimates that are reasonable and prudent;
4. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

1. there is no relevant audit information of which the charitable company's auditor is unaware; and
2. the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SMALL COMPANY EXEMPTIONS

This report has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.



.....
The Rt Hon the Lord Thomas of Cwmgiedd
FMLC Chair, Trustee

Date: 1 June 2026

FOR THE YEAR ENDED 31 OCTOBER 2025

Opinion

We have audited the financial statements of Financial Markets Law Committee (the 'charitable company') for the year ended 31 October 2025 which comprise a Statement of Financial Activities (incorporating an Income and Expenditure Account), a Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 October 2025, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

FOR THE YEAR ENDED 31 OCTOBER 2025

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating to the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatement in respect of irregularities, including fraud. The extent to which our procedures are capable of detailing irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Charity and the sector in which it operates and considered the risk of the Charity not complying with the relevant laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charity this included compliance with the Charities Act 2011 and SORP 2019.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, enquiries of management and officers of the Charity and a review of the risk management processes and procedures in place. We have also reviewed the procedures in place for the reporting of any incidents to the Trustee Board including serious incident reporting of these matters as necessary with the Charity Commission.

FINANCIAL MARKETS LAW COMMITTEE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FINANCIAL MARKETS
LAW COMMITTEE

FOR THE YEAR ENDED 31 OCTOBER 2025

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override risk

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities.

This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



*Michael Cooper-Davis FCCA ACA
Senior Statutory Auditor
Price Bailey LLP*

*24 Old Bond Street
London
W1S 4AP*

Date: 4 June 2026

FINANCIAL MARKETS LAW COMMITTEE

STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 OCTOBER 2025

INCOME	Notes	Unrestricted Funds	
		2025 Total £	2024 Total £
Donations and legacies	3	401,000	375,500
Investment income	4	21,846	14,308
Total income		<u>422,846</u>	<u>389,808</u>
EXPENDITURE			
Charitable activities	5	<u>(470,238)</u>	<u>(478,319)</u>
Total expenditure		<u>(470,238)</u>	<u>(478,319)</u>
Net (expenditure) being net movement in funds		(47,392)	(88,511)
Reconciliation of funds: Total funds brought forward		<u>508,961</u>	<u>597,472</u>
Total funds carried forward		<u><u>461,569</u></u>	<u><u>508,961</u></u>

All amounts relate to continuing activities of the company.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes to the accounts are shown on pages 19 to 24.

FINANCIAL MARKETS LAW COMMITTEE
REGISTERED COMPANY NUMBER: 08733443

BALANCE SHEET
FOR THE YEAR ENDED 31 OCTOBER 2025

	Notes	2025 £	2024 £
CURRENT ASSETS			
Debtors	9	18,674	11,486
Cash at bank and in hand		478,076	541,258
TOTAL CURRENT ASSETS		<u>496,750</u>	<u>552,744</u>
LIABILITIES			
Creditors: amounts falling due within one year	10	(35,181)	(43,783)
NET CURRENT ASSETS		<u>461,569</u>	<u>508,961</u>
NET ASSETS		<u>461,569</u>	<u>508,961</u>
FUNDS OF THE CHARITY:			
Unrestricted funds		<u>461,569</u>	<u>508,961</u>
TOTAL FUNDS		<u>461,569</u>	<u>508,961</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The attached notes on pages 19 to 24 form part of these financial statements.

The financial statements were approved by the Board of Trustees and signed on their behalf by:

Thomas of Cwngiedd

.....
The Rt Hon the Lord Thomas of Cwngiedd FMLC Chair, Trustee

Date: 1 June 2026

1 **Accounting policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) **Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are prepared on a going concern basis and are presented in sterling, which is the functional currency of the charity. The financial statements are rounded to the nearest pound.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

b) **Going Concern**

The trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

c) **Legal status of the Charity**

There is no share capital as the company is a private company limited by guarantee incorporated within England and Wales. Each member has guaranteed an amount, not exceeding £1, towards the company's liabilities in the event of a winding up, provided that a member has not ceased to be a member one year prior to any winding up order. In the year there were 7 members (2024: 7). The registered office of the charity is Guildhall, 3rd Floor, North Wing, Basinghall Street, London, EC2P 2EJ.

d) **Fund accounting**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

e) **Income**

Donations, grants and gifts are recognised when receivable. In the event that a donation is subject to fulfilling performance conditions before the charitable company is entitled to the funds, the income is deferred and not recognised until it is probable that those conditions will be fulfilled in the reporting period.

Income from grants are recognised when the charitable company has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

- f) **Expenditure**
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.
- g) **Debtors**
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income is included at the best estimate of the amounts receivable at the balance sheet date.
- h) **Cash at bank and in hand**
Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.
- i) **Creditors**
Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.
- j) **Financial instruments**
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.
- k) **Foreign Currencies**
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.
- l) **Taxation**
The company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 (as amended) or Section 256 of the Taxation of Chargeable Gains Act 1992 (as amended), to the extent that such income or gains are applied exclusively to charitable purposes.

J) Pensions

Employees of the charity are entitled to join a defined contribution scheme. The costs of the defined contribution scheme are included within the associated staff costs and allocated therefore to raising funds, charitable activities, support and governance costs.

2 Judgements in Applying Accounting Policies And Key Sources Of Estimation Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustees make estimates and assumptions concerning the future based on their knowledge of the business and the markets it operates in. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no areas considered to be potentially material to the financial statements.

3 Donations and legacies

	2025	2024
	£	£
Donations and legacies	401,000	375,500
	<u>401,000</u>	<u>375,500</u>

4 Income from Investments

	2025	2024
	£	£
Bank interest	21,846	14,308
	<u>21,846</u>	<u>14,308</u>

5a Charitable activities

	Direct Costs	Support Costs	Total 2025
	£	£	£
Upholding and proper administration of the law and the advancement of education	456,315	13,923	470,238
	<u>456,315</u>	<u>13,923</u>	<u>470,238</u>

5b Charitable activities

	Direct Costs	Support Costs	Total 2024
	£	£	£
Upholding and proper administration of the law and the advancement of education	465,854	12,465	478,319
	<u>465,854</u>	<u>12,465</u>	<u>478,319</u>

6 Analysis of support costs

	2025	2024
	£	£
Audit fees	11,681	10,228
Insurances	2,242	2,237
	<u>13,923</u>	<u>12,465</u>
	<u>13,923</u>	<u>12,465</u>

7 Analysis of staff costs and key management personnel

	2025	2024
	£	£
Wages and salaries	384,264	372,746
Social security costs	31,142	23,811
Employers pension costs	20,375	29,424
	<u>435,781</u>	<u>425,981</u>
	<u>435,781</u>	<u>425,981</u>

The Chair received £Nil (2024: £Nil) during the year in respect of his duties in office.

During the year, no trustees were paid in respect of their duties (2024: None).

In 2025, no trustees were reimbursed for expenses incurred in employing a third party on FMLC Secretarial Business (2024: None).

The charity considers its key management personnel to comprise of one person. The total employee emoluments of key management personnel were £218,911 (2024: one person, £217,155).

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2025

The average monthly head count was as follows:

	2025 Number	2024 Number
Full time staff	2	2
Part time staff	2	3
	<u>4</u>	<u>5</u>

There were two employees whose costs excluding pension contributions exceeded £60,000 during the year, these are summarised as follows:

	2025	2024
In the band £140,001 - £150,000	-	1
In the band £150,001 - £160,000	1	-
In the band £190,001 - £200,000	-	1
In the band £210,001 - £220,000	1	-

Total employer pension contributions during the year for the staff in the above bandings was £12,227 (2024: £25,232)

8 Net (expenditure)	2025 £	2024 £
Net (expenditure) is stated after charging:		
Auditors' remuneration:	11,681	10,228
- for audit services	<u>11,681</u>	<u>10,228</u>
9 Debtors	2025 £	2024 £
Prepayments and accrued income	<u>18,674</u>	<u>11,486</u>
	<u>18,674</u>	<u>11,486</u>

10 Creditors: amounts falling due within one year

	2025 £	2024 £
Trade creditors	600	5,056
Other taxation and social security	9,347	8,327
Accruals	25,234	30,400
	<u>35,181</u>	<u>43,783</u>

11 Pensions – defined contribution scheme

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £20,375 (2024: £29,424). Contributions totalling £Nil (2024: £Nil) were payable to the fund at the balance sheet date and are included in creditors.

12 Commitments under operating leases

At 31 October 2025 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

Others	2025 £	2024 £
Not later than one year	1,491	893
Later than 1 year and not later than 5 years	5,966	893
	<u>7,457</u>	<u>1,786</u>

13 Related party transactions

During the 2025 and 2024 financial years, the company received donations from law firms at which trustees are partners. These totalled £45,000 in 2025 (2024: £48,000).

There are no further related party transactions during the year (2024: None).

FINANCIAL MARKETS LAW COMMITTEE

England & Wales - Charity number 1164902

Accounts

FINANCIAL MARKETS LAW COMMITTEE Trustees' Report And Financial Statements Year Ending 31 October 2024

Registered Charity Number: 1164902.

"FMLC" and "Financial Markets Law Committee" are terms used to describe a committee appointed by Financial Markets Law Committee, a limited company ("Company"). Registered office: North Wing, Guildhall, Basinghall Street, London EC2P 2EJ. Registered in England and Wales with number: 8733443

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FINANCIAL MARKETS LAW COMMITTEE
REFERENCE AND ADMINISTRATIVE DETAILS

CHARITY REGISTRATION NUMBER 1164902

COMPANY REGISTRATION NUMBER 08733443

TRUSTEES

Lord R J L Thomas of
Cwmgiedd
Mr D Greenwald (Resigned
07/12/23)
Mr S Firth
Ms K Gibbons
Ms C Jackson
Sir R Knowles CBE
Mr J May

REGISTERED OFFICE

North Wing
Guildhall
Basinghall Street
London
EC2P 2EJ

INDEPENDENT AUDITORS

Price Bailey LLP
Chartered Accountants & Statutory
Auditors 24 Old Bond Street
London
W1S 4AP

TRUSTEES

Lord Thomas of Cwmgiedd	Chair, Director, Member
David Greenwald (Resigned 07/12/23)	Deputy Chair, Director
Simon Firth	Director, Member
Kathleen Gibbons	Deputy Chair, Director, Member
Carolyn Jackson	Director, Member
Sir Robin Knowles CBE	Director, Member
Jonathan Edward May	Director, Member

The Trustees are pleased to present their annual report together with the financial statements for the year ending 31 October 2024, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Companies Act 2006 and the Memorandum and Articles of Association.

1. OBJECTIVES AND ACTIVITIES

- 1.1. The objectives of Financial Markets Law Committee ("**FMLC**" or the "**Charity**") are to promote for the public benefit the upholding and proper administration of the law and the advancement of education by:
- a) identifying and considering, impartially and in the public interest, issues of legal uncertainty or misunderstanding relating to the functioning and regulation of financial markets; and
 - b) making its work on those legal issues freely available to financial markets and to the general public.
- 1.2. FMLC aims to identify issues of legal uncertainty, or misunderstanding, present and future, affecting the wholesale financial markets which might give rise to material risks, and to consider how such issues should be addressed.
- 1.3. Some element of legal uncertainty is inevitable in financial markets that are international, competitive and innovative. Although the U.K. framework of law for financial markets is highly developed and robust, new ideas or practices or advances in technology, such as digital assets and artificial intelligence sometimes raise legal uncertainties as to how the law will apply, on occasion based on misunderstandings about existing law. In addition, proposals (whether at home or abroad) for new law or new regulations can give rise to uncertainties or misunderstandings when the specific features of wholesale market practice have not been fully understood by a legislature or other public authority.
- 1.4. The establishment of FMLC reflects the view – widely held across the wholesale financial markets – that London should have arrangements in place to identify and analyse areas of legal uncertainty or misunderstanding affecting those markets. The Committee¹, which meets bi-monthly to review FMLC publication proposals and to guide the forward research strategy of the Charity's employees (the "**Secretariat**"), strives to act impartially. It comprises senior lawyers, representatives of financial market participants (buy-side and sell-side) and the Tripartite Authorities (i.e., Bank of England, HM Treasury and Financial Conduct Authority). Meetings are attended regularly by observers from public bodies and industry associations.

¹ The Committee is an independent body of experts appointed by FMLC. For further detail, please see www.fmlc.org

- 1.5. The Committee was originally established by the Bank of England (the "**Bank**"). FMLC, however, is independent from the Bank and its views and any published materials cannot be taken to reflect the views of the Bank, or those of any other patron and/or stakeholder.
- 1.6. The Charity fulfils its purposes by its activities which include publishing reports and responses to consultations or calls for evidence in respect of areas of legal uncertainty and making these available for the public on its website, organising scoping forums where interested practitioners can educate each other on issues of legal uncertainty as well as organising seminars and webinars on topics of legal uncertainty where the identification and minimisation of that uncertainty is in the public interest.
- 1.7. The Charity also acts as a bridge to the judiciary, helping the U.K. courts to remain up to date with developments in financial markets. It carries out this role primarily by organising seminars to brief senior members of the judiciary on aspects of wholesale financial markets of which they might not otherwise be aware. FMLC also holds educational events which are not aimed solely at the judiciary and which are attended by interested parties including representatives from law firms and trade associations, together with other industry practitioners, academics and some students. Accompanying materials from such events are published on the FMLC's website.
- 1.8. FMLC also liaises with the members of international forums, originally established by central banks that have a regulatory role in the leading global financial centres. These are the European Financial Markets Lawyers Group ("**EFMLG**") in Frankfurt; the Financial Law Board ("**FLB**") in Tokyo and the FMLC in London. The forum members discuss global issues of concern to the financial markets and they typically meet at least annually.
- 1.9. In order for the Charity's work to be promoted for the public benefit, the Secretariat take appropriate steps to ensure that FMLC's work is available to any interested party by making it available on its website and, where appropriate, publishing on social media.
- 1.10. In March 2024, Kathleen Gibbons was appointed as Deputy Chair following the retirement of David Greenwald in December 2023.

2. ACHIEVEMENTS AND PERFORMANCE

- 2.1. FMLC hold regular Judicial Seminars which help provide a link between commercial judges, who do not always have deep experience of the financial markets, and those with relevant financial expertise. These seminars further FMLC's objective, referenced at paragraphs 1.2 and 1.7 above, of acting as a bridge to the judiciary to help U.K.

courts remain up to date with developments in financial markets practice. In February 2024 FMLC held such a seminar on Emerging Legal Issues in AI.

- 2.2. The "Quadrilateral" group of FMLC, EFMLG and FLB met in person in November 2023 for the first time since 2019. The FMLC held a hybrid event in London allowing both in-person and virtual participation. Topics discussed include recent issues with bank capital and solvency including lessons to be learned from Credit Suisse, recent developments in the regulation of digital assets and climate change and risk management.
- 2.3. During this time, the Charity was also able to produce five publications on topics ranging from pension fund trustees' fiduciary duties to governing law issues in connection with digital assets. These also included responses to HMT consultations, including on ring-fencing and the money laundering regulations. Full details of all publications are available on the website www.fmlc.org
- 2.4. The achievements highlighted serve as evidence that the aims of the Charity, as stated in Section One above, have been met.

3. FINANCIAL REVIEW

- 3.1. The Charity's financial performance was satisfactory in 2023-2024. Charitable donations decreased to £375,500 from £447,500 in 2022-2023 and interest income increased to £14,308 from £3,808 in 2022-2023. As a result, total income was £389,808 (2023: £426,808).
- 3.2. The total income will allow FMLC to continue its current output for the foreseeable future and the Charity is also able to draw on its reserves, as detailed below, in pursuit of meeting its key performance indicators. Total costs increased by 6.23% to £478,319 (2023: £450,267) with almost the entirety of expenditure relating to the direct costs of the upholding and proper administration of the law and the advancement of education.
- 3.3. FMLC is a small charity, which spends most of its income on salaries to fulfil its remit which requires extensive legal research, analysis and writing, as detailed above, together with a sound operational base. A majority of FMLC's donors are in the same line of business, being mostly law firms and trade associations, so an unforeseen event which has an impact on the business of one of the Charity's donors is likely similarly to affect other donors. FMLC raises funds once a year. If a large number of donors were to withdraw or reduce their support in any one year, FMLC's operating budget for that year would be adversely affected to a very significant degree without reserve funds. The reserve funds are intended to cover the costs of FMLC until the next fundraising

round in the expectation that, over the year, the Charity will be successful in finding alternative sources of support.

- 3.4. The reserve funds are also intended to cover the costs of strategic planning to mitigate key risks identified in FMLC's risk register, as detailed below in Section Three.
- 3.5. FMLC's Trustees have agreed the FMLC reserves policy which is to hold in reserve funds approximately equal to at least one year's expenses to cover the risk of unforeseen events and meet the needs of cash flow in the event of a reduction in donations. At the year-end total reserves were £508,961 (2023: £597,472) being slightly more than total expenses in 2023-2024. The Charity continues to keep its reserves policy under regular review.
- 3.6. At the date of approving the report and accounts, there are no uncertainties about the Charity's ability to continue as a going concern.

4. STRUCTURE, GOVERNANCE AND MANAGEMENT

- 4.1. FMLC is a company limited by guarantee ("**the Company**") governed by its Memorandum and Articles of Association ("**Articles**") dated 3 December 2015 (replacing earlier Memorandum and Articles of Association dated 15 October 2013). Anyone over the age of 18 can become a Member of the Company. There are currently six Members, each of whom agrees to contribute a sum not exceeding £1 in the event of its being wound up.
- 4.2. FMLC is registered as a charity with the Charity Commission. Directors appointed to the Board of the Company have control and management of the Company and are, therefore, the Charity Trustees for the purposes of the Charities Act 2011. As such, they not only owe fiduciary duties in the normal way as Directors of the Company, but they also owe fiduciary duties to the Charity in the same way as they would if they were Trustees of a charitable trust.
- 4.3. The Board is responsible for the governance of the Charity and oversees the operation and administration of FMLC, the Committee and the Secretariat. The Board maintains, supports and sets the terms of reference of the Committee. Minutes of meetings of the Committee are sent to the Board, who all also serve as Committee members.
- 4.4. In accordance with Article 45 the Board may delegate any of its powers or functions to committees of two or more Trustees (which the Board may create), subject to such rules or requirements as the Board may consider appropriate, provided that the terms of any delegation are recorded in the meeting minutes. Such a delegation can be subsequently revoked by the Trustees.

