



FINANCIAL MARKETS LAW COMMITTEE

Trustees' Report and Financial Statements

Year Ending 31 October 2019

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
Dashwood House
69 Old Broad Street
London
EC2M 1QS

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

CONTRIBUTORS

TRUSTEES

Lord Thomas	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

SECRETARIAT

Dr Joanna Perkins	Chief Executive Officer (the "CEO")
Emma McClean	Operations Manager
Rachel Toon	Executive Assistant Events Manager

The Trustees are pleased to present their annual report together with the financial statements for the year ending 31 October 2019, which are also prepared to meet the requirements for a directors report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and 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 U.K. and Republic of Ireland (FRS 102) (effective 1 January 2019).

Trustees' Report and Financial Statements

TABLE OF CONTENTS

SECTION 1: OBJECTIVES AND ACTIVITIES	1
SECTION 2: ACHIEVEMENTS AND PERFORMANCE	4
SECTION 3: FINANCIAL REVIEW	7
SECTION 4: STRUCTURE, GOVERNANCE AND MANAGEMENT	8
SECTION 5: FUTURE PLANS	12
SECTION 6: FUNDRAISING	13
SECTION 7: REFERENCE AND ADMINISTRATIVE DETAILS	13
SECTION 8: EXEMPTIONS FROM DISCLOSURE	14
SECTION 9: FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS	14
STATEMENT OF TRUSTEES' RESPONSIBILITY	15
APPENDIX ONE: THE COMMITTEE	16
APPENDIX TWO: IDENTIFYING ISSUES FOR CONSIDERATION	18
APPENDIX THREE: LIST OF EVENTS	20
APPENDIX FOUR: LIST OF PUBLICATIONS	21
APPENDIX FIVE: LIST OF CEO PRESENTATIONS AND SPEECHES	23
APPENDIX SIX: RESERVES POLICY	24
APPENDIX SEVEN: ILLUSTRATION OF GOVERNING STRUCTURE	26
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	29
STATEMENT OF FINANCIAL ACTIVITIES	33
BALANCE SHEET	34
NOTES TO THE FINANCIAL STATEMENTS	35

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, in the framework of 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 Secretariat's forward research strategy, 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

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

Trustees' Report and Financial Statements

England, HM Treasury and Financial Conduct 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. This approach, however, has limitations and is adopted only if the Committee is of the view that the issue cannot be adequately addressed in writing. It is vital that any oral discussions on behalf of the Charity are only conducted in a controlled manner which allows the Secretariat to maintain its general supervisory role over all FMLC work and representations. In particular, discussions on behalf of FMLC other than in writing will only be conducted with the prior approval of the Committee, which will set out the scope of matters to be covered and the individual(s) who are authorised to undertake the discussions, a member of the Secretariat or a Committee Member will always be present and the content of any discussion will be recorded in writing and reported to the Committee at the earliest opportunity.

- 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 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.

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

Trustees' Report and Financial Statements

- 1.11 Crucially, FMLC never seeks to change the decisions or policies of government authorities and always acts for the benefit of the public as a whole rather than for any particular body or bodies within it.

2. ACHIEVEMENTS AND PERFORMANCE

- 2.1 FMLC held six formal events between 1 November 2018 and 1 October 2019, an increase from five in the previous financial year. The Secretariat deserves credit and praise for its skilful and enthusiastic efforts to provide a successful and creative educational events programme.
- 2.2 In 2019 FMLC held two Colloquiums. The first of these focused on regulating cryptoassets from a U.S. Commodity Futures Trading Commission perspective, examining the rapid growth and innovation in the use of cryptoassets and the immense regulatory challenges and several uncertainties to which this has given rise. The second, titled “Financing Sustainability” elaborated on the importance of understanding sustainable finance beyond the parameters of simply “greening the economy” highlighting that concerns around sustainability predate the climate crisis and focusing on questions around the viability of a country’s economy and its ability to meet national development goals and debt obligations simultaneously. Addressing issues of legal uncertainty in this regard ensures that sustainable finance serves not only to protect the ecosystem but also to help build a stable economy. In satisfaction of FMLC’s educational remit and in line with FMLC’s objectives detailed in Section One, above, 118 attendees were present across both events and international speakers, including industry experts and market practitioners, gave speeches and participated in open Q&A sessions.
- 2.3 FMLC events educate a wide range of people, with invitees to Colloquiums typically including representatives from the senior judiciary, law firms and trade associations, together with academics and a number of university students.
- 2.4 In June 2019 FMLC held a judicial seminar titled “Keep Calm and Carry On”. This event sought to familiarise members of the judiciary with two developments posing significant legal challenges: the U.K.’s withdrawal from the E.U.; and the evolution of financial technology. Leading industry experts provided speeches on topics including; Finance and Technology; Continuity of Financial Contracts after Brexit; Impact of Brexit on Corporate Insolvency Law; and the Brexit Legislative Onshoring Process.

Trustees' Report and Financial Statements

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. As is standard with FMLC educational events, a Q&A session further enhanced the utility of the seminar.

- 2.5 This event followed a successful Judicial Update Day, which offered thirteen educational speeches on issues of legal uncertainty with topics including: Blockchain, Bitcoin and Other Cryptoassets; Artificial Intelligence and Algorithmic Bias; Smart Contracts; Continuity of Contracts after Brexit; Cross-Border Insolvency Law; and Bank Resolution and Reorganisation in the U.K. following Brexit. Speakers included industry experts, leading academics and legal practitioners, including FMLC Members and the FMLC Chairman. These educational events further FMLC's objective, as mentioned 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.
- 2.6 In July 2019, seven Committee Members attended the Quadrilateral Group Conference in Tokyo, Japan. The Conference included panels on: Brexit from a U.K. and an E.U. perspective; Interest Rate Benchmark Reform; Addressing Market Fragmentation; Fintech; and Margin Rules and Other industry Issues (including Sustainable Finance and Global Margin Developments). FMLC delegates participated in several of these panels and the Chairman of the Charity was asked to preside over a panel on Brexit, as well as delivering a Special Remarks segment. 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.
- 2.7 In order to gain a more robust understanding of proposals (whether at home or abroad) for new law or new regulations, and as mentioned at paragraph 1.10 above, FMLC's CEO and members of the Secretariat