- 4.5. The Board must at all times comprise a minimum of two Trustees and a maximum (unless otherwise determined by an ordinary resolution of the Members) of ten in accordance with Article 27.
- 4.6. The Appointments Sub-Committee (the "**Sub-Committee**") comprises the Chair, the Deputy Chair and the CEO. Its responsibilities include:
- a) recommending to the Board the appointment of a Trustee to the position of Chair and to serve as Chair of the Committee;
 - b) recommending to the Board the appointment of a Trustee to the position of Deputy Chair and to serve as Deputy Chair of the Committee;
 - c) appointing or re-appointing individuals who are willing to serve as members of the Committee; and
 - d) removing Committee members if the circumstances demand it.
- 4.7. In exercising its powers, the Sub-Committee has regard to the need to maintain independent judgement and a proper balance of the skills and experience requisite for achieving the Charity's objects.
- 4.8. The Chair is appointed by the Board on the recommendation of the Sub-Committee. The criteria for eligibility require that the individual has held a position in the senior judiciary or, failing that, is a person of real distinction and unquestionable integrity and independence who has made a significant contribution to the legal system of the U.K. The Chair's main responsibilities include to:
- a) lead the Committee in such a way as to ensure that it fulfils its responsibilities;
 - b) lead the Board in such a way as to ensure that it fulfils its responsibilities for the governance of the Charity;
 - c) be a member of the Sub-Committee;
 - d) work with the CEO to help achieve the objectives of the Charity;
 - e) optimise the relationship between the Board, the Committee and the Secretariat; and
 - f) inform the Trustees of any material concerns employees may have in regard to the role of the Board to which the Chair is aware and to relate the concerns of Trustees and other stakeholders to the CEO.

- 4.9. Each new Trustee receives the Committee Members' Handbook, the most recent annual report and accounts of the Charity and the minutes of previous Board meetings, together with supporting papers. All Trustees must demonstrate:
- a) commitment to the work of the Charity;
 - b) willingness to participate actively in the work of the Board; and
 - c) regular attendance at Board meetings.
- 4.10. The Board may resolve by majority vote to appoint (or reappoint) Trustees. A Trustee ceases to hold office if he or she retires in accordance with Article 31 to 32A, or in any of the circumstances set out in Article 38. Trustees who retire will be eligible for reappointment.
- 4.11. None of FMLC's Trustees receive remuneration or other benefit from their work with the Charity. Any potential conflicts of interest must be reported to the Executive Assistant and are maintained on a confidential register. No substantive conflicts have been reported.
- 4.12. The Remunerations Sub-Committee comprises two Trustees. Its responsibilities include:
- a) reviewing CEO terms and conditions of employment;
 - b) reviewing Secretariat terms and conditions of employment; and
 - c) making recommendations to the Board on such matters.
- 4.13. The only executive personnel in charge of, running and operating the Charity on a day-to-day basis is the CEO, who is subject to the direction and control of the Trustees. The CEO's pay may be reviewed at each Board meeting or via the Remunerations Sub-Committee referred to above. The CEO manages the day-to-day operations of the Charity within clear guidelines agreed with the Trustees and in close consultation with them.
- 4.14. No external person or body has entitlement to appoint one or more of the Charity's Trustees.
- 4.15. The biggest risks facing the Charity in the year ahead 2024-25 are:
- a) income generation;
 - b) loss of senior management;
 - c) an adverse change in the Charity's occupation of its premises; and

d) loss of reputation.

4.16. The Charity has a number of systems and controls in place to mitigate the key risks identified. This includes a robust reserves policy which will allow FMLC to implement an optimal transition plan for CEO succession (including, if necessary, paying for head-hunters and/or hiring on an interim basis). The reserves policy will also protect FMLC should new premises need to be sought. Systematic peer review together with a commitment to the highest quality of expertise, both on the Committee and within the ad-hoc working groups convened to examine issues, as well as high quality staffing, will maximise confidence in FMLC's output, ensuring it remains at all times sturdy and robust.

5. FUTURE PLANS

5.1. FMLC has had a successful year and has met the objectives set out in Section One above. During the year ahead the Charity plans to continue its important work.

6. FUNDRAISING

6.1. FMLC understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate.

6.2. The Charity does not currently fundraise from the general public or use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns. No fundraising complaints were received during the year (2023: none).

7. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

7.1. There are no funds held as custodian Trustee on behalf of others.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Financial Markets Law Committee for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. observe the methods and principles in the Charities SORP 2019 FRS 102;
3. make judgments and accounting estimates that are reasonable and prudent;
4. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:


1. there is no relevant audit information of which the charitable company's auditor is unaware; and
2. the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

TRUSTEES' RESPONSIBILITIES STATEMENT CONTINUED...

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SMALL COMPANY EXEMPTIONS

This report has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.



.....
The Rt Hon the Lord Thomas of Cwmgiedd
FMLC Chair, Trustee

Date: 30 May 2025

FOR THE YEAR ENDED 31 OCTOBER 2024

Opinion

We have audited the financial statements of Financial Markets Law Committee (the 'charitable company') for the year ended 31 October 2024 which comprise a Statement of Financial Activities (incorporating an Income and Expenditure Account), a Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 October 2024, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

FINANCIAL MARKETS LAW COMMITTEE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FINANCIAL MARKETS LAW COMMITTEE

FOR THE YEAR ENDED 31 OCTOBER 2024

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating to the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatement in respect of irregularities, including fraud. The extent to which our procedures are capable of detailing irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Charitable Company and the industry in which it operates and considered the risk of the Charitable Company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting and tax legislation. In relation to the operations of the Charitable Company this included compliance with the Companies Act 2006 and the Charities Act 2011. The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit.

We carried out specific procedures to address the risks identified. These included the following:

- Reviewing minutes of meetings of Trustee Board meetings;
- Enquiring of management including those responsible for the key regulations;
- Reviewing the key accounting policies and estimates;
- Agreeing the financial statement disclosures to underlying supporting documentation.

FOR THE YEAR ENDED 31 OCTOBER 2024

We additionally assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities.

This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



*Michael Cooper-Davis FCCA ACA
Senior Statutory Auditor
Price Bailey LLP*

*24 Old Bond Street
London
W1S 4AP*

Date: 17 June 2025

FINANCIAL MARKETS LAW COMMITTEE

STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 OCTOBER 2024

	Notes	Unrestricted Funds	
		2024 Total £	2023 Total £
INCOME			
Donations and legacies	3	375,500	447,500
Investment income	4	14,308	3,808
Total income		<u>389,808</u>	<u>451,308</u>
EXPENDITURE			
Charitable activities	5	<u>(478,319)</u>	<u>(450,267)</u>
Total expenditure		<u>(478,319)</u>	<u>(450,267)</u>
Net (expenditure) being net movement in funds		(88,511)	1,041
Reconciliation of funds: Total funds brought forward		<u>597,472</u>	<u>596,431</u>
Total funds carried forward		<u><u>508,961</u></u>	<u><u>597,472</u></u>

All amounts relate to continuing activities of the company.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes to the accounts are shown on pages 18 to 23.

FINANCIAL MARKETS LAW COMMITTEE
REGISTERED COMPANY NUMBER: 08733443

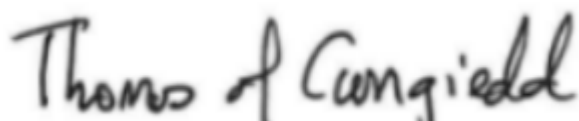
BALANCE SHEET
AS AT 31 OCTOBER 2024

	Notes	2024 £	2023 £
CURRENT ASSETS			
Debtors	9	11,486	20,790
Cash at bank and in hand		541,258	625,056
TOTAL CURRENT ASSETS		<u>552,744</u>	<u>645,846</u>
LIABILITIES			
Creditors: amounts falling due within one year	10	(43,783)	(48,374)
NET CURRENT ASSETS		<u>508,961</u>	<u>597,472</u>
NET ASSETS		<u><u>508,961</u></u>	<u><u>597,472</u></u>
FUNDS OF THE CHARITY:			
Unrestricted funds		<u>508,961</u>	<u>597,472</u>
TOTAL FUNDS		<u><u>508,961</u></u>	<u><u>597,472</u></u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The attached notes on pages 18 to 23 form part of these financial statements.

The financial statements were approved by the Board of Trustees and signed on their behalf by:



.....
The Rt Hon the Lord Thomas of
Cwmgiedd FMLC Chair, Trustee

Date: 30 May 2025

1 **Accounting policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) **Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are prepared on a going concern basis and are presented in sterling, which is the functional currency of the charity. The financial statements are rounded to the nearest pound.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

b) **Going Concern**

The trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

c) **Legal status of the Charity**

There is no share capital as the company is a private company limited by guarantee incorporated within England and Wales. Each member has guaranteed an amount, not exceeding £1, towards the company's liabilities in the event of a winding up, provided that a member has not ceased to be a member one year prior to any winding up order. In the year there were 7 members (2021: 7). The registered office of the charity is Guildhall, 3rd Floor, North Wing, Basinghall Street, London, EC2P 2EJ.

d) **Fund accounting**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

e) **Income**

Donations, grants and gifts are recognised when receivable. In the event that a donation is subject to fulfilling performance conditions before the charitable company is entitled to the funds, the income is deferred and not recognised until it is probable that those conditions will be fulfilled in the reporting period.

Income from grants are recognised when the charitable company has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

- f) **Expenditure**
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.
- g) **Debtors**
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income is included at the best estimate of the amounts receivable at the balance sheet date.
- h) **Cash at bank and in hand**
Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.
- i) **Creditors**
Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.
- j) **Financial instruments**
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.
- k) **Foreign Currencies**
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.
- l) **Taxation**
The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2024

J) Pensions

Employees of the charity are entitled to join a defined contribution scheme. The costs of the defined contribution scheme are included within the associated staff costs and allocated therefore to raising funds, charitable activities, support and governance costs.

2 Judgements in Applying Accounting Policies And Key Sources Of Estimation Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustees make estimates and assumptions concerning the future based on their knowledge of the business and the markets it operates in. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no areas considered to be potentially material to the financial statements.

3 Donations and legacies

	2024 £	2023 £
Donations and legacies	375,500	447,500

4 Income from Investments

	2024 £	2023 £
Bank interest	14,308	3,808

5a Charitable activities

	Direct Costs £	Support Costs £	Total 2024 £
Upholding and proper administration of the law and the advancement of education	465,854	12,465	478,319

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2024

5b **Charitable activities**

	Direct Costs	Support Costs	Total 2023
	£	£	£
Upholding and proper administration of the law and the advancement of education	438,309	11,958	450,267
	<u>438,309</u>	<u>11,958</u>	<u>450,267</u>

6 **Analysis of support costs**

	2024	2023
	£	£
Audit fees	10,228	9,600
Insurances	2,237	2,358
	<u>12,465</u>	<u>11,958</u>

7 **Analysis of staff costs and key management personnel**

	2024	2023
	£	£
Wages and salaries	372,746	357,894
Social security costs	23,811	37,168
Employers pension costs	29,424	6,240
	<u>425,981</u>	<u>401,302</u>

The Chair received £Nil (2023: £Nil) during the year in respect of his duties in office.

During the year, no trustees were paid in respect of their duties (2023: None).

In 2024, no trustees were reimbursed for expenses incurred in employing a third party on FMLC Secretarial Business (2023: None).

The charity considers its key management personnel to comprise of one person. The total employee emoluments of key management personnel were £217,155 (2023: one person, £204,626).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2024

The average monthly head count was as follows:

	2024 Number	2023 Number
Full time staff	2	2
Part time staff	3	2
	<u>5</u>	<u>4</u>

There were two employees whose costs excluding pension contributions exceeded £60,000 during the year, these are summarised as follows:

	2024	2023
In the band £130,001 - £140,000	-	1
In the band £140,001 - £150,000	1	
In the band £190,001 - £200,000	1	-
In the band £200,001 - £210,000	-	1

Total employer pension contributions during the year for the staff in the above bandings was £25,232 (2023: £4,639)

8 Net (expenditure)

	2024 £	2023 £
Net (expenditure) is stated after charging: Auditors' remuneration: - for audit services	<u>10,228</u>	<u>9,600</u>

9 Debtors

	2024 £	2023 £
Prepayments and accrued income	<u>11,486</u>	<u>20,790</u>
	<u>11,486</u>	<u>20,790</u>

10 Creditors: amounts falling due within one year

	2024 £	2023 £
Trade creditors	5,056	77
Other taxation and social security	8,327	15,185
Accruals	30,400	32,553
Other Creditors	-	559
	<u>43,783</u>	<u>48,374</u>

11 Pensions – defined contribution scheme

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £29,424 (2023: £6,240). Contributions totalling £NIL (2023: £925) were payable to the fund at the balance sheet date and are included in creditors.

12 Commitments under operating leases

At 31 October 2024 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

Others	2024 £	2023 £
Not later than one year	893	893
Later than 1 year and not later than 5 years	893	1,786
	<u>1,786</u>	<u>2,679</u>

13 Related party transactions

During the 2024 and 2023 financial years, the company received donations from law firms at which trustees are partners. These totalled £48,000 in 2024 (2023: £48,000).

There are no further related party transactions during the year (2023: None).

FINANCIAL MARKETS LAW COMMITTEE

England & Wales - Charity number 1164902

Accounts

— FINANCIAL MARKETS

LAW COMMITTEE —

FINANCIAL MARKETS LAW COMMITTEE

Trustees' Report And Financial Statements

Year Ending 31 October 2023

Registered Charity Number: 1164902.

"FMLC" and "Financial Markets Law Committee" are terms used to describe a committee appointed by Financial Markets Law Committee, a limited company ("Company"). Registered office: 3rd Floor, North Wing, Guildhall, Basinghall Street, London EC2P 2EJ. Registered in England and Wales with number: 8733443

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FINANCIAL MARKETS LAW COMMITTEE
REFERENCE AND ADMINISTRATIVE DETAILS

CHARITY REGISTRATION NUMBER 1164902

COMPANY REGISTRATION NUMBER 08733443

TRUSTEES

Lord R J L Thomas of
Cwmgiedd
Mr D Greenwald (Resigned
07/12/23)
Mr S Firth
Ms K Gibbons
Ms C Jackson
Sir R Knowles CBE
Mr J May

REGISTERED OFFICE

3rd Floor
North Wing
Guildhall
Basinghall Street
London
EC2P 2EJ

INDEPENDENT AUDITORS

Price Bailey LLP
Chartered Accountants & Statutory
Auditors 24 Old Bond Street
London
W1S 4AP

TRUSTEES

Lord Thomas of Cwmgiedd	Chair, Director, Member
David Greenwald (Resigned 07/12/23)	Deputy Chair, Director
Simon Firth	Director, Member
Kathleen Gibbons	Deputy Chair, Director, Member
Carolyn Jackson	Director, Member
Sir Robin Knowles CBE	Director, Member
Jonathan Edward May	Director, Member

The Trustees are pleased to present their annual report together with the financial statements for the year ending 31 October 2023, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Companies Act 2006 and the Memorandum and Articles of Association.

1. OBJECTIVES AND ACTIVITIES

- 1.1. The objectives of Financial Markets Law Committee ("**FMLC**" or the "**Charity**") are to promote for the public benefit the upholding and proper administration of the law and the advancement of education by:
 - a) identifying and considering, impartially and in the public interest, issues of legal uncertainty or misunderstanding relating to the functioning and regulation of financial markets; and
 - b) making its work on those legal issues freely available to financial markets and to the general public.
- 1.2. FMLC aims to identify issues of legal uncertainty, or misunderstanding, present and future, affecting the wholesale financial markets which might give rise to material risks, and to consider how such issues should be addressed.
- 1.3. Some element of legal uncertainty is inevitable in financial markets that are international, competitive and innovative. Although the U.K. framework of law for financial markets is highly developed and robust, new ideas or practices or advances in technology, digital assets and artificial intelligence sometimes raise legal uncertainties as to how the law will apply, on occasion based on misunderstandings about existing law. In addition, proposals (whether at home or abroad) for new law or new regulations can give rise to uncertainties or misunderstandings when the specific features of wholesale market practice have not been fully understood by a legislature or other public authority.
- 1.4. The establishment of FMLC reflects the view – widely held across the wholesale financial markets – that London should have arrangements in place to identify and analyse areas of legal uncertainty or misunderstanding affecting those markets. The Committee¹, which meets bi-monthly to review FMLC publication proposals and to guide the forward research strategy of the Charity's employees (the "**Secretariat**"), strives to act impartially. It comprises senior lawyers, representatives of financial market participants (buy-side and sell-side) and the Tripartite Authorities (i.e., Bank of England, HM Treasury and Financial Conduct Authority). Meetings are attended regularly by observers from public bodies and industry associations.
- 1.5. The Committee was originally established by the Bank of England (the "**Bank**"). FMLC, however, is independent from the Bank and its views and any published materials

¹ The Committee is an independent body of experts appointed by FMLC. For further detail, please see www.fmlc.org

cannot be taken to reflect the views of the Bank, or those of any other patron and/or stakeholder.

- 1.6. The Charity fulfils its purposes by its activities which include publishing reports and responses to consultations or calls for evidence in respect of areas of legal uncertainty and making these available for the public on its website, organising scoping forums where interested practitioners can educate each other on issues of legal uncertainty as well as organising seminars and webinars on topics of legal uncertainty where the identification and minimisation of that uncertainty is in the public interest.
- 1.7. The Charity also acts as a bridge to the judiciary, helping the U.K. courts to remain up to date with developments in financial markets. It carries out this role primarily by organising seminars to brief senior members of the judiciary on aspects of wholesale financial markets of which they might not otherwise be aware. FMLC also holds a number of educational events each year which are not aimed solely at the judiciary and which are attended by interested parties including representatives from law firms and trade associations, together with other industry practitioners, academics and some students. Accompanying materials from such events are published on the FMLC's website.
- 1.8. FMLC also liaises with the members of international forums, originally established by central banks that have a regulatory role in the leading global financial centres. These are the European Financial Markets Lawyers Group ("**EFMLG**") in Frankfurt; the Financial Law Board ("**FLB**") in Tokyo and the FMLC in London. The forum members discuss global issues of concern to the financial markets and they typically meet at least annually.
- 1.9. In order for the Charity's work to be promoted for the public benefit, the Secretariat take appropriate steps to ensure that FMLC's work is available to any interested party by making it available on its website.
- 1.10. In March 2024, Kathleen Gibbons was appointed as Deputy Chair following the retirement of David Greenwald in December 2023. The Board of Directors are grateful to David for his contributions to the work of the FMLC.

2. ACHIEVEMENTS AND PERFORMANCE

- 2.1. During the year the FMLC held a roundtable on the topic of Fiduciary Duties and Pension Trustees in the context of Sustainable Finance.
- 2.2. This event educated a wide range of people, with invitees including representatives of all categories noted in paragraph 1.7 above.

- 2.3. The “Quadrilateral” group of FMLC, EFMLG and FLB met in person in 2023 for the first time since 2019. The group held a hybrid event in November 2023 allowing both in-person and virtual participation.
- 2.4. During this time, the Charity was also able to produce eight publications on topics ranging from Duties of Good Faith in Wholesale Financial Contracts to Digital Assets. These also included responses to FCA consultations, including on Short Selling and the UK SDR regime and writing to the insolvency service on its proposed implementation on two UNCITRAL Model Laws on Insolvency. Full details of all publications are available on the website www.fmlc.org
- 2.5. FMLC spent time this year finalising the revamp of its website, ensuring that it has become more user friendly for the public. Engagement on social media has also increased, in particular becoming more active on LinkedIn, posting details of topics discussed at our Scoping Forum meetings and advertising events.
- 2.6. The achievements highlighted serve as evidence that the aims of the Charity, as stated in Section One above, have been met.

3. FINANCIAL REVIEW

- 3.1. The Charity’s financial performance was satisfactory in 2022-2023. Charitable donations increased to £447,500 from £435,000 in 2021-2022.
- 3.2. The total income will allow FMLC to continue its current output for the foreseeable future and the Charity is also able to draw on its reserves, as detailed below, in pursuit of meeting its key performance indicators. Total costs decreased by 2.7% to £450,267 (2022: £462,761) with almost the entirety of expenditure relating to the direct costs of the upholding and proper administration of the law and the advancement of education.
- 3.3. FMLC is a small charity, which spends most of its income on salaries to fulfil its remit which requires extensive legal research, analysis and writing, as detailed above, together with a sound operational base. A majority of FMLC’s donors are in the same line of business, being mostly law firms and trade associations, so an unforeseen event which has an impact on the business of one of the Charity’s donors is likely similarly to affect other donors. FMLC raises funds once a year. If a large number of donors were to withdraw or reduce their support in any one year, FMLC’s operating budget for that year would be adversely affected to a very significant degree without reserve funds. The reserve funds are intended to cover the costs of FMLC until the next fundraising round in the expectation that, over the year, the Charity will be successful in finding alternative sources of support.

- 3.4. The reserve funds are also intended to cover the costs of strategic planning to mitigate key risks identified in FMLC's risk register, as detailed below in Section Three.
- 3.5. FMLC's Trustees have agreed the FMLC reserves policy which is to hold in reserve funds approximately equal to at least one year's expenses of up to £475,000 to cover the risk of unforeseen events and meet the needs of cash flow in the event of a reduction in donations. At the year-end total reserves were £597,472 (2022: £596,431) giving a reserves surplus of approximately £122,472, an increase of £1,041 compared to the previous year. The Charity continues to keep its reserves policy under regular review.
- 3.6. FMLC's work was not impacted by the various lockdowns and restrictions associated with the COVID-19 pandemic, with the Secretariat adapting well to a remote-working model and a virtual events/speaking programme. Similarly, governance has been maintained at usual levels of five-six meetings of the Board of Trustees and of the Committee ; most attendances are in person but some online. Utilising such technology has also allowed FMLC's scoping forums and working groups to continue to meet and, as mentioned, educational events to take place as planned. With regard to the charitable objects of FMLC, the fast pace of technological change, in particular the digitisation of payments, assets and ownership ledgers has given rise to increasing legal and operational uncertainties in the wholesale financial markets which have made the work of the Charity more vital today than ever. This will continue to be the case as the U.K. implements post-Brexit financial services regulatory reforms.
- 3.7. At the date of approving the report and accounts, there are no uncertainties about the Charity's ability to continue as a going concern.

4. STRUCTURE, GOVERNANCE AND MANAGEMENT

- 4.1. FMLC is a company limited by guarantee ("**the Company**") governed by its Memorandum and Articles of Association ("**Article's**") dated 3 December 2015 (replacing earlier Memorandum and Articles of Association dated 15 October 2013). Anyone over the age of 18 can become a Member of the Company. There are currently five Members, each of whom agrees to contribute a sum not exceeding £1 in the event of its being wound up.
- 4.2. FMLC is registered as a charity with the Charity Commission. Directors appointed to the Board of the Company have control and management of the Company and are, therefore, the Charity Trustees for the purposes of the Charities Act 2011. As such, they not only owe fiduciary duties in the normal way as Directors of the Company, but they also owe fiduciary duties to the Charity in the same way as they would if they were Trustees of a charitable trust.

- 4.3. The Board is responsible for the governance of the Charity and oversees the operation and administration of FMLC, the Committee and the Secretariat. The Board maintains, supports and sets the terms of reference of the Committee. Minutes of meetings of the Committee are sent to the Board, who all also serve as Committee members.
- 4.4. In accordance with Article 45 the Board may delegate any of its powers or functions to committees of two or more Trustees (which the Board may create), subject to such rules or requirements as the Board may consider appropriate, provided that the terms of any delegation are recorded in the meeting minutes. Such a delegation can be subsequently revoked by the Trustees.
- 4.5. The Board must at all times comprise a minimum of two Trustees and a maximum (unless otherwise determined by an ordinary resolution of the Members) of ten in accordance with Article 27.
- 4.6. The Appointments Sub-Committee (the "**Sub-Committee**") comprises the Chair, the Deputy Chair and the CEO. Its responsibilities include:
- a) recommending to the Board the appointment of a Trustee to the position of Chair and to serve as Chair of the Committee;
 - b) recommending to the Board the appointment of a Trustee to the position of Deputy Chair and to serve as Deputy Chair of the Committee;
 - c) appointing or re-appointing individuals who are willing to serve as members of the Committee; and
 - d) removing Committee members if the circumstances demand it.
- 4.7. In exercising its powers, the Sub-Committee has regard to the need to maintain independent judgement and a proper balance of the skills and experience requisite for achieving the Charity's objects.
- 4.8. The Chair is appointed by the Board on the recommendation of the Sub-Committee. The criteria for eligibility require that the individual has held a position in the senior judiciary or, failing that, is a person of real distinction and unquestionable integrity and independence who has made a significant contribution to the legal system of the U.K. The Chair's main responsibilities include to:
- a) lead the Committee in such a way as to ensure that it fulfils its responsibilities;
 - b) lead the Board in such a way as to ensure that it fulfils its responsibilities for the governance of the Charity;
 - c) be a member of the Sub-Committee;

- d) work with the CEO to help achieve the objectives of the Charity;
 - e) optimise the relationship between the Board, the Committee and the Secretariat;
and
 - f) inform the Trustees of any material concerns employees may have in regard to the role of the Board to which the Chair is aware and to relate the concerns of Trustees and other stakeholders to the CEO.
- 4.9. Each new Trustee receives the Committee Members' Handbook, the most recent annual report and accounts of the Charity and the minutes of previous Board meetings, together with supporting papers. All Trustees must demonstrate:
- a) commitment to the work of the Charity;
 - b) willingness to participate actively in the work of the Board; and
 - c) regular attendance at Board meetings.
- 4.10. The Board may resolve by majority vote to appoint (or reappoint) Trustees. A Trustee ceases to hold office if he or she retires in accordance with Article 31 to 32A, or in any of the circumstances set out in Article 38. Trustees who retire will be eligible for reappointment.
- 4.11. None of FMLC's Trustees receive remuneration or other benefit from their work with the Charity. Any potential conflicts of interest must be reported to the Executive Assistant and are maintained on a confidential register. No substantive conflicts have been reported.
- 4.12. The Remunerations Sub-Committee comprises two Trustees. Its responsibilities include:
- a) reviewing CEO terms and conditions of employment;
 - b) reviewing Secretariat terms and conditions of employment; and
 - c) making recommendations to the Board on such matters.
- 4.13. The only executive personnel in charge of, running and operating the Charity on a day-to-day basis is the CEO, who is subject to the direction and control of the Trustees. The CEO's pay may be reviewed at each Board meeting or via the Remunerations Sub-Committee referred to above. The CEO manages the day-to-day operations of the Charity within clear guidelines agreed with the Trustees and in close consultation with them.

- 4.14. No external person or body has entitlement to appoint one or more of the Charity's Trustees.
- 4.15. The biggest risks facing the Charity in the year ahead 2023-24 are:
- a) income generation;
 - b) loss of senior management;
 - c) an adverse change in the Charity's occupation of its premises; and
 - d) loss of reputation.
- 4.16. The Charity has a number of systems and controls in place to mitigate the key risks identified. This includes a robust reserves policy which will allow FMLC to implement an optimal transition plan for CEO succession (including, if necessary, paying for head-hunters and/or hiring on an interim basis). The reserves policy will also protect FMLC should new premises need to be sought. Systematic peer review together with a commitment to the highest quality of expertise, both on the Committee and within the ad-hoc working groups convened to examine issues, as well as high quality staffing, will maximise confidence in FMLC's output, ensuring it remains at all times sturdy and robust.

5. FUTURE PLANS

- 5.1. FMLC has had a successful year and has met the objectives set out in Section One above. During the year ahead the Charity plans to continue its important work.

6. FUNDRAISING

- 6.1. FMLC understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate.
- 6.2. The Charity does not currently fundraise from the general public or use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns. No fundraising complaints were received during the year (2022: none).

7. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

- 7.1. There are no funds held as custodian Trustee on behalf of others.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Financial Markets Law Committee for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. observe the methods and principles in the Charities SORP 2019 FRS 102;
3. make judgments and accounting estimates that are reasonable and prudent;
4. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

1. there is no relevant audit information of which the charitable company's auditor is unaware; and
2. the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

TRUSTEES' RESPONSIBILITIES STATEMENT CONTINUED...

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SMALL COMPANY EXEMPTIONS

This report has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.



.....
The Rt Hon the Lord Thomas of Cwmgiedd
FMLC Chair, Trustee

Date: 12 June 2024

FOR THE YEAR ENDED 31 OCTOBER 2023

Opinion

We have audited the financial statements of Financial Markets Law Committee (the 'charitable company') for the year ended 31 October 2023 which comprise a Statement of Financial Activities (incorporating an Income and Expenditure Account), a Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 October 2023, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating to the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatement in respect of irregularities, including fraud. The extent to which our procedures are capable of detailing irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of the company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting and tax legislation. In relation to the operations of the Charitable Company this included compliance with the Companies Act 2006 and the Charities Act 2011. The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit.

We carried out specific procedures to address the risks identified. These included the following:

- Reviewing minutes of meetings of Trustee Board meetings;
- Enquiring of management including those responsible for the key regulations;
- Reviewing the key accounting policies and estimates;
- Agreeing the financial statement disclosures to underlying supporting documentation.

FOR THE YEAR ENDED 31 OCTOBER 2023

We additionally assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



*Michael Cooper-Davis FCCA ACA
Senior Statutory Auditor
Price Bailey LLP*

*24 Old Bond Street
London
W1S 4AP*

Date: 14 June 2024

FINANCIAL MARKETS LAW COMMITTEE

STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 OCTOBER 2023

		Unrestricted Funds	
	Notes	2023 Total £	2022 Total £
INCOME			
Donations and legacies	3	447,500	435,000
Investment income	4	3,808	163
		<hr/>	<hr/>
Total income		451,308	435,163
		<hr/>	<hr/>
EXPENDITURE			
Charitable activities	5	(450,267)	(462,761)
Total expenditure		<hr/> (450,267) <hr/>	<hr/> (462,761) <hr/>
Net (expenditure) being net movement in funds		1,041	(27,598)
Reconciliation of funds:			
Total funds brought forward		<hr/> 596,431	<hr/> 624,029
Total funds carried forward		<hr/> <hr/> 597,472	<hr/> <hr/> 596,431

All amounts relate to continuing activities of the company.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes to the accounts are shown on pages 19 to 24.

FINANCIAL MARKETS LAW COMMITTEE
REGISTERED COMPANY NUMBER: 08733443

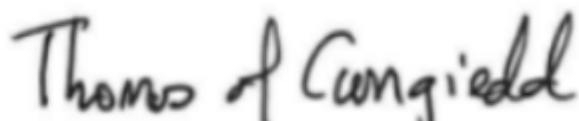
BALANCE SHEET
AS AT 31 OCTOBER 2023

	Notes	2023 £	2022 £
CURRENT ASSETS			
Debtors	9	20,790	18,182
Cash at bank and in hand		625,056	621,694
TOTAL CURRENT ASSETS		<u>645,846</u>	<u>639,876</u>
LIABILITIES			
Creditors: amounts falling due within one year	10	(48,374)	(43,445)
NET CURRENT ASSETS		<u>597,472</u>	<u>596,431</u>
NET ASSETS		<u>597,472</u>	<u>596,431</u>
FUNDS OF THE CHARITY:			
Unrestricted funds		597,472	596,431
TOTAL FUNDS		<u>597,472</u>	<u>596,431</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The attached notes on pages 19 to 24 form part of these financial statements.

The financial statements were approved by the Board of Trustees and signed on their behalf by:



.....
The Rt Hon the Lord Thomas of
Cwmgiedd FMLC Chair, Trustee

Date: 12 June 2024

1 **Accounting policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) **Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are prepared on a going concern basis and are presented in sterling, which is the functional currency of the charity. The financial statements are rounded to the nearest pound.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

b) **Going Concern**

The trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

c) **Legal status of the Charity**

There is no share capital as the company is a private company limited by guarantee incorporated within England and Wales. Each member has guaranteed an amount, not exceeding £1, towards the company's liabilities in the event of a winding up, provided that a member has not ceased to be a member one year prior to any winding up order. In the year there were 7 members (2021: 7). The registered office of the charity is Guildhall, 3rd Floor, North Wing, Basinghall Street, London, EC2P 2EJ.

d) **Fund accounting**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

e) **Income**

Donations, grants and gifts are recognised when receivable. In the event that a donation is subject to fulfilling performance conditions before the charitable company is entitled to the funds, the income is deferred and not recognised until it is probable that those conditions will be fulfilled in the reporting period.

Income from grants are recognised when the charitable company has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

- f) **Expenditure**
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.
- g) **Debtors**
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income is included at the best estimate of the amounts receivable at the balance sheet date.
- h) **Cash at bank and in hand**
Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.
- i) **Creditors**
Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.
- j) **Financial instruments**
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.
- k) **Foreign Currencies**
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.
- l) **Taxation**
The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023

J) Pensions

Employees of the charity are entitled to join a defined contribution scheme. The costs of the defined contribution scheme are included within the associated staff costs and allocated therefore to raising funds, charitable activities, support and governance costs.

2 Judgements in Applying Accounting Policies And Key Sources Of Estimation Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustees make estimates and assumptions concerning the future based on their knowledge of the business and the markets it operates in. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no areas considered to be potentially material to the financial statements.

3 Donations and legacies

	2023	2022
	£	£
Donations and legacies	447,500	435,000

4 Income from Investments

	2023	2022
	£	£
Bank interest	3,808	163

5a Charitable activities

	Direct Costs	Support Costs	Total 2023
	£	£	£
Upholding and proper administration of the law and the advancement of education	438,309	11,958	450,267

FINANCIAL MARKETS LAW COMMITTEE
 NOTES TO THE FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023

5b **Charitable activities**

	Direct Costs	Support Costs	Total 2023
	£	£	£
Upholding and proper administration of the law and the advancement of education	452,833	9,938	462,771
	<u>452,833</u>	<u>9,938</u>	<u>462,771</u>

6 **Analysis of support costs**

	2023	2022
	£	£
Audit fees	9,600	8,842
Insurances	2,358	1,096
	<u>11,958</u>	<u>9,938</u>

7 **Analysis of staff costs and key management personnel**

	2023	2022
	£	£
Wages and salaries	357,894	335,109
Social security costs	37,168	41,116
Employers pension costs	6,240	4,249
	<u>401,302</u>	<u>380,474</u>

The Chair received £Nil (2022: £Nil) during the year in respect of his duties in office.

During the year, no trustees were paid in respect of their duties. (2022: None).

In 2023, no trustees were reimbursed for expenses incurred in employing a third party on FMLC Secretarial Business (2022: None).

The charity considers its key management personnel to comprise of one person. The total employee benefits of key management personnel were £204,626 (2022: one person, £199,119).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023

The average monthly head count was as follows:

	2023 Number	2022 Number
Full time staff	2	3
Part time staff	2	2
	<u>4</u>	<u>5</u>

There were two employees whose costs excluding pension contributions exceeded £60,000 during the year, these are summarised as follows:

	2023	2022
In the band £130,001 - £140,000	1	-
In the band £190,001 - £200,000	-	1
In the band £200,001 - £210,000	1	-

Total employer pension contributions during the year for the staff in the above bandings was £4,639 (2022: Nil)

8 Net (expenditure)

	2023 £	2022 £
Net (expenditure) is stated after charging:		
Auditors remuneration:		
- for audit services	<u>9,600</u>	<u>7,200</u>

9 Debtors

	2023 £	2022 £
Prepayments and accrued income	<u>20,790</u>	<u>18,182</u>
	<u>20,790</u>	<u>18,182</u>

10 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	77	147
Other taxation and social security	15,185	6,747
Accruals	32,553	36,002
Other Creditors	559	559
	<u>48,374</u>	<u>43,455</u>

11 Pensions – defined contribution scheme

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £6,240 (2022: £4,249). Contributions totalling £925 (2022: £423) were payable to the fund at the balance sheet date and are included in creditors.

12 Commitments under operating leases

At 31 October 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

Others	2023 £	2022 £
Not later than one year	893	893
Later than 1 year and not later than 5 years	893	1,785
	<u>1,786</u>	<u>2,678</u>

13 Related party transactions

During the 2023 and 2022 financial years, the company received donations from law firms at which trustees are partners. These totalled £48,000 in 2023 (2022: £60,000).

There are no further related party transactions during the year (2022: None).

FINANCIAL MARKETS LAW COMMITTEE

England & Wales - Charity number 1164902

Accounts



FINANCIAL MARKETS LAW COMMITTEE Trustees' Report And Financial Statements Year Ending 31 October 2022

Registered Charity Number: 1164902.

"FMLC" and "Financial Markets Law Committee" are terms used to describe a committee appointed by Financial Markets Law Committee, a limited company ("Company"). Registered office: City of London, PO Box 270, Guildhall, London EC2P 2EJ. Registered in England and Wales with number: 8733443

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Reference and Administrative Details

CHARITY REGISTRATRION NUMBER	1164902
COMPANY REGISTRATION NUMBER	08733443
TRUSTEES	Lord R J L Thomas of Cwmgiedd Mr D Greenwald Mr M Duncan (resigned 22 January 2022) Mr S Firth Ms K Gibbons Ms C Jackson Sir R Knowles CBE Mr J May (appointed 26 May 2022)
REGISTERED OFFICE	PO Box 270 London EC2P 2EJ
INDEPENDENT AUDITORS	Price Bailey LLP Chartered Accountants & Statutory Auditors 24 Old Bond Street London W1S 4AP
BANKING SERVICES	The Bank of England Threadneedle Street London EC2R 8AH CAF Bank Ltd. 25 Kings Hill Avenue Kings Hill West Mailing Kent ME19 4JQ Cambridge & Counties Bank Limited Charnwood Court 5B New Walk Leicester LE1 6TE

TRUSTEES

Lord Thomas of Cwmgiedd	Chairman, Director, Member
David Greenwald	Deputy Chairman, Director
Michael Duncan	Director (resigned 22 January 2022)
Simon Firth	Director, Member
Kathleen Gibbons	Director, Member
Carolyn H. Jackson	Director, Member
Sir Robin Knowles CBE	Director, Member
Jon May	Director, Member (appointed 26 May 2022)

The Trustees are pleased to present their annual report together with the financial statements for the year ending 31 October 2022, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Companies Act 2006 and the Memorandum and Articles of Association.

1. OBJECTIVES AND ACTIVITIES

- 1.1. The objectives of Financial Markets Law Committee ("**FMLC**" or the "**Charity**") are to promote for the public benefit the upholding and proper administration of the law and the advancement of education by:
 - a) identifying and considering, impartially and in the public interest, issues of legal uncertainty or misunderstanding relating to the functioning and regulation of financial markets; and
 - b) making its work on those legal issues freely available to financial markets and to the general public.
- 1.2. FMLC aims to identify issues of legal uncertainty, or misunderstanding, present and future, affecting the wholesale financial markets which might give rise to material risks, and to consider how such issues should be addressed.
- 1.3. Some element of legal uncertainty is inevitable in financial markets that are international, competitive and innovative. Although the U.K. framework of law for financial markets is highly developed and robust, new ideas or practices can sometimes raise legal uncertainties as to how the law will apply, on occasion based on misunderstandings about existing law. In addition, proposals (whether at home or abroad) for new law or new regulations can give rise to uncertainties or misunderstandings when the specific features of wholesale market practice have not been fully understood by a legislature or other public authority.
- 1.4. The establishment of FMLC reflects the view – widely held across the wholesale financial markets – that London should continue to have arrangements in place to identify and analyse areas of legal uncertainty or misunderstanding affecting those markets. The Committee¹, which meets bi-monthly to review FMLC publication proposals and to guide the forward research strategy of the Charity's employees (the "**Secretariat**"), is balanced and strives to act impartially. It comprises senior lawyers, representatives of financial market participants (buy-side and sell-side) and the Tripartite Authorities (i.e., Bank of England, HM Treasury and Financial Conduct Authority). Meetings are attended regularly by observers from public bodies and industry associations.

¹ The Committee is an independent body of experts appointed by FMLC. For further detail, please see www.fmlc.org

- 1.5. The Committee was originally established by the Bank of England (the "**Bank**"). FMLC, however, is independent from the Bank and its views and any published materials cannot be taken to reflect the views of the Bank, or those of any other patron and/or stakeholder.
- 1.6. The Charity fulfils its purposes by its activities which include publishing reports and responses to consultations or calls for evidence in respect of areas of legal uncertainty and making these available for the public on its website, organising scoping forums where interested practitioners can educate each other on issues of legal uncertainty as well as organising seminars and webinars on topics of legal uncertainty where the identification and minimisation of that uncertainty is in the public interest.
- 1.7. The Charity also acts as a bridge to the judiciary, helping the U.K. courts to remain up to date with developments in financial markets. It carries out this role primarily by organising seminars to brief senior members of the judiciary on aspects of wholesale financial markets of which they might not otherwise be aware. FMLC also holds a number of educational events each year which are not aimed solely at the judiciary and which are attended by interested parties including representatives from law firms and trade associations, together with other industry practitioners, academics and some students. Accompanying materials from such events are published on the FMLC's website.
- 1.8. FMLC also liaises with the members of international forums, originally established by central banks that have a regulatory role in the leading global financial centres. These are the European Financial Markets Lawyers Group ("**EFMLG**") in Frankfurt; the Financial Law Board ("**FLB**") in Tokyo and the FMLC in London. The forum members discuss global issues of concern to the financial markets and they typically meet at least annually.
- 1.9. In order for the Charity's work to be promoted for the public benefit, the Secretariat take appropriate steps to ensure that FMLC's work is available to any interested party.

2. ACHIEVEMENTS AND PERFORMANCE

- 2.1. During the year the FMLC held webinars on topics including Climate Change and Financial Institutions and the Investment Firms Prudential Regime.

- 2.2. FMLC events educated a wide range of people, with invitees including representatives of all categories noted in paragraph 1.7 above.
- 2.3. Judicial seminars are held annually to provide a link between commercial judges – who do not always have deep experience of the financial markets – and those with relevant financial expertise. In November 2021 a webinar was held for commercial judges on the topic of Climate Change and Financial Institutions. These educational events further FMLC’s objective of acting as a bridge to the judiciary to help U.K. courts remain up to date with developments in financial markets practice.
- 2.4. The “Quadrilateral” group of FMLC, FMLG, EFMLG and FLB met virtually in April and October 2022. Topics addressed included digitalisation, sanctions against Russia, sustainable finance and financial regulation and innovation. Uncertainties or misunderstandings often arise when the specific features of wholesale financial markets practice have not been fully understood by a legislature or other public authority, making such discussions vital to FMLC’s objectives as described above.
- 2.5. During this time, the Charity was also able to produce five publications on topics ranging from U.K. Bank Ring-Fencing Legislation to the E.U. Directive on Credit Services and Credit Purchases. Full details of all publications are available on the website www.fmlc.org
- 2.6. FMLC spent time this year completely revamping its website, ensuring that it has become more user friendly for the public. Engagement on social media has also increased, in particular becoming more active on LinkedIn, posting details of topics discussed at our Scoping Forum meetings and advertising events.
- 2.7. The achievements highlighted serve as evidence that the aims of the Charity, as stated in Section One above, have been met.

3. FINANCIAL REVIEW

- 3.1. The Charity’s financial performance was satisfactory in 2021-2022. Charitable donations increased to £435,000 from £362,500 in 2020-2021.
- 3.2. The total income will allow FMLC to continue its current output for the foreseeable future and the Charity is also able to draw on its reserves, as detailed below, in pursuit of meeting its key performance indicators. Total costs increased by 14% to £462,761 (2021: £405,979) with almost the entirety of expenditure relating to

the direct costs of the upholding and proper administration of the law and the advancement of education.

- 3.3. FMLC is a small charity, which spends most of its income on salaries to fulfil its remit which requires extensive legal research, analysis and writing, as detailed above, together with a sound operational base. A majority of FMLC's donors are in the same line of business, being mostly law firms and trade associations, so an unforeseen event which has an impact on the business of one of the Charity's donors is likely similarly to affect other donors. FMLC raises funds once a year. If a large number of donors were to withdraw or reduce their support in any one year, FMLC's operating budget for that year would be adversely affected to a very significant degree without reserve funds. The reserve funds are intended to cover the costs of FMLC until the next fundraising round in the expectation that, over the year, the Charity will be successful in finding alternative sources of support.
- 3.4. The reserve funds are also intended to cover the costs of strategic planning to mitigate key risks identified in FMLC's risk register, as detailed below in Section Three.
- 3.5. FMLC's Trustees have agreed the FMLC reserves policy which is to hold in reserve funds approximately equal to at least one year's expenses of up to £475,000 to cover the risk of unforeseen events and meet the needs of cash flow in the event of a reduction in donations. At the year-end total reserves were £596,431 (2021: £624,029) giving a reserves surplus of approximately £121,431, a reduction of £27,598 compared to the previous year. The Charity continues to keep its reserves policy under regular review.
- 3.6. FMLC's work has not been impacted by the various lockdowns and restrictions associated with the COVID-19 pandemic, with the Secretariat adapting well to a remote-working model and a virtual events/speaking programme. Similarly, governance has been maintained at usual levels of five-six meetings of the Board of Trustees and of the Committee per annum by moving to hybrid videoconferencing and in person meetings. Utilising such technology has also allowed FMLC's scoping forums and working groups to continue to meet and, as mentioned, educational events to take place as planned. With regard to the charitable objects of FMLC, the fast pace of technological change, in particular the digitisation of payments, assets and ownership ledgers has given rise to increasing legal and operational uncertainties in the wholesale financial markets which have made the work of the Charity more vital today than ever. This will

continue to be the case as the U.K. implements post-Brexit financial services regulatory reforms.

- 3.7. At the date of approving the report and accounts, there are no uncertainties about the Charity's ability to continue as a going concern.

4. STRUCTURE, GOVERNANCE AND MANAGEMENT

- 4.1. FMLC is a company limited by guarantee ("**the Company**") governed by its Memorandum and Articles of Association ("**Article**") dated 3 December 2015 (replacing earlier Memorandum and Articles of Association dated 15 October 2013). Anyone over the age of 18 can become a Member of the Company. There are currently five Members, each of whom agrees to contribute a sum not exceeding £1 in the event of its being wound up.
- 4.2. FMLC is registered as a charity with the Charity Commission. Directors appointed to the Board of the Company have control and management of the Company and are, therefore, the Charity Trustees for the purposes of the Charities Act 2011. As such, they not only owe fiduciary duties in the normal way as Directors of the Company, but they also owe fiduciary duties to the Charity in the same way as they would if they were Trustees of a charitable trust.
- 4.3. The Board is responsible for the governance of the Charity and oversees the operation and administration of FMLC, the Committee and the Secretariat. The Board maintains, supports and sets the terms of reference of the Committee. Minutes of meetings of the Committee are sent to the Board, who all also serve as Committee members.
- 4.4. In accordance with Article 45 the Board may delegate any of its powers or functions to committees of two or more Trustees (which the Board may create), subject to such rules or requirements as the Board may consider appropriate, provided that the terms of any delegation are recorded in the meeting minutes. Such a delegation can be subsequently revoked by the Trustees.
- 4.5. The Board must at all times comprise a minimum of two Trustees and a maximum (unless otherwise determined by an ordinary resolution of the Members) of ten in accordance with Article 27.
- 4.6. The Appointments Sub-Committee (the "**Sub-Committee**") comprises the Chairman, the Deputy Chairman and the CEO. Its responsibilities include:

- a) recommending to the Board the appointment of a Trustee to the position of Chairman and to serve as Chairman of the Committee;
 - b) recommending to the Board the appointment of a Trustee to the position of Deputy Chairman and to serve as Deputy Chairman of the Committee;
 - c) appointing or re-appointing individuals who are willing to serve as members of the Committee; and
 - d) removing Committee members if the circumstances demand it.
- 4.7. In exercising its powers, the Sub-Committee has regard to the need to maintain independent judgement and a proper balance of the skills and experience requisite for achieving the Charity's objects.
- 4.8. The Chairman is appointed by the Board on the recommendation of the Sub-Committee. The criteria for eligibility require that the individual has held a position in the senior judiciary or, failing that, is a person of real distinction and unquestionable integrity and independence who has made a significant contribution to the legal system of the U.K. The Chairman's main responsibilities include to:
- a) lead the Committee in such a way as to ensure that it fulfils its responsibilities;
 - b) lead the Board in such a way as to ensure that it fulfils its responsibilities for the governance of the Charity;
 - c) be a member of the Sub-Committee;
 - d) work with the CEO to help achieve the objectives of the Charity;
 - e) optimise the relationship between the Board, the Committee and the Secretariat; and
 - f) inform the Trustees of any material concerns employees may have in regard to the role of the Board to which the Chairman is aware and to relate the concerns of Trustees and other stakeholders to the CEO.
- 4.9. Each new Trustee receives the Committee Members' Handbook, the most recent annual report and accounts of the Charity and the minutes of previous Board meetings, together with supporting papers. All Trustees must demonstrate:

- a) commitment to the work of the Charity;
 - b) willingness to participate actively in the work of the Board; and
 - c) regular attendance at Board meetings.
- 4.10. The Board may resolve by majority vote to appoint (or reappoint) Trustees. A Trustee ceases to hold office if he or she retires in accordance with Article 31 to 32A, or in any of the circumstances set out in Article 38. Trustees who retire will be eligible for reappointment.
- 4.11. None of FMLC's Trustees receive remuneration or other benefit from their work with the Charity.² Any potential conflicts of interest must be reported to the Executive Assistant and are maintained on a confidential register. No substantive conflicts have been reported.
- 4.12. The Remunerations Sub-Committee comprises two Trustees. Its responsibilities include:
- a) reviewing CEO terms and conditions of employment;
 - b) reviewing Secretariat terms and conditions of employment; and
 - c) making recommendations to the Board on such matters.
- 4.13. The only executive personnel in charge of, running and operating the Charity on a day-to-day basis is the CEO, who is subject to the direction and control of the Trustees. The CEO's pay may be reviewed at each Board meeting or via the Remunerations Sub-Committee referred to above. The CEO manages the day-to-day operations of the Charity within clear guidelines agreed with the Trustees and in close consultation with them.
- 4.14. No external person or body has entitlement to appoint one or more of the Charity's Trustees.
- 4.15. The biggest risks facing the Charity in the year ahead 2022-23 are:
- a) income generation;

² The Chairman's expenses are reimbursed in respect of his employment of secretarial services on FMLC business.

- b) loss of senior management;
- c) an adverse change in the Charity's occupation of its premises; and
- d) loss of reputation.

4.16. The Charity has a number of systems and controls in place to mitigate the key risks identified. This includes a robust reserves policy which will allow FMLC to implement an optimal transition plan for CEO succession (including, if necessary, paying for head-hunters and/or hiring on an interim basis). The reserves policy will also protect FMLC should new premises need to be sought. Systematic peer review together with a commitment to the highest quality of expertise, both on the Committee and within the ad-hoc working groups convened to examine issues, as well as high quality staffing, will maximise confidence in FMLC's output, ensuring it remains at all times sturdy and robust.

5. FUTURE PLANS

5.1. FMLC has had a successful year and has met the aims set out in Section One above. During the year ahead the Charity plans to continue its important work.

6. FUNDRAISING

6.1. FMLC understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate.

6.2. The Charity does not currently fundraise from the general public or use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns. No fundraising complaints were received during the year (2021: none).

7. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

7.1. There are no funds held as custodian Trustee on behalf of others.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Financial Markets Law Committee for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. observe the methods and principles in the Charities SORP 2019 FRS 102;
3. make judgments and accounting estimates that are reasonable and prudent;
4. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

1. there is no relevant audit information of which the charitable company's auditor is unaware; and
2. the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SMALL COMPANY EXEMPTIONS

This report has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.



.....
The Rt Hon the Lord Thomas of Cwngiedd
FMLC Chairman, Trustee

Date: 07 June 2023

FINANCIAL MARKETS LAW COMMITTEE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FINANCIAL MARKETS LAW
COMMITTEE

FOR THE YEAR ENDED 31 OCTOBER 2022

Opinion

We have audited the financial statements of Financial Markets Law Committee (the 'charitable company') for the year ended 31 October 2022 which comprise a Statement of Financial Activities (incorporating an Income and Expenditure Account), a Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

1. give a true and fair view of the state of the charitable company's affairs as at 31 October 2022, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
2. have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
3. have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit

evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FINANCIAL MARKETS
LAW COMMITTEE**

FOR THE YEAR ENDED 31 OCTOBER 2022

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

1. the information given in the trustees' report (incorporating to the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
2. the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

1. adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
2. the financial statements are not in agreement with the accounting records and returns; or
3. certain disclosures of directors' remuneration specified by law are not made; or
4. we have not received all the information and explanations we require for our audit; or
5. the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE FINANCIAL
MARKETS LAW COMMITTEE**

FOR THE YEAR ENDED 31 OCTOBER 2022

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatement in respect of irregularities, including fraud. The extent to which our procedures are capable of detailing irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of the company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting and tax legislation. In relation to the operations of the Charitable Company this included compliance with the Companies Act 2006 and the Charities Act 2011. The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit.

We carried out specific procedures to address the risks identified. These included the following:

1. Review of legal fees incurred;
2. Reviewing minutes of meetings of Trustee Board meetings;
3. Enquiring of management including those responsible for the key regulations;
4. Reviewing the key accounting policies and estimates;
5. Agreeing the financial statement disclosures to underlying supporting documentation.

We additionally assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding, irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Cooper-Davis FCCA ACA
Senior Statutory Auditor
Price Bailey LLP, 24 Old Bond Street, London W1S 4AP

Date: 08 June 2023

FINANCIAL MARKETS LAW COMMITTEE

**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

FOR THE YEAR ENDED 31 OCTOBER 2022

INCOME	Notes	Unrestricted Funds	
		2022 Total £	2021 Total £
Donations and legacies	3	435,000	362,500
Investment income	4	163	915
Total income		<u>435,163</u>	<u>363,415</u>
EXPENDITURE			
Charitable activities	5	(462,761)	(405,979)
Total expenditure		<u>(462,761)</u>	<u>(405,979)</u>
Net (expenditure)/ income being net movement in funds		(27,598)	(42,564)
Reconciliation of funds:			
Total funds brought forward		624,029	666,593
Total funds carried forward		<u><u>596,431</u></u>	<u><u>624,029</u></u>

All amounts relate to continuing activities of the company.

The Statement of Financial Activities includes all gains and losses recognised in the year.
The notes to the accounts are shown on pages 23 to 30.

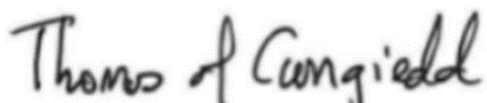
BALANCE SHEET
AS AT 31 OCTOBER 2022

	Notes	2022 £	2021 £
CURRENT ASSETS			
Debtors	9	18,182	2,141
Cash at bank and in hand		621,694	672,438
		<u>639,876</u>	<u>674,579</u>
TOTAL CURRENT ASSETS			
LIABILITIES			
Creditors: amounts falling due within one year	10	(43,445)	(50,550)
		<u>596,431</u>	<u>624,029</u>
NET CURRENT ASSETS			
		<u>596,431</u>	<u>624,029</u>
NET ASSETS			
		<u><u>596,431</u></u>	<u><u>624,029</u></u>
FUNDS OF THE CHARITY:			
Unrestricted funds		<u>596,431</u>	<u>624,029</u>
TOTAL FUNDS		<u><u>596,431</u></u>	<u><u>624,029</u></u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The attached notes on pages 23 to 30 form part of these financial statements.

The financial statements were approved by the Board of Trustees and signed on their behalf by:



.....
The Rt Hon the Lord Thomas of Cwmgiedd
FMLC Chairman, Trustee

Date: 07 June 2023

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a. Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are prepared on a going concern basis and are presented in sterling, which is the functional currency of the charity. The financial statements are rounded to the nearest pound.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

b. Going Concern

The trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

c. Legal status of the Charity

There is no share capital as the company is a private company limited by guarantee incorporated within England. Each member has guaranteed an amount, not exceeding £1, towards the company's liabilities in the event of a winding up, provided that a member has not ceased to be a member one year prior to any winding up order. In the year there were 7 members (2021: 7). The registered office of the charity is City of London, PO BOX 270, Guildhall, London EC2P 2EJ.

d. Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

e. Income

Donations, grants and gifts are recognised when receivable. In the event that a donation is subject to fulfilling performance conditions before the charitable company is entitled to the funds, the income is deferred and not recognised until it is probable that those conditions will be fulfilled in the reporting period.

Income from grants are recognised when the charitable company has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

f. Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

g. Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income is included at the best estimate of the amounts receivable at the balance sheet date.

h. Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

i. Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

j. Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

k. Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

i. Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

m. Pensions

Employees of the charity are entitled to join a defined contribution scheme. The costs of the defined contribution scheme are included within the associated staff costs and allocated therefore to raising funds, charitable activities, support and governance costs.

2. Judgements in Applying Accounting Policies And Key Sources Of Estimation Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustees make estimates and assumptions concerning the future based on their knowledge of the business and the markets it operates in. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no areas considered to be potentially material to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2022

3	Donations and legacies			
			2022	2021
			£	£
	Donations and legacies		435,000	362,500
			<u> </u>	<u> </u>
4	Income from Investments			
			2022	2021
			£	£
	Bank Interest		163	915
			<u> </u>	<u> </u>
5a	Charitable activities			
		Direct	Support	Total
		Costs	Costs	2021
		£	£	£
	Upholding and proper administration of the law and the advancement of education	452,833	9,938	462,771
		<u> </u>	<u> </u>	<u> </u>
5b	Charitable activities			
		Direct	Support	Total
		Costs	Costs	2020
		£	£	£
	Upholding and proper administration of the law and the advancement of education	398,037	7,942	405,979
		<u> </u>	<u> </u>	<u> </u>
6	Analysis of support costs			
			2022	2021
			£	£
	Audit fees		8,842	7,608
	Insurances		1,096	334
			<u> </u>	<u> </u>
			9,938	7,942
			<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2022

7 Analysis of staff costs and key management personnel		
	2022	2021
	£	£
Wages and salaries	335,109	302,924
Social security costs	41,116	32,147
Employers pension costs	4,249	6,276
	<u>380,474</u>	<u>341,347</u>

The Chair received £Nil (2021: £Nil) during the year in respect of his duties in office.

During the year, no trustees were paid in respect of their duties (2021:none)

In 2022, no trustees were reimbursed for expenses incurred in employing a third party on FMLC Secretarial Business (2021: one trustee, £2,580).

The charity considers its key management personnel to comprise of two persons. The total employment benefits to key management personnel was £209,153 (2021: one person, £155,538).

The average monthly head count was as follows:

	2022	2021
	Number	Number
Full time staff	3	4
Part time staff	2	8
	<u>5</u>	<u>12</u>

This equates to four full time equivalent staff (2021:7)

There was one employee whose total employment benefits excluding pension contributions were between £190,000 and £200,000 (2021 – two employees between £70,000 and £80,000).

Total employer pension contributions during the year for the staff in the above bandings was £nil (2021: £1,820).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2022

	2022	2021
	£	£
8 Net (expenditure)/income		
Net (expenditure)/income is stated after charging: Auditors remuneration:		
- for audit services	<u>7,200</u>	<u>6,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2022

9	Debtors	2022	2021
		£	£
	Prepayments and accrued income	18,182	2,141
		<u>18,182</u>	<u>2,141</u>
10	Creditors: amounts falling due within one year	2022	2021
		£	£
	Trade creditors	147	20,563
	Other taxation and social security	6,747	6,820
	Accruals	36,002	20,987
	Other Creditors	559	2,180
		<u>43,455</u>	<u>50,550</u>

11 Pensions – defined contribution scheme

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £4,249 (2021: £6,276). Contributions totalling £423 (2021: £797) were payable to the fund at the balance sheet date and are included in creditors.

12 Commitments under operating leases

At 31 October 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

Others	2022	2021
	£	£
Not later than one year	893	669
Later than 1 year and not later than 5 years	1,785	3,570
	<u>2,678</u>	<u>4,239</u>

13 Related party transactions

During the 2022 and 2021 financial years, the company received donations from law firms at which trustees M Duncan, S Firth, K Gibbons, D Greenwald and C Jackson are partners. Law firms at which trustees M Duncan, S Firth and K Gibbons are partners offer secondees to the Secretariat on a rotational basis.

There are no further related party transactions during the year (2021: none).

Registered Charity Number: 1164902.

"FMLC" and "Financial Markets Law Committee" are terms used to describe a committee appointed by Financial Markets Law Committee, a limited company ("Company"). Registered office: City of London, PO Box 270, Guildhall, London EC2P 2EJ. Registered in England and Wales with number: 8733443

FINANCIAL MARKETS LAW COMMITTEE

England & Wales - Charity number 1164902

Accounts



FINANCIAL MARKETS LAW COMMITTEE

Trustees' Report and Financial Statements

Year Ending 31 October 2021

www.fmlc.org

Registered Charity Number: 1164902.

"The FMLC" and "The Financial Markets Law Committee" are terms used to describe a committee appointed by Financial Markets Law Committee, a limited company ("FMLC" or "the Company"). Registered office: City of London, PO BOX 270, Guildhall, London EC2P 2EJ. Registered in England and Wales. Company Registration Number: 08733443.

Trustees' Report and Financial Statements

FINANCIAL MARKETS LAW COMMITTEE
REFERENCE AND ADMINISTRATIVE DETAILS

CHARITY REGISTRATION NUMBER 1164902

COMPANY REGISTRATION NUMBER 08733443

TRUSTEES

Lord R J L Thomas of
Cwmgiedd
Mr D Greenwald
Mr M Duncan (resigned 22 January
2022)
Mr S Firth
Ms K Gibbons
Ms C Jackson
Sir R Knowles CBE

REGISTERED OFFICE PO Box 270
London
EC2P 2EJ

INDEPENDENT AUDITORS Price Bailey LLP
Chartered Accountants & Statutory
Auditors 24 Old Bond Street
London
W1S
4AP

BANKING SERVICES The Bank of England
Threadneedle Street
London
EC2R 8AH

CAF Bank Ltd.
25 Kings Hill
Avenue Kings Hill
West
Mailing
Kent
ME19 4JQ

Cambridge & Counties Bank
Limited Charnwood Court
5B New
Walk
Leicester
LE1 6TE

Trustees' Report and Financial Statements

TRUSTEES

Lord Thomas of Cwmgiedd	Chairman, Director, Member
David Greenwald	Deputy Chairman, Director
Michael Duncan	Director (resigned 22 January 2022)
Simon Firth	Director, Member
Kathleen Gibbons	Director, Member
Carolyn Jackson	Director, Member
Sir Robin Knowles CBE	Director, Member

The Trustees are pleased to present their annual report together with the financial statements for the year ending 31 October 2021, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Companies Act 2006 and the Memorandum and Articles of Association.

Trustees' Report and Financial Statements

1. OBJECTIVES AND ACTIVITIES

- 1.1. The objectives of Financial Markets Law Committee ("**FMLC**" or the "**Charity**") are to promote for the public benefit the upholding and proper administration of the law and the advancement of education by:
- a) identifying and considering, impartially and in the public interest, issues of legal uncertainty or misunderstanding relating to the functioning and regulation of financial markets; and
 - b) making its work on those legal issues freely available to financial markets and to the general public.
- 1.2. FMLC aims to identify issues of legal uncertainty, or misunderstanding, present and future, affecting the wholesale financial markets which might give rise to material risks, and to consider how such issues should be addressed.
- 1.3. Some element of legal uncertainty is inevitable in financial markets that are international, competitive and innovative. Although the U.K. framework of law for financial markets is highly developed and robust, new ideas or practices can sometimes raise legal uncertainties as to how the law will apply, on occasion based on misunderstandings about existing law. In addition, proposals (whether at home or abroad) for new law or new regulations, can give rise to uncertainties or misunderstandings when the specific features of wholesale market practice have not been fully understood by a legislature or other public authority.
- 1.4. The establishment of FMLC reflects the view—widely held across the wholesale financial markets - that London should continue to have arrangements in place to identify and analyse areas of legal uncertainty or misunderstanding affecting those markets. The Committee,¹ which meets bi-monthly to review FMLC publication proposals and to guide the forward research strategy of the Charity's employees (the "**Secretariat**"), is balanced and strives to act impartially. It comprises senior lawyers, representatives of financial market participants (buy-side and sell-side) and the Tripartite Authorities (i.e., Bank of England, HM Treasury and Financial

¹ The Committee is an independent body of experts appointed by FMLC. For further detail, please see www.fmlc.org.

Conduct Authority). Meetings are attended regularly by observers from public bodies and industry associations.

- 1.5. The Committee was originally established by the Bank of England (the "**Bank**"). FMLC, however, is independent from the Bank and its views and any published materials cannot be taken to reflect the views of the Bank, or those of any other patron and/or stakeholder.
- 1.6. The Charity fulfils its purposes by its activities which include publishing reports and responses to consultations or calls for evidence in respect of areas of legal uncertainty and making these available for the public on its website, organising scoping forums where interested practitioners can educate each other on issues of legal uncertainty as well as organising seminars and webinars on topics of legal uncertainty where the identification and minimisation of that uncertainty is in the public interest.
- 1.7. The Charity also acts as a bridge to the judiciary, helping the U.K. courts to remain up to date with developments in financial markets. It carries out this role primarily by organising seminars to brief senior members of the judiciary on aspects of wholesale financial markets of which they might not otherwise be aware. FMLC also holds a number of educational events each year which are not aimed solely at the judiciary and which are attended by interested parties.
- 1.8. FMLC also liaises with the members of international forums, originally established by central banks that have a regulatory role in the leading global financial centres. These are the European Financial Markets Lawyers Group ("**EFMLG**") in Frankfurt; the Financial Markets Lawyers Group ("**FMLG**") in New York; the Financial Law Board ("**FLB**") in Tokyo; and the FMLC in London. The forum members discuss global issues of concern to the financial markets and they typically meet at least annually.
- 1.9. In order for the Charity's work to be promoted for the public benefit, the Secretariat take appropriate steps to ensure that FMLC's work is available to any interested party.

2. ACHIEVEMENTS AND PERFORMANCE

- 2.1. During the year the FMLC held webinars on a range of topics including the impact of the Hong Kong Autonomy Act on cross border banking business, the Robinhood debacle and LIBOR transition.
- 2.2. FMLC events educated a wide range of people, with invitees including representatives from the senior judiciary, law firms and trade associations, together with other industry practitioners, academics and some students.
- 2.3. Judicial seminars are held annually to provide a link between commercial judges - who do not always have deep experience of the financial markets - and those with relevant financial expertise. In March 2021 a webinar was held for commercial judges on the topic of LIBOR transition. These educational events further FMLC's objective of acting as a bridge to the judiciary to help U.K. courts remain up to date with developments in financial markets practice.
- 2.4. The "Quadrilateral" group of FMLC, FMLG, EFMLG and FLB met in March, June and September 2021. Topics addressed included LIBOR transition, central bank digital currencies and environmental, social and corporate governance standards. Uncertainties or misunderstandings often arise when the specific features of wholesale financial markets practice have not been fully understood by a legislature or other public authority, making such discussions vital to FMLC's objectives as described above.
- 2.5. During this time, the Charity was also able to produce 16 publications on topics ranging from the UK's international regulatory cooperation strategy to artificial intelligence and the use of machine learning in financial services. Full details of all publications are available on the website www.fmlc.org
- 2.6. The achievements highlighted serve as evidence that the aims of the Charity, as stated in Section One above, have been met.

3. FINANCIAL REVIEW

- 3.1 The Charity's financial performance was satisfactory in 2020-2021. Charitable donations remained consistent at £362,500 between 2019/2020 financial year and 2020/2021.
- 3.2 The total income will allow FMLC to continue its current output for the foreseeable future and the Charity is also able to draw on its reserves, as detailed below, in pursuit of meeting its key performance indicators. Total costs increased by 20.8% to £405,979 (2020: £336,111) with almost the entirety of expenditure relating to the direct costs of the upholding and proper administration of the law and the advancement of education.
- 3.3 FMLC is a small charity, which spends most of its income on salaries to fulfil its remit which requires extensive legal research, analysis and writing, as detailed above, together with a sound operational base. A majority of FMLC's donors are in the same line of business, being mostly law firms and trade associations, so an unforeseen event which has an impact on the business of one of the Charity's donors is likely similarly to affect other donors. FMLC raises funds once a year. If a large number of donors were to withdraw or reduce their support in any one year, FMLC's operating budget for that year would be adversely affected to a very significant degree without reserve funds. The reserve funds are intended to cover the costs of FMLC until the next fundraising round in the expectation that, over the year, the Charity will be successful in finding alternative sources of support.
- 3.4 The reserve funds are also intended to cover the costs of strategic planning to mitigate key risks identified in FMLC's risk register, as detailed below in Section Three.
- 3.5 FMLC's Trustees have agreed the FMLC reserves policy which is to hold in reserve funds approximately equal to at least one year's expenses of up to £450,000 to cover the risk of unforeseen events and meet the needs of cash flow in the event of a reduction in donations. At the year-end total reserves were £624,029 (2020: £666,593) giving a reserves surplus of approximately £174,000, a reduction of £42,564 compared to the previous year. The Charity continues to keep its reserves policy under regular review. In 2020 FMLC was given notice to quit its premises at

the Bank owing to a planned refurbishment. The Charity secured new premises free of rent charge which it began to occupy during the financial year. The transfer had associated costs - including the procurement of technology - which it met from reserves. This has resulted in a reduction of the reserves surplus over the financial year. During the period, the Company lost its CEO, Joanna Perkins. The board was able to recruit a replacement and engaged a review of the organisation. The cost of that review has been met from reserves.

3.6 FMLC's work has not been impacted by the various lockdowns and restrictions associated with the COVID-19 pandemic, with the Secretariat adapting seamlessly to a remote-working model and a virtual events/speaking programme. Similarly, governance has been maintained at usual levels of five-six meetings of the Board of Trustees and of the Committee per annum by moving to videoconferencing. Utilising such technology has also allowed FMLC's scoping forums and working groups to continue to meet and, as mentioned, educational events to take place as planned. With regard to the charitable objects of FMLC, Brexit and the Covid-19 pandemic have given rise to increasing legal and operational uncertainties in the wholesale financial markets which have made the work of the Charity more vital today than ever. This will continue to be the case as the U.K. develops its post-Brexit regulatory framework still further.

3.7 At the date of approving the report and accounts, there are no uncertainties about the Charity's ability to continue as a going concern.

4. STRUCTURE, GOVERNANCE AND MANAGEMENT

4.1 FMLC is a company limited by guarantee ("**the Company**") governed by its Memorandum and Articles of Association ("**Article**") dated 3 December 2015 (replacing earlier Memorandum and Articles of Association dated 15 October 2013). Anyone over the age of 18 can become a Member of the Company. There are currently five Members, each of whom agrees to contribute a sum not exceeding £1 in the event of its being wound up.

4.2 FMLC is registered as a charity with the Charity Commission. Directors appointed to the Board of the Company have control and management of the Company and are, therefore, the Charity Trustees for the purposes of the Charities Act 2011. As such,

they not only owe fiduciary duties in the normal way as Directors of the Company, but they also owe fiduciary duties to the Charity in the same way as they would if they were Trustees of a charitable trust.

- 4.3 The Board is responsible for the governance of the Charity and oversees the operation and administration of FMLC, the Committee and the Secretariat. The Board maintains, supports and sets the terms of reference of the Committee. Minutes of meetings of the Committee are sent to the Board, who all also serve as Committee members.
- 4.4 In accordance with Article 45 the Board may delegate any of its powers or functions to committees of two or more Trustees (which the Board may create), subject to such rules or requirements as the Board may consider appropriate, provided that the terms of any delegation are recorded in the meeting minutes. Such a delegation can be subsequently revoked by the Trustees.
- 4.5 The Board must at all times comprise a minimum of two Trustees and a maximum (unless otherwise determined by an ordinary resolution of the Members) of ten in accordance with Article 27.
- 4.6 The Appointments Sub-Committee (the "**Sub-Committee**") comprises the Chairman, the Deputy Chairman and the CEO. Its responsibilities include:
- a. recommending to the Board the appointment of a Trustee to the position of Chairman and to serve as Chairman of the Committee;
 - b. recommending to the Board the appointment of a Trustee to the position of Deputy Chairman and to serve as Deputy Chairman of the Committee;
 - c. appointing or re-appointing individuals who are willing to serve as members of the Committee; and
 - d. removing Committee members if the circumstances demand it.
- 4.7 In exercising its powers, the Sub-Committee has regard to the need to maintain independent judgement and a proper balance of the skills and experience requisite for achieving the Charity's objects.

- 4.8 The Chairman is appointed by the Board on the recommendation of the Sub-Committee. The criteria for eligibility require that the individual has held a position in the senior judiciary or, failing that, is a person of real distinction and unquestionable integrity and independence who has made a significant contribution to the legal system of the U.K. The Chairman's main responsibilities include to:
- a. lead the Committee in such a way as to ensure that it fulfils its responsibilities;
 - b. lead the Board in such a way as to ensure that it fulfils its responsibilities for the governance of the Charity;
 - c. be a member of the Sub-Committee;
 - d. work with the CEO to help achieve the objectives of the Charity;
 - e. optimise the relationship between the Board, the Committee and the Secretariat; and
 - f. inform the Trustees of any material concerns employees may have in regard to the role of the Board to which the Chairman is aware and to relate the concerns of Trustees and other stakeholders to the CEO.
- 4.9 Each new Trustee receives the Committee Members' Handbook, the most recent annual report and accounts of the Charity and the minutes of previous Board meetings, together with supporting papers. All Trustees must demonstrate:
- a. commitment to the work of the Charity;
 - b. willingness to participate actively in the work of the Board; and
 - c. regular attendance at Board meetings.
- 4.10 The Board may resolve by majority vote to appoint (or reappoint) Trustees. A Trustee ceases to hold office if he or she retires in accordance with Article 31 to 32A, or in any of the circumstances set out in Article 38. Trustees who retire will be eligible for reappointment.

- 4.11 None of FMLC's Trustees receive remuneration or other benefit from their work with the Charity.² Any potential conflicts of interest must be reported to the Operations Manager and are maintained on a confidential register. No substantive conflicts have been reported.
- 4.12 The Remunerations Sub-Committee comprises two Trustees. Its responsibilities include:
- a. reviewing CEO terms and conditions of employment;
 - b. reviewing Secretariat terms and conditions of employment; and
 - c. making recommendations to the Board on such matters.
- 4.13 The only executive personnel in charge of, running and operating the Charity on a day-to-day basis is the CEO, who is subject to the direction and control of the Trustees. The CEO's pay may be reviewed at each Board meeting or via the Remunerations Sub-Committee referred to above. The CEO manages the day-to-day operations of the Charity within clear guidelines agreed with the Trustees and in close consultation with them.
- 4.14 No external person or body has entitlement to appoint one or more of the Charity's Trustees.
- 4.15 The biggest risks facing the Charity in the year ahead 2021-22 are:
- a. income generation;
 - b. loss of senior management;
 - c. an adverse change in the Charity's occupation of its premises; and
 - d. loss of reputation.
- 4.16 The Charity has a number of systems and controls in place to mitigate the key risks identified. This includes a robust reserves policy which will allow FMLC to introduce new roles and new senior management positions which will allow the Charity to

² The Chairman's expenses are reimbursed in respect of his employment of secretarial services on FMLC business.

continue to implement an optimal transition plan for CEO succession. The reserves policy will also protect FMLC should new premises need to be sought. Systematic peer review, as highlighted in this document, together with a commitment to the highest quality of expanding FMLC's events programme and increasing staffing, will maximise confidence in FMLC's output, ensuring it remains at all times sturdy and robust.

5. FUTURE PLANS

- 5.1 FMLC has had a successful year and has met the aims set out in Section One above. During the year ahead the Charity plans to continue its important work. In particular, FMLC intends to completely revamp its website, to engage more with social media as a means of increasing awareness of its activities and to re-commence in-person meetings and seminars.

6. FUNDRAISING

- 6.1 FMLC understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate.
- 6.2 The Charity does not currently fundraise from the general public or use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns. No fundraising complaints were received during the year (2020: none).

7. EXEMPTIONS FROM DISCLOSURE

- 7.1 There are no exemptions from disclosure.

8. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

8.1 There are no funds held as custodian Trustee on behalf of others.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Financial Markets Law Committee for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. observe the methods and principles in the Charities SORP 2019 FRS 102;
3. make judgments and accounting estimates that are reasonable and prudent;
4. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

1. there is no relevant audit information of which the charitable company's auditor is unaware; and
2. the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SMALL COMPANY EXEMPTIONS

This report has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006



.....
The Rt Hon the Lord Thomas of Cwmgiedd
FMLC Chairman, Trustee

Date: 1 July 2022

Trustees' Report and Financial Statements

FINANCIAL MARKETS LAW COMMITTEE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FINANCIAL MARKETS LAW COMMITTEE

FOR THE YEAR ENDED 31 OCTOBER 2021

Opinion

We have audited the financial statements of Financial Markets Law Committee (the 'charitable company') for the year ended 31 October 2021 which comprise a Statement of Financial Activities (incorporating an Income and Expenditure Account), a Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

1. give a true and fair view of the state of the charitable company's affairs as at 31 October 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
2. have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
3. have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Trustees' Report and Financial Statements

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

FINANCIAL MARKETS LAW COMMITTEE

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FINANCIAL MARKETS LAW COMMITTEE

FOR THE YEAR ENDED 31 OCTOBER 2021

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

1. the information given in the trustees' report (incorporating to the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
2. the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

1. adequate accounting records have not been kept, or returns adequate for our audit

Trustees' Report and Financial Statements

- have not been received from branches not visited by us; or
2. the financial statements are not in agreement with the accounting records and returns; or
3. certain disclosures of directors' remuneration specified by law are not made; or
4. we have not received all the information and explanations we require for our audit; or
5. the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report.

FINANCIAL MARKETS LAW COMMITTEE

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FINANCIAL MARKETS LAW COMMITTEE

FOR THE YEAR ENDED 31 OCTOBER 2021

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatement in respect of irregularities, including fraud. The extent to which our procedures are capable of detailing irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of the company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting, tax legislation, employment law, health and safety and GDPR. The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit.

Trustees' Report and Financial Statements

We carried out specific procedures to address the risks identified. These included the following:

- Review of legal fees incurred;
- Reviewing minutes of meetings of Trustee Board meetings;
- Enquiring of management including those responsible for the key regulations;
- Reviewing the key accounting policies and estimates;
- Agreeing the financial statement disclosures to underlying supporting documentation.

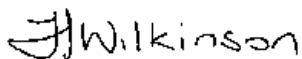
We reviewed key authorisation procedures and decision making processes for any unusual or one-off transactions. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Helena Wilkinson

Senior Statutory Auditor

Price Bailey LLP, 24 Old Bond Street, London W1S 4AP

Date: 12 July 2022

FINANCIAL MARKETS LAW COMMITTEE

**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)****FOR THE YEAR ENDED 31 OCTOBER 2021**

		Unrestricted Funds	
	Notes	2021 Total £	2020 Total £
INCOME			
Donations and legacies	3	362,500	362,500
Investment income	4	915	3,459
		<u> </u>	<u> </u>
Total income		<u>363,415</u>	<u>365,959</u>
EXPENDITURE			
Charitable activities	5	(405,979)	(36,111)
		<u> </u>	<u> </u>
Total expenditure		<u>(405,979)</u>	<u>(336,111)</u>
Net(expenditure)/ income being net movement in funds		(42,564)	29,848
Reconciliation of funds:			
Total funds brought forward		<u>666,593</u>	<u>636,745</u>
Total funds carried forward		<u><u>624,029</u></u>	<u><u>666,593</u></u>

All amounts relate to continuing activities of the company.

The Statement of Financial Activities includes all gains and losses recognised in the year. The notes to the accounts are shown on pages 425 to 32.

FINANCIAL MARKETS LAW COMMITTEE
REGISTERED COMPANY NUMBER: 08733443

BALANCE SHEET
AS AT 31 OCTOBER 2021

	Notes	2021 £	2020 £
CURRENT ASSETS			
Debtors	9	2,141	1,029
Cash at bank and in hand		672,438	708,665
TOTAL CURRENT ASSETS		<u>674,579</u>	<u>709,694</u>
LIABILITIES			
Creditors: amounts falling due within one year	10	(50,550)	(43,101)
NET CURRENT ASSETS		<u>624,029</u>	<u>666,593</u>
NET ASSETS		<u><u>624,029</u></u>	<u><u>666,593</u></u>
FUNDS OF THE CHARITY:			
Unrestricted funds		<u>624,029</u>	<u>666,593</u>
TOTAL FUNDS		<u><u>624,029</u></u>	<u><u>666,593</u></u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The attached notes on pages 25 to 32 form part of these financial statements.

The financial statements were approved by the Board of Trustees and signed on their behalf by:

Thomas of Cwmgiedd

.....
The Rt Hon the Lord Thomas of
Cwmgiedd FMLC Chairman, Trustee

Date: 1 July 2022

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are prepared on a going concern basis and are presented in sterling, which is the functional currency of the charity. The financial statements are rounded to the nearest pound.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

b) Going Concern

The trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

c) Legal status of the Charity

There is no share capital as the company is a private company limited by guarantee incorporated within England. Each member has guaranteed an amount, not exceeding £1, towards the company's liabilities in the event of a winding up, provided that a member has not ceased to be a member one year prior to any winding up order. In the year there were 7 members (2020: 7). The registered office of the charity is City of London PO Box 270, Guildhall, London, EC2P 2EJ.

d) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donations comprise income received from members and grants given by the Bank of England to support the charitable company's activities. Donations are recognised when received and grants are recognised on submission of expenditure claims from the charitable company to the Bank of England.

Trustees' Report and Financial Statements

- f) **Expenditure**
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.
- g) **Debtors**
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income is included at the best estimate of the amounts receivable at the balance sheet date.
- h) **Cash at bank and in hand**
Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.
- i) **Creditors**
Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.
- j) **Financial instruments**
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.
- k) **Foreign Currencies**
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.
- l) **Taxation**
The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.
- J) **Pensions**
Employees of the charity are entitled to join a defined contribution scheme. The costs of the defined contribution scheme are included within the associated staff costs and allocated therefore to raising funds, charitable activities, support and governance costs.

2 Judgements in Applying Accounting Policies And Key Sources Of Estimation Uncertainty

Trustees' Report and Financial Statements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustees make estimates and assumptions concerning the future based on their knowledge of the business and the markets it operates in. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no areas considered to be potentially material to the financial statements.

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021

3	Donations and legacies	2021 £	2020 £	
	Donations and legacies	<u>362,500</u>	<u>362,500</u>	
4	Income from Investments	2021 £	2020 £	
	Bank interest	<u>915</u>	<u>3,459</u>	
5a	Charitable activities	Direct Costs £	Support Costs £	Total 2021 £
	Upholding and proper administration of the law and the advancement of education	<u>398,037</u>	<u>7,942</u>	<u>405,979</u>
5b	Charitable activities	Direct Costs £	Support Costs £	Total 2020 £
	Upholding and proper administration of the law and the advancement of education	<u>329,356</u>	<u>6,755</u>	<u>336,111</u>
6	Analysis of support costs	2021 £	2020 £	
	Audit fees	7,608	5,350	
	Insurances	334	1,405	
		<u>7,942</u>	<u>6,755</u>	

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021

7 Analysis of staff costs and key management personnel

	2021	2020
	£	£
Wages and salaries	302,924	280,734
Social security costs	32,147	23,999
Employers pension costs	6,276	8,331
	<u>341,347</u>	<u>313,063</u>

The Chair received £Nil (2020: £Nil) during the year in respect of his duties in office. During the year, no trustees were paid in respect of their duties. (2020: none).

In 2021, one trustee was reimbursed £2,580 for expenses incurred in employing a third party on FMLC Secretarial Business (2020: one trustee, £7,800).

The charity considers its key management personnel to comprise of one person. During the year, there was a change in key management personnel, the total employment benefits to key management personnel was £155,538 (2020: one person, £149,740).

The average monthly head count was as follows:

	2021	2020
	Number	Number
Full time staff	4	4
Part time staff	8	8
	<u>12</u>	<u>12</u>

This equates to seven full time equivalent staff (2020:7).

There were two employees whose total employee benefits excluding pension contributions were between £70,000 and £80,000 (2020 – one employee between £140,000 - £150,000).

Total employer pension contributions during the year for the staff in the above bandings was £1,820 (2020: £3,900)

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS
 (CONTINUED) *FOR THE YEAR ENDED 31 OCTOBER 2021*

	2021 £	2020 £
8 Net (expenditure)/ income		
<p>Net (expenditure)/income is stated after charging: Auditors remuneration:</p>		
- for audit services	<u>6,000</u>	<u>5,350</u>

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021

9	Debtors	2021 £	2020 £
	Prepayments and accrued income	<u>2,141</u>	<u>1,029</u>

10 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	20,563	20,005
Other taxation and social security	6,820	6,087
Accruals	20,987	17,009
Other Creditors	2,180	-
	<u>50,550</u>	<u>43,101</u>

11 Pensions – defined contribution scheme

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £6,276 (2020: £8,331). Contributions totalling £797 (2020: £698) were payable to the fund at the balance sheet date and are included in creditors.

12 Commitments under operating leases

At 31 October 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

Others	2021 £	2020 £
Not later than one year	669	-
Later than 1 year and not later than 5 years	3,570	-
	<u>4,239</u>	<u>-</u>

Trustees' Report and Financial Statements

13 Related party transactions

During the 2021 and 2020 financial years, the company received donations from law firms at which trustees M Duncan, S Firth, K Gibbons, D Greenwald and C Jackson are partners. Law firms at which trustees M Duncan, S Firth and K Gibbons are partners offer secondees to the Secretariat on a rotational basis.

There are no further related party transactions during the year (2020: none).

FINANCIAL MARKETS LAW COMMITTEE

England & Wales - Charity number 1164902

Accounts



FINANCIAL MARKETS LAW COMMITTEE

Trustees' Report and Financial Statements

Year Ending 31 October 2020

www.fmlc.org

Registered Charity Number: 1164902.

"The FMLC" and "The Financial Markets Law Committee" are terms used to describe a committee appointed by Financial Markets Law Committee, a limited company ("FMLC" or "the Company"). Registered office: 8 Lothbury, London, EC2R 7HH. Registered in England and Wales. Company Registration Number: 08733443.

Trustees' Report and Financial Statements

FINANCIAL MARKETS LAW COMMITTEE

REFERENCE AND ADMINISTRATIVE DETAILS

CHARITY REGISTRATION NUMBER 1164902

COMPANY REGISTRATION NUMBER 08733443

TRUSTEES

Lord R J L Thomas of Cwmgiedd
Mr D Greenwald
Mr M Duncan
Mr S Firth
Ms K Gibbons
Ms C Jackson (appointed 15 April 2020)
Sir R Knowles CBE

REGISTERED OFFICE

8 Lothbury
London
EC2R 7HH

INDEPENDENT AUDITORS

Price Bailey LLP
Chartered Accountants & Statutory Auditors
24 Old Bond Street
London
W1S 4AP

BANKING SERVICES

The Bank of England
Threadneedle Street
London
EC2R 8AH

CAF Bank Ltd.
25 Kings Hill Avenue
Kings Hill
West Mailing
Kent
ME19 4JQ

Cambridge & Counties Bank Limited
Charnwood Court
5B New Walk
Leicester
LE1 6TE

Trustees' Report and Financial Statements

TRUSTEES

Lord Thomas of Cwmgiedd	Chairman, Director, Member
David Greenwald	Deputy Chairman, Director
Michael Duncan	Director
Simon Firth	Director, Member
Kathleen Gibbons	Director, Member
Carolyn Jackson	Director, Member
Sir Robin Knowles QC	Director, Member

The Trustees are pleased to present their annual report together with the financial statements for the year ending 31 October 2020, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Companies Act 2006 and the Memorandum and Articles of Association.

Trustees' Report and Financial Statements

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Trustees' Report and Financial Statements

1 OBJECTIVES AND ACTIVITIES

- 1.1 The Trustees have regard to the Charity Commission's guidance on public benefit. The objectives of Financial Markets Law Committee ("**FMLC**" or the "**Charity**") are to promote for the public benefit the upholding and proper administration of the law and the advancement of education by:
- a) identifying and considering, impartially and in the public interest, issues of legal uncertainty or misunderstanding relating to the functioning and regulation of financial markets; and
 - b) making its work on those legal issues freely available to financial markets and to the general public.
- 1.2 FMLC aims to identify issues of legal uncertainty, or misunderstanding, present and future, - affecting the wholesale financial markets which might give rise to material risks, and to consider how such issues should be addressed. It will also act as a bridge to the judiciary to help U.K. courts remain up to date with developments in financial markets practice and serve a public education function.
- 1.3 Some element of legal uncertainty is inevitable in financial markets that are international, competitive and innovative. Although the U.K. framework of law for financial markets is highly developed and robust, new ideas or practices can sometimes raise legal uncertainties as to how the law will apply, on occasion based on misunderstandings about existing law.
- 1.4 In addition, proposals (whether at home or abroad) for new law or new regulations, can give rise to uncertainties or misunderstandings when the specific features of wholesale market practice have not been fully understood by a legislator or other public authority.
- 1.5 The establishment of FMLC reflects the view—widely held across the wholesale financial markets—that London should continue to have arrangements in place to identify and analyse areas of legal uncertainty or misunderstanding affecting those markets. The Committee,¹ which meets bi-monthly to review FMLC publication proposals and to guide the forward research strategy of the Charity's employees (the "**Secretariat**"), is balanced and strives to act impartially. It comprises senior lawyers, representatives of financial market participants (buy-side and sell-side) and the Tripartite Authorities (i.e., Bank of England, HM Treasury and Financial Conduct

¹ The Committee is an independent body of experts appointed by FMLC. For further detail, please see Appendix One.

Trustees' Report and Financial Statements

Authority). Meetings are attended regularly by observers from public bodies and industry associations.

- 1.6 The Committee was originally established by the Bank of England (the “**Bank**”). FMLC, however, is independent from the Bank and its views and any published materials cannot be taken to reflect the views of the Bank, or those of any other patron and/or stakeholder.
- 1.7 Once identified, many issues will be addressed by the publication of an objective research paper that outlines the issue(s) identified and suggests how the relevant legal uncertainty might be eliminated or ameliorated.² The Charity will seek to raise the profile of such papers with those who are best positioned to consider the research produced, along with consultation responses and explanatory letters.
- 1.8 In order for the Charity’s work to be promoted for the public benefit, the Secretariat take appropriate steps to ensure that FMLC’s work is available to any interested party. This is achieved through adherence to the following:
 - a) Committee reports and minutes will be published on FMLC’s website as soon as they are approved by the Committee. It is important that all such information is made publicly available unless there are clear and exceptional circumstances for not doing so (for example relating to confidentiality);
 - b) minutes of meetings held by any permanent discussion forums established by the Secretariat are published on the FMLC website, together with copies of presentations offered and papers disseminated. Very few exceptions are made to the general rule on publication in this context;
 - c) dissemination of reports and their content more widely is encouraged. This may for example include allowing reports to be published elsewhere or discussed at seminars or events. The Secretariat is primarily responsible in each case for ensuring that the work of the Charity is kept in context and FMLC’s impartiality, independence and limited remit (in particular, not relating to policy matters) is explained at all times. To help support this work all papers, correspondence, seminar materials etc. include appropriate information in relation to the Charity, its role, and the scope of its work; and

² For more detail regarding the framework for identifying and outlining issues for consideration, please see Appendix Two.

Trustees' Report and Financial Statements

d) at times it will be appropriate for matters considered by the Charity to be discussed with relevant stakeholders in person. It is vital that any oral discussions on behalf of the Charity are conducted in a controlled manner which allows the Secretariat to maintain its general supervisory role over all FMLC work and representations.

1.9 The Charity also acts as a bridge to the judiciary, helping the U.K. courts to remain up to date with developments in financial markets practice. It carries out this role primarily by organising seminars to brief senior members of the judiciary on aspects of wholesale financial markets practice of which they might not otherwise be aware. FMLC also holds a number of educational events³ each year which are not aimed solely at the judiciary and which are attended by interested parties.

1.10 FMLC is also tasked with liaison with the members of two international forums, originally established by central banks that have a regulatory role in the leading global financial centres. The first of these is the Quadrilateral Group, of which there are four members: the European Financial Markets Lawyers Group (“**EFMLG**”) in Frankfurt; the Financial Markets Lawyers Group (“**FMLG**”) in New York; the Financial Law Board (“**FLB**”) in Tokyo; and the FMLC in London. The Forum members discuss global issues of concern to the financial markets and they typically meet at least annually for a one-to-two-day conference. The second is a group of seven members (the “**ICI Group**”) comprising the four organisations mentioned above and three similar groups from Switzerland, Hong Kong and Singapore. The ICI Group aims to meet by video or teleconference every five or six months. Both forums promote the free exchange of knowledge and ideas—which enables the FMLC to enhance the quality, range and depth of its research output—and they facilitate coordination on legal issues of mutual concern.

2. ACHIEVEMENTS AND PERFORMANCE

2.1 FMLC held seven formal events between 1 November 2019 and 1 October 2020, an increase from six in the previous financial year and five the year before that. The Secretariat deserves credit and praise for its skilful and enthusiastic efforts to continue to provide a successful and creative educational events programme despite pandemic restrictions owing to the Covid-19 crisis, adapting deftly to online provisioning.

³ For a full list of FMLC events held in the year, please see Appendix Three.

Trustees' Report and Financial Statements

- 2.2 In 2020 FMLC held a successful webinar titled “Cybersecurity: the legal and regulatory implications”. As cyber-diligence and cyber-risk management has become a growing area of focus for organisations and regulators alike, with technological reliance increasing in tandem with the value of information and assets within the cyber-sphere, this event examined the many elements and challenges of cybersecurity for the financial markets. Areas of focus included a growing demand for cyber insurance policies owing to new regulations and increased awareness, for example in relation to GDPR. Presentations also examined cyber-resilience and the financial services sector generally. In satisfaction of FMLC’s educational remit and in line with FMLC’s objectives detailed in Section One, above, over 40 attendees were present and an international speaker, together with industry experts and market practitioners gave speeches and participated in a robust Q&A session.
- 2.3 FMLC events educate a wide range of people, with invitees typically including representatives from the senior judiciary, law firms and trade associations, together with other industry practitioners, academics and some students.
- 2.4 Judicial seminars are held annually to provide a link between commercial judges—who do not always have deep experience of the financial markets—and those with relevant financial expertise. These educational events further FMLC’s objective, referenced at paragraphs 1.2 and 1.9 above, of acting as a bridge to the judiciary to help U.K. courts remain up to date with developments in financial markets practice. In April and May 2020 FMLC held three virtual Judicial Update sessions for members of the judiciary, which offered six educational speeches on issues of legal uncertainty. Topics included the Impact of E.U. Exit, the Future of Money and an update on issues relating to Covid-19. These sessions were followed by an online Judicial Seminar, which provided an additional update on the pandemic and, as is standard with FMLC educational events, a Q&A session was used to further enhance understanding and to encourage active participation.
- 2.5 In October 2020 FMLC hosted an interim virtual Quadrilateral. The conference included panels on LIBOR and Benchmarks, Central Bank Digital Currencies, Sustainable Finance and Global Developments and Operational Change. FMLC delegates participated in several of these panels. Discussing global issues of concern to the financial markets at this event allowed FMLC to identify areas of legal uncertainty which could be usefully relayed to interested parties and the public, via FMLC publications and events. In order to gain a more robust understanding of proposals

Trustees' Report and Financial Statements

(whether at home or abroad) for new law or new regulations, and as mentioned at paragraph 1.10 above, in November 2019 FMLC's Chief Executive Officer ("CEO") and members of the Secretariat hosted video or teleconferences with the members of the ICI Group to compare and discuss international issues of legal uncertainty. Such proposals can give rise to uncertainties or misunderstandings when the specific features of wholesale financial markets practice have not been fully understood by a legislator or other public authority, making such discussions vital to FMLC's objectives as listed at paragraph 1.1 above.

- 2.6 The Secretariat took the view, in consultation with the Committee, that the educational function of FMLC could usefully be promoted by increasing the provision of existing specialist discussion forums ("**Scoping Forums**"). Because of this the staffing resources of the Charity were allocated so as to ensure the sound management and administration of these. In addition to the Securities Markets Scoping Forum established the year before, an Environmental, Social and Governance ("**ESG**") Scoping Forum was formed. As ESG considerations, including climate change, "green finance", human rights, employee relations, housing, financial inclusion, consumer privacy and supply chains and modern slavery issues, increase, this forum provides a space for discussion of developments in this area.
- 2.7 During this time, the Charity was also able to produce 21 publications⁴ on topics including:
- a) 5 November 2019, an addendum titled "Brexit Analysis on Third Country Regimes in E.U. Legislation";
 - b) 23 October 2020, a report on issues of legal uncertainty in relation to LIBOR transition; and
 - c) throughout the year, various consultation responses examining topics such as the "Proposal to Amend the Benchmarks Regulation" and "Cryptoasset Promotions". FMLC is committed to making its work available to financial markets and to the general public through a variety of media including, but not limited to, the Charity's website. In addition, members of the Secretariat published an article exploring the impact of a "no-deal" Brexit on financial markets. This was published in

⁴ For a full list of publications, please see Appendix Four.

Trustees' Report and Financial Statements

Butterworth's Journal of International Banking and Financial Law in November 2019.

- 2.8 The CEO gave five speeches⁵ during the year, raising the profile of FMLC's important work on an international scale. While hosting the Quadrilateral, with participants joining from the U.K., Europe, the U.S. and Japan, a presentation was given virtually on "Central Bank Digital Currency". Topics of other speeches included: "Brexit"; "Fintech and Market Infrastructure"; and "Benchmark Rate Transition and Continuity". In pursuit of the Charity's public education function details of such presentations are freely accessible via FMLC's website, with speaking notes available to download where relevant.
- 2.10 The achievements highlighted serve as evidence that the aims of the Charity, as stated in Section One above, have been met.

3. FINANCIAL REVIEW

- 3.1 The Charity's financial performance was satisfactory in 2019-20. Charitable donations increased by 5.2% to £362,500 (2019: £344,500).
- 3.2 The total income will allow FMLC to continue its current output for the foreseeable future and the Charity is also able to draw on its reserves, as detailed below, in pursuit of meeting its key performance indicators. Total costs decreased by 6.6% to £336,111 (2019: £359,901) with almost the entirety of this amount (£329,356) related to the direct costs of the upholding and proper administration of the law and the advancement of education.
- 3.3 FMLC is a small charity, which spends most of its income on salaries to fulfil its remit which requires extensive legal research, analysis and writing, as detailed above, together with a sound operational base. A majority of FMLC's donors are in the same line of business, being mostly law firms and trade associations, so an unforeseen event which has an impact on the business of one of the Charity's donors is likely similarly to affect other donors. FMLC raises funds once a year. If a large number of donors were to withdraw or reduce their support in any one year, FMLC's operating budget for that year would be adversely affected to a very significant degree without reserve funds. The reserves are intended to cover the costs of FMLC until the next fundraising round in

⁵ For a full list of the CEO's presentations and speeches, please see Appendix Five.

Trustees' Report and Financial Statements

the expectation that, over the year, the Charity will be successful in finding alternative sources of support.

- 3.4 The reserve funds are also intended to cover the costs of strategic planning to mitigate key risks identified in FMLC's risk register, as detailed below in Section Four.
- 3.5 FMLC's Trustees have agreed the FMLC reserves policy which is to hold in reserve funds approximately equal to at least one year's expenses of up to £400,000 to cover the risk of unforeseen events and meet the needs of cash flow in the event of a reduction in donations. At the year-end total reserves were £666,593 (2019: £636,745) giving a reserves surplus of approximately £266,593 which is 12.6% more than in the previous year. The Charity continues to keep its reserves policy under regular review. In 2019 FMLC was given notice to quit its premises at the Bank owing to a planned refurbishment. The Charity has secured new premises free of rent charge which it will occupy in due course, but the transfer has associated costs—including the procurement of technology—which it plans to meet from reserves. This is likely to result in a reduction of the reserves surplus over the period of the next year as, with pandemic restrictions lifting, the Secretariat furnishes that office space and begins occupation, together with resuming inter/national travel for speaking at events, scoping emerging issues and restarting the Charity's in person events programme.
- 3.6 Current uncertainties relating to the Covid-19 pandemic may lead to a reduction in charitable donations in the 2020-21 financial year, which would reduce this surplus further. Aside from this possible downturn in donations received FMLC's work has not been impacted by the physical lockdown, with the Secretariat adapting seamlessly to a remote-working model and a virtual events/speaking programme. Similarly, governance has been maintained at usual levels of five-six meetings of the Board of Trustees and of the Committee per annum by moving to videoconferencing. Utilising such technology has also allowed FMLC's scoping forums and working groups to continue to meet and, as mentioned, educational events to take place as planned. With regard to the charitable objects of FMLC, Brexit and the Covid-19 pandemic have given rise to increasing legal and operational uncertainties in the wholesale financial markets which have made the work of the Charity more vital today than ever. This will continue to be the case as the U.K. develops its post-Brexit regulatory framework still further.
- 3.7 At the date of approving the report and accounts, there are no uncertainties about the Charity's ability to continue as a going concern.

Trustees' Report and Financial Statements

4. STRUCTURE, GOVERNANCE AND MANAGEMENT⁶

- 4.1 FMLC is a company limited by guarantee (“**the Company**”) governed by its Memorandum and Articles of Association (“**Article**”) dated 3 December 2015 (replacing earlier Memorandum and Articles of Association dated 15 October 2013). Anyone over the age of 18 can become a Member of the Company. There are currently five Members, each of whom agrees to contribute a sum not exceeding £1 in the event of its being wound up.
- 4.2 FMLC is registered as a charity with the Charity Commission. Directors appointed to the Board of the Company have control and management of the Company and are, therefore, the Charity Trustees for the purposes of the Charities Act 2011. As such, they not only owe fiduciary duties in the normal way as Directors of the Company, but they also owe fiduciary duties to the Charity in the same way as they would if they were Trustees of a charitable trust.
- 4.3 The Board is responsible for the governance of the Charity and oversees the operation and administration of FMLC, the Committee and the Secretariat. The Board maintains, supports and sets the terms of reference of the Committee. Minutes of meetings of the Committee are sent to the Board, who all also serve as Committee members.
- 4.4 In accordance with Article 45 the Board may delegate any of its powers or functions to committees of two or more Trustees (which the Board may create), subject to such rules or requirements as the Board may consider appropriate, provided that the terms of any delegation are recorded in the meeting minutes. Such a delegation can be subsequently revoked by the Trustees.
- 4.5 The Board must at all times comprise a minimum of two Trustees and a maximum (unless otherwise determined by an ordinary resolution of the Members) of ten in accordance with Article 27.
- 4.6 The Appointments Sub-Committee (the “**Sub-Committee**”) comprises the Chairman, the Deputy Chairman and the CEO. Its responsibilities include:

⁶ Please see Appendix Seven for a diagram illustrating FMLC’s governance structure, together with supplementary notes.

Trustees' Report and Financial Statements

- a) recommending to the Board the appointment of a Trustee to the position of Chairman and to serve as Chairman of the Committee;
 - b) recommending to the Board the appointment of a Trustee to the position of Deputy Chairman and to serve as Deputy Chairman of the Committee;
 - c) appointing or re-appointing individuals who are willing to serve as members of the Committee; and
 - d) removing Committee members if the circumstances demand it.
- 4.7 In exercising its powers, the Sub-Committee has regard to the need to maintain independent judgement and a proper balance of the skills and experience requisite for achieving the Charity's objects.
- 4.8 The Chairman is appointed by the Board on the recommendation of the Sub-Committee. The criteria for eligibility require that the individual has held a position in the senior judiciary or, failing that, is a person of real distinction and unquestionable integrity and independence who has made a significant contribution to the legal system of the U.K. The Chairman's main responsibilities include to:
- a) lead the Committee in such a way as to ensure that it fulfils its responsibilities to the Board;
 - b) lead the Board in such a way as to ensure that it fulfils its responsibilities for the governance of the Charity;
 - c) be a member of the Sub-Committee;
 - d) work with the CEO to help achieve the objectives of the Charity;
 - e) optimise the relationship between the Board, the Committee and the Secretariat; and
 - f) inform the Trustees of any concerns employees may have in regard to the role of the Board and to relate the concerns of Trustees and other stakeholders to the CEO.
- 4.9 Each new Trustee receives the Committee Members' Handbook, the most recent annual report and accounts of the Charity and the minutes of previous Board meetings, together with supporting papers. All Trustees must demonstrate:
- a) commitment to the work of the Charity;
 - b) willingness to participate actively in the work of the Board; and

Trustees' Report and Financial Statements

- c) regular attendance at Board meetings.
- 4.10 The Board may resolve by majority vote to appoint (or reappoint) Trustees. A Trustee ceases to hold office if he or she retires in accordance with Article 31 to 32A, or in any of the circumstances set out in Article 38. Trustees who retire will be eligible for reappointment.
- 4.11 None of FMLC's Trustees receive remuneration or other benefit from their work with the Charity.⁷ Any potential conflicts of interest must be reported to the Operations Manager and are maintained on a confidential register. No substantive conflicts have been reported.
- 4.12 The Remunerations Sub-Committee comprises two Trustees. Its responsibilities include:
- a) reviewing CEO terms and conditions of employment;
 - b) reviewing Secretariat terms and conditions of employment; and
 - c) making recommendations to the Board on such matters.
- 4.13 The Fundraising Sub-Committee is chaired by a Trustee and comprises two Trustees (including the Chair) and two other members of the FMLC.
- 4.14 Aside from the Trustees, the only other executive personnel in charge of directing and controlling, running and operating the Charity on a day-to-day basis is the CEO. The CEO's pay may be reviewed at each Board meeting (of which there are ordinarily six per annum) or via the Remunerations Sub-Committee (see paragraph 4.12 above). The CEO is responsible for managing the day-to-day operations of the Charity, within the clear guidelines agreed with the Trustees and in close consultation with them.
- 4.15 No external person or body has entitlement to appoint one or more of the Charity's Trustees.
- 4.16 The biggest risks facing the Charity in the year ahead 2020-21 are:
- a) income generation;

⁷ The Chairman's expenses are reimbursed in respect of his employment of secretarial services on FMLC business.

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- b) issues arising as a consequence of ongoing Covid-19 pandemic restrictions and other novel events;
- c) loss of senior management;
- d) an adverse change in the Charity's occupation of its new premises, details of which are currently being confirmed; and
- e) loss of reputation.

4.17 The Charity has a number of systems and controls in place to cover the cost of strategic planning to mitigate the key risks identified. This includes a robust reserves policy which will allow FMLC to introduce new roles and new senior management positions which will allow the Charity to continue to implement an optimal transition plan for CEO succession. The reserves policy will also protect FMLC should further new premises need to be sought. Systematic peer review, as highlighted in this document, together with a commitment to expanding FMLC's events programme and increasing staffing levels, will maximise confidence in FMLC's output, ensuring it remains at all times sturdy and robust.

5. FUTURE PLANS

5.1 FMLC has had a successful year and has met the aims set out in Section One, above. In addition, FMLC has strived to meet the key performance indicators set out in Section Five of the Trustees' Report for the year ended 31 October 2019:

- a) the CEO contributed as a speaker at five external events (2019: nine) despite pandemic restrictions;
- b) the Charity maintained FMLC's work in a number of areas relevant to key public debates, including the U.K. withdrawal from the E.U. and the legal/regulatory framework for the provision of FinTech services, posting 21 publications (2019: 17) to the Charity's website, an increase of four on the previous year's total;
- c) FMLC published an article exploring the impact of a "no-deal" Brexit on financial markets for publication in Butterworths Journal of International Banking and Financial Law;

Trustees' Report and Financial Statements

- d) FMLC held seven formal events (2019: six) exceeding the target of five set and improving on the previous year's offering, including a well-attended webinar on cybersecurity and a series of updates relating to the pandemic, virtual currencies and Brexit for the judiciary;
- e) the Charity increased investment in its programme of Scoping Forums by introducing a new Environmental, Social and Governance Scoping Forum to address issues relating to: climate change; "green finance"; human rights; employee relations; housing; financial inclusion; supply chains and modern slavery; consumer privacy; fiduciary duties; and the need for corporate responsibility, with all of these considerations becoming increasingly important to asset managers and institutional investors seeking certainty that investments conform with United Nations Sustainable Development Goals at all levels.; and
- f) FMLC successfully continued to enhance and develop its website, achieving improved functionality and accessibility in accordance with its objectives.

5.2 FMLC is committed to continuing its important work and will strive to meet the key performance indicators set out below, while ensuring that the public benefit remains at the forefront of all activities carried out by the Charity.

5.3 Good indicators of success will include:

- a) maintaining and increasing FMLC's work in a number of areas relevant to key public debates, including the legislative landscape post-Brexit, ESG considerations and the legal/regulatory framework for the provision of FinTech services, together with other novel events;
- b) continuing to coordinate a programme of bespoke "radar" outreach initiatives to examine new topics as they emerge, such as uncertainties stemming from the Covid-19 pandemic, collating research topics by interviewing market participants and their advisers;
- c) hosting at least six formal events, including presentations via video/teleconference;
- d) successfully attending and procuring speakers for a meeting of the Quadrilateral Group; and

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e) disseminating conclusions borne of FMLC research through at least one publisher other than FMLC.

5.4 By ensuring these targets are met, the Charity will be able to measure its success and ensure that it is operating in a way which maximises the benefit to the public and furthers the advancement of education.

6. FUNDRAISING

6.1 FMLC understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate.

6.2 The Charity does not currently fundraise from the general public or use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns. No fundraising complaints were received during the year (2019: none).

7. REFERENCE AND ADMINISTRATIVE DETAILS

7.1 FMLC's Registered Charity Number is 1164902.

7.2 FMLC's Company Number is 08733443.

7.3 FMLC's Registered Office is 8 Lothbury, London, EC2R 7HH, U.K.

7.4 FMLC's accountant and auditor is Price Bailey LLP, 24 Old Bond Street, London, W1S 4AP. FMLC's banking services are provided by: The Bank of England, Threadneedle Street, London, EC2R 8AH, U.K.; by Cambridge & Counties Bank, Charnwood Court, 5B New Walk, Leicester, LE1 6TE, U.K.; and by CAF Bank Limited, 25 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4JQ, U.K.

8. EXEMPTIONS FROM DISCLOSURE

8.1 There are no exemptions from disclosure.

9. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

9.1 There are no funds held as custodian Trustee on behalf of others.

Trustees' Report and Financial Statements

FINANCIAL MARKETS LAW COMMITTEE

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 OCTOBER 2020

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Financial Markets Law Committee for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

1. select suitable accounting policies and then apply them consistently;
2. observe the methods and principles in the Charities SORP 2019 FRS102;
3. make judgments and accounting estimates that are reasonable and prudent;
4. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
5. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

1. there is no relevant audit information of which the charitable company's auditor is unaware; and
2. the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' Report and Financial Statements

SMALL COMPANY EXEMPTIONS

This report has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

Trustees' Report and Financial Statements

APPENDIX ONE

THE COMMITTEE

Remit

Within the operational parameters set by and administrative resources made available by the Board, and subject always to the Board's governance responsibilities, the Committee decides the issues of legal uncertainty to be addressed, and the method of addressing them.

Composition

The Committee must at all times comprise a maximum of twenty-eight Committee Members, including the Chairman and Deputy Chairman. Of these Committee Members:

- a) at least three shall be representatives of HM Treasury, the Bank of England, the Financial Conduct Authority or other statutory regulators;
- b) at least four shall be persons who hold or have held judicial office or are practising barristers;
and
- c) at least seven shall be solicitors in private practice.

Role of Committee Members

Committee Members combine their expertise and experience in reaching decisions on the issues of legal uncertainty to be addressed and the method of addressing them, including by:

- a) regularly attending and participating in Committee Meetings;
- b) participating in Working Groups and Scoping Forums as appropriate;
- c) considering and assessing the progress of each Working Group; and
- d) contributing on a pro bono basis to the work required on particular issues.

Committee Members must in their work on the Committee, unless they are representatives of central government or statutory regulators, act according to their best individual judgement and not as delegates or representatives of their firm, company or association.

The Committee meets once every two months to consider proposed new areas of research and to review existing areas.

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Conflicts of Interest

Further details of the Committee Conflicts Policy are available on request.

Appointment of Committee Members

The Sub-Committee may resolve to appoint (or reappoint) Committee Members.

Removal of Committee Members

Committee Members may resign by giving written notice to the Board.

The Board may, by written resolution, remove a person as a Committee Member if s/he:

- a) was appointed as a representative of an organisation and is no longer employed by that organisation, or was appointed in an independent capacity and (having retired from professional practice) no longer qualifies as a Committee Member;
- b) in the written opinion of a registered medical practitioner treating that person, has become physically or mentally incapable of acting as a Committee Member and may remain so for more than three months; or
- c) is absent without the permission of the Chairman from all Committee meetings held within a consecutive period of nine months.

Training of Committee Members

Each new Committee Member receives from the CEO the following information:

- a) a copy of the Committee Members' Handbook; and
- b) the minutes of the previous Committee meeting and supporting papers.

APPENDIX TWO

IDENTIFYING ISSUES FOR CONSIDERATION

Stage One:

Topics are initially identified by the Secretariat in a number of ways:

- a) it is the responsibility of the Secretariat to keep in regular contact with financial market participants and end-users (such as public sector institutions and non-governmental organisations (NGOs)) both in the U.K. and internationally. In this context, the CEO also maintains regular contact with FMLC patrons and stakeholders. The role of the Secretariat is to proactively reach out to all relevant parties and bodies and discuss their experiences in order, through these discussions, to allow the Secretariat to identify possible issues for consideration. In other words, issues are born out of the Secretariat's enquiries and research rather than from direct requests from particular bodies or stakeholders. Any Member of the Committee is also free to offer the benefit of their experience in noting possible issues for consideration. Areas of legal uncertainty which may constitute viable topics may become apparent from such engagement;
- b) the Secretariat will also independently consider and research potential viable topics through its own resources; and/or
- c) the Scoping Forums, established by the Committee to focus on specific issue areas, meet quarterly to discuss potential issues in respective fields. Each Scoping Forum is provided by the Committee with a scoping document setting out the Scoping Forum's role and remit. If potentially viable topics are identified, these are passed to the Secretariat for further consideration.

Stage Two:

The CEO, with support from the Secretariat, is responsible for reviewing each issue raised at Stage One above, in order to determine in each case if a particular issue is:

- (a) within the role and remit of the Committee; and
- (b) well-defined enough to be usefully considered by the Committee.

Trustees' Report and Financial Statements

Stage Three:

Every two months, the Committee receives an update from the Secretariat on all issues identified as worthy of consideration. The Committee considers these and forms a view on which issues fall within the guidelines and should be formally adopted.

Stage Four:

Each issue formally adopted by the Committee is then passed to a Working Group or dealt with "in-house" with the assistance of the Secretariat. If an issue is passed to a Working Group, that Working Group researches the issue(s) at hand and, if appropriate, considers possible solutions. Each Working Group's progress is kept under regular review by the Secretariat and by the Committee.

Close control and supervision of Working Groups (or the Secretariat, as applicable) is important to ensure that all work remains consistent with the role and remit of FMLC. In particular, Working Groups (like all other aspects of FMLC) must confine their remit only to identifying and considering, impartially and in the public interest, issues of legal uncertainty or misunderstanding. Working Groups cannot, therefore, comment on policy issues and any work produced must be demonstrably impartial and independent.

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APPENDIX THREE

LIST OF FMLC EVENTS HELD FROM 1 NOVEMBER 2019-31 OCTOBER 2020 INCLUSIVE⁸

12 December 2019

Festive drinks reception

20 April 2020

Judicial Update Series: Impact of E.U. Exit

27 April 2020

Judicial Update Series: The Future of Money

4 May 2020

Judicial Update Series: COVID-19 Update

24 June 2020

Judicial Seminar: COVID-19 Update

15 September 2020

Webinar: Cybersecurity: the legal and regulatory implications

21 October 2020

Interim virtual Quadrilateral.

⁸ The annual Patrons' Dinner did not take place owing to Covid-19 pandemic restrictions.

APPENDIX FOUR

LIST OF FMLC PUBLICATIONS PRODUCED BETWEEN 1 NOVEMBER 2019-31 OCTOBER 2020 INCLUSIVE

26 October 2020

Response to Consultation: Cryptoasset Promotions

23 October 2020

Report: LIBOR Transition—Issues of Legal Uncertainty

21 October 2020

Response to Call for Evidence: Payments Landscape Review

6 October 2020

Response to Consultation: Proposal to Amend the Benchmarks Regulation

1 September 2020

Response to ESAs' Joint Consultation Paper: ESG disclosures

26 August 2020

Response to European Commission Consultation: Action plan for a policy on preventing money laundering

12 August 2020

Letter to Ministry of Justice: Departure from retained E.U. case law

11 August 2020

Letter to HM Treasury: Transposition of BRRD II

26 June 2020

Response to European Commission Consultation: A New Digital Finance Strategy

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12 June 2020

Letter: Corporate Insolvency and Governance Bill

11 May 2020

Response to Consultation: Overseas Funds Regime

17 March 2020

Response to European Commission Consultation: Framework for Markets in Cryptoassets

3 March 2020

Response to European Commission Roadmap: Preventing and Combating Money Laundering and Terrorism Financing

21 February 2020

Response to Consultation: Changes to the Trust Registration Service under the Fifth Money Laundering Directive

15 January 2020

Solvency II 2020 Review: Response to EIOPA Consultation

31 December 2019

Benchmark Regulation: Response to the European Commission's 2019 Review

29 November 2019

Response to ESMA Consultation: Review of Market Abuse Regulation

20 November 2019

Letter to HM Treasury: Article 59 of BRRD II

20 November 2019

Letter to European Commission: Article 59 of BRRD II

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5 November 2019

Addendum: Brexit Analysis on Third Country Regimes in E.U. Legislation

5 November 2019

Letter to European Commission: Article 5(1)(e) of the E.U. Securitisation Regulation

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APPENDIX FIVE

LIST OF CEO PRESENTATIONS AND SPEECHES MADE BETWEEN 1 NOVEMBER 2019-31 OCTOBER 2020 INCLUSIVE

21 October 2020

“**Central Bank Digital Currency**” – Presentation at Interim virtual Quadrilateral

21 September 2020

“**Benchmark rate transition and continuity**” – Presentation at ESCB Legal Conference

3 September 2020

“**Fintech and Market Infrastructure**” – Presentation for a The Society of Legal Scholars event

27 July 2020

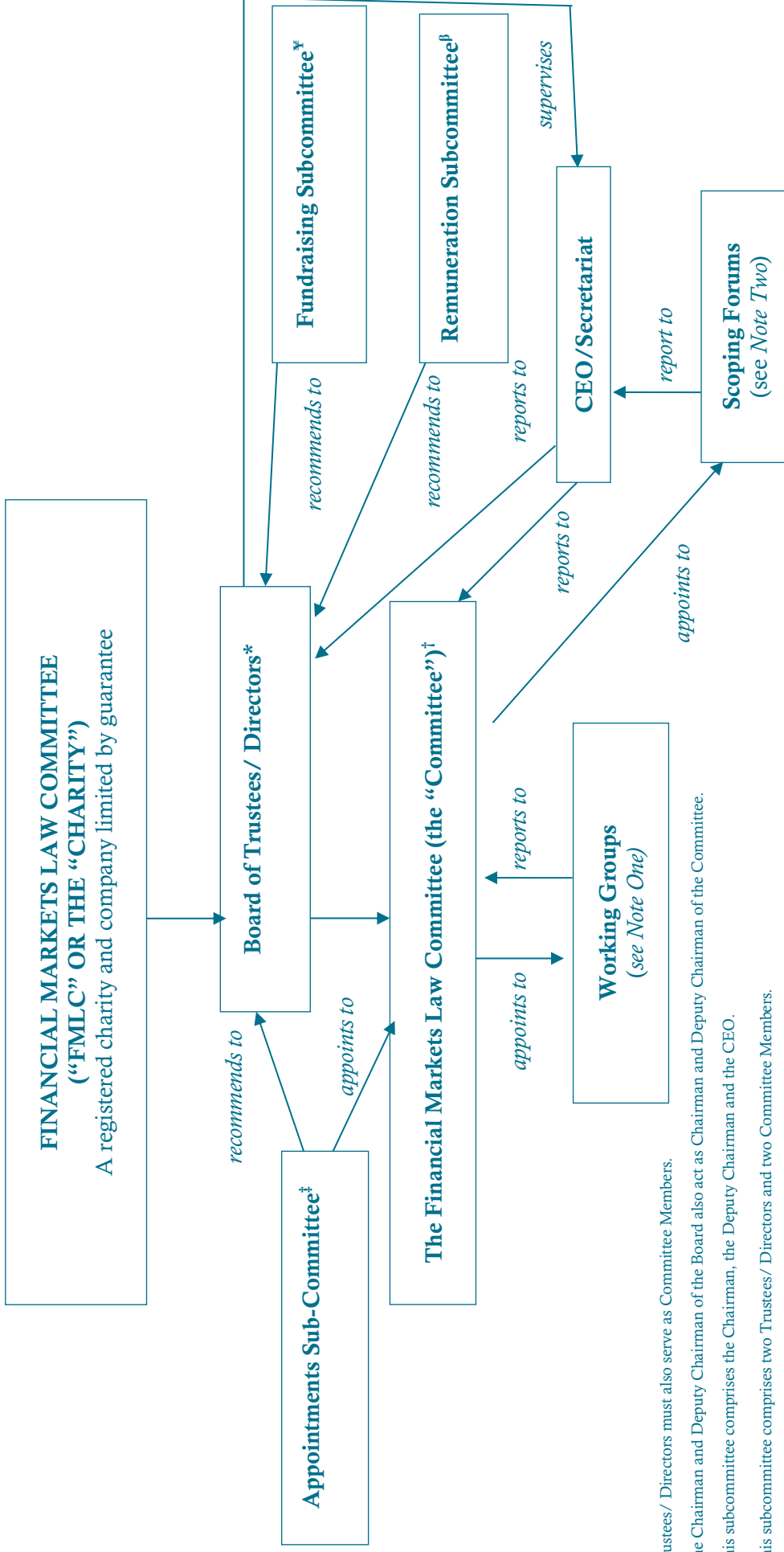
“**Corporate Insolvency & Governance Act 2020**” – Moderated panel at P.R.I.M.E virtual conference

3 February 2020

“**Brexit**” - Presentation at P.R.I.M.E Annual Conference

APPENDIX SIX

DIAGRAM ILLUSTRATING THE CHARITY'S GOVERNING STRUCTURE WITH SUPPLEMENTARY NOTES



* Trustees/ Directors must also serve as Committee Members.

† The Chairman and Deputy Chairman of the Board also act as Chairman and Deputy Chairman of the Committee.

‡ This subcommittee comprises the Chairman, the Deputy Chairman and the CEO.

β This subcommittee comprises two Trustees/ Directors and two Committee Members.

β This subcommittee comprises two Trustees/Directors.

Trustees' Report and Financial Statements

NOTE ONE: WORKING GROUPS

When a suitable issue of legal uncertainty or misunderstanding is identified by the Committee which it wishes to be considered, generally a Working Group will be formed to examine the key points of uncertainty or misunderstanding and to consider how such issues can be addressed, and ultimately to submit a report to the Committee for approval. Alternatively, if the Committee feels that it is not necessary for a Working Group to be formed it may decide to deal with the matter “in-house”, with the assistance of the Secretariat.

Working Groups provide bi-monthly progress reports to the Secretariat for inclusion in the “developments update” document considered at Committee meetings.

The Committee proposes the approximate size of the Working Group. Nominations for Working Group members are passed to the CEO by the Committee and, where appropriate, relevant patrons and stakeholders. Working Groups may generally include one or more Committee Members, together with other individuals approached by the CEO because they have the necessary legal and/or technical know-how in the field under discussion. Such participants are often lawyers, barristers, GCs of banks, and/or members of international or governmental bodies.

Working Groups will be chaired by a Committee Member or by the CEO or, where this is not possible, by a former Committee Member or by an individual selected from a shortlist of leading practitioners with relevant expertise.

Working Groups may not contain more than one representative from any given institution, and the Committee will in all cases be in a position to monitor the work done by Working Groups and maintain awareness of the conduct of Working Group meetings.

Once appointed, Working Groups are provided with terms of reference, a formal agenda and the Charity's Contributors' Guidelines. Working Groups are given to understand from the outset that they are convened only to make recommendations (including recommendations on drafting), which may then be adopted and endorsed (or not) by the Committee.

Close control and supervision of Working Groups is important to ensure that their work remains consistent with the role and remit of FMLC. In particular, Working Groups (like all other organs of FMLC) must confine their remit only to identifying and considering, impartially and in the public interest, issues of legal uncertainty or misunderstanding. Working Groups cannot, therefore, comment on policy issues and any work produced must be demonstrably impartial and independent.

Trustees' Report and Financial Statements

NOTE TWO: SCOPING FORUMS

Scoping Forums are discussion panels established by the Committee to provide a platform for the discussion of current and future issues of legal uncertainty or misunderstanding that are of concern in relation to a specific area of the financial markets industry. Scoping Forums are provided by the Committee with a document setting out the Scoping Forum's role and remit.

Any viable topics which are identified are passed by the Scoping Forum to the Secretariat, which may then if it considers the topic suitable pass the proposal to the Committee for consideration. The Secretariat is therefore primarily responsible for ensuring that the work of the Scoping Forums is within the role and remit of FMLC.

Scoping Forums should meet at least every quarter but may, if it is deemed necessary by the Committee, meet more regularly.

Chairs of a Scoping Forum are chosen on a rotational basis. The Secretariat will have a list of rotational chairs, some of which may be drawn from the members of the particular Scoping Forum.

Scoping Forums do not themselves have any powers to initiate projects or pass resolutions affecting FMLC or the Committee.

There are currently ten Scoping Forums in operation in relation to: asset management; banking; Brexit; environmental, social and governance issues; finance and technology; infrastructure; insurance and pensions; securities markets; and sovereign debt, together with a Quarterly Discussion Forum which is a transatlantic collaboration between the FMLC and its U.S. sister organisation.

This report was approved and authorised for issue by the Trustees and signed on its behalf by:

Thomas of Cwngiedd

.....
The Rt Hon the Lord Thomas of Cwngiedd
FMLC Chairman, Trustee

Date: 13/07/2021

FINANCIAL MARKETS LAW COMMITTEE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FINANCIAL MARKETS LAW COMMITTEE

FOR THE YEAR ENDED 31 OCTOBER 2020

Opinion

We have audited the financial statements of Financial Markets Law Committee (the 'charitable company') for the year ended 31 October 2020 which comprise a Statement of Financial Activities (incorporating an Income and Expenditure Account), a Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 October 2020, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

FINANCIAL MARKETS LAW COMMITTEE

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FINANCIAL MARKETS LAW COMMITTEE

FOR THE YEAR ENDED 31 OCTOBER 2020

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating to the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report.

FINANCIAL MARKETS LAW COMMITTEE

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FINANCIAL MARKETS LAW COMMITTEE

FOR THE YEAR ENDED 31 OCTOBER 2020

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

FINANCIAL MARKETS LAW COMMITTEE

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FINANCIAL MARKETS LAW COMMITTEE

FOR THE YEAR ENDED 31 OCTOBER 2020

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



*Helena Wilkinson
Senior Statutory Auditor
Price Bailey LLP*

*24 Old Bond Street
London
W1S 4AP*

Date: 13 July 2021

FINANCIAL MARKETS LAW COMMITTEE

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 OCTOBER 2020

		Unrestricted Funds	
	Notes	2020 Total £	2019 Total £
INCOME			
Donations and legacies	3	362,500	344,500
Investment income	4	3,459	4,740
Total income		<u>365,959</u>	<u>349,240</u>
EXPENDITURE			
Charitable activities	5	(336,111)	(359,901)
Total expenditure		<u>(336,111)</u>	<u>(359,901)</u>
Net income being net movement in funds		29,848	(10,662)
Reconciliation of funds:			
Total funds brought forward		<u>636,745</u>	<u>647,407</u>
Total funds carried forward		<u><u>666,593</u></u>	<u><u>636,745</u></u>

All amounts relate to continuing activities of the company.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes to the accounts are shown on pages 34 to 38.

Trustees' Report and Financial Statements

FINANCIAL MARKETS LAW COMMITTEE

REGISTERED COMPANY NUMBER: 08733443

BALANCE SHEET

AS AT 31 OCTOBER 2020

	Notes	2020 £	2019 £
CURRENT ASSETS			
Debtors	9	1,029	1,556
Cash at bank and in hand		708,665	688,276
TOTAL CURRENT ASSETS		709,694	689,832
LIABILITIES			
Creditors: amounts falling due within one year	10	(43,101)	(53,087)
NET CURRENT ASSETS		666,593	636,745
NET ASSETS		666,593	636,745
FUNDS OF THE CHARITY:			
Unrestricted funds		666,593	636,745
TOTAL FUNDS		666,593	636,745

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The attached notes on pages 34 to 38 form part of these financial statements.

The financial statements were approved by the Board of Trustees and signed on their behalf by:

Thomas of Cwmgiedd

.....
The Rt Hon the Lord Thomas of Cwmgiedd
FMLC Chairman, Trustee

Date: 13/07/2021

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are prepared on a going concern basis and are presented in sterling, which is the functional currency of the charity. The financial statements are rounded to the nearest pound.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

b) Going Concern

The trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

c) Legal status of the Charity

There is no share capital as the company is a private company limited by guarantee incorporated within England. Each member has guaranteed an amount, not exceeding £1, towards the company's liabilities in the event of a winding up, provided that a member has not ceased to be a member one year prior to any winding up order. In the year there were 7 members (2019: 7). The registered office of the charity is 8 Lothbury, London, EC2R 7HH.

d) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donations comprise income received from members and grants given by the Bank of England to support the charitable company's activities. Donations are recognised when received and grants are recognised on submission of expenditure claims from the charitable company to the Bank of England.

f) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

- g) Debtors**
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income is included at the best estimate of the amounts receivable at the balance sheet date.
- h) Cash at bank and in hand**
Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.
- i) Creditors**
Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.
- j) Financial instruments**
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.
- k) Foreign Currencies**
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.
- Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.
- l) Taxation**
The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.
- J) Pensions**
Employees of the charity are entitled to join a defined contribution scheme. The costs of the defined contribution scheme are included within the associated staff costs and allocated therefore to raising funds, charitable activities, support and governance costs.

2 Judgements in Applying Accounting Policies And Key Sources Of Estimation Uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustees make estimates and assumptions concerning the future based on their knowledge of the business and the markets it operates in. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no areas considered to be potentially material to the financial statements.

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2020

3	Donations and legacies			
		2020		2019
		£		£
	Donations and legacies	362,500		344,500
		<u>362,500</u>		<u>344,500</u>
4	Income from Investments			
		2020		2019
		£		£
	Bank interest	3,459		4,740
		<u>3,459</u>		<u>4,740</u>
5a	Charitable activities			
		Direct	Support	Total
		Costs	costs	2020
		£	£	£
	Upholding and proper administration of the law and the advancement of education	329,356	6,755	336,111
		<u>329,356</u>	<u>6,755</u>	<u>336,111</u>
5b	Charitable activities			
		Direct	Support	Total
		Costs	costs	2019
		£	£	£
	Upholding and proper administration of the law and the advancement of education	354,013	5,889	359,901
		<u>354,013</u>	<u>5,889</u>	<u>359,901</u>
6	Analysis of support costs			
		2020		2019
		£		£
	Audit fees	5,350		5,625
	Insurances	1,405		264
		<u>6,755</u>		<u>5,889</u>
		<u>6,755</u>		<u>5,889</u>

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

7 Analysis of staff costs and key management personnel

	2020	2019
	£	£
Wages and salaries	280,734	287,699
Social security costs	23,999	27,199
Employers pension costs	8,331	7,543
	<u>313,063</u>	<u>322,441</u>

The Chair received £Nil (2019: £Nil) during the year in respect of his duties in office.

During the year, no trustees were paid in respect of their duties. (2019: none).

In 2020, one trustee was reimbursed £7,800 for expenses incurred in employing a third party on FMLC Secretarial Business (2019: one trustee, £7,294).

The charity considers its key management personnel to comprise of 1 person. During the year, the total employment benefits of this person was £149,740 (2019: one person, £149,372).

The average monthly head count was as follows:

	2020	2019
	Number	Number
Full time staff	4	4
Part time staff	8	8
	<u>12</u>	<u>12</u>

This equates to seven full time equivalent staff (2019:7).

There was one employee whose total employee benefits excluding pension contributions was between £140,000 and £150,000 (2019 – one employee between £140,000 - £150,000).

Total employer pension contributions during the year for the staff in the above bandings was £3,900 (2019: £3,358)

8 Net income

	2020	2019
	£	£
Net income resources is stated after charging:		
Auditors remuneration:		
- for audit services	5,350	5,625
	<u>5,350</u>	<u>5,625</u>

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

9 Debtors

	2020 £	2019 £
Prepayments and accrued income	1,029	1,556

10 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	20,005	22,205
Other taxation and social security	6,087	8,571
Accruals	17,009	22,311
	<u>43,101</u>	<u>53,087</u>

11 Pensions – defined contribution scheme

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £8,802 (2019: £7,543). Contributions totalling £698 (2019: £687) were payable to the fund at the balance sheet date and are included in creditors.

12 Related party transactions

During the 2020 and 2019 financial years, the company received donations from law firms at which trustees M Duncan, S Firth, K Gibbons, D Greenwald and C Jackson are partners. Law firms at which trustees M Duncan, S Firth and K Gibbons are partners offer secondees to the Secretariat on a rotational basis. The law firm at which S Firth is partner has offered pro bono legal advice in relation to staff employment contracts.

There are no further related party transactions during the year (2019: none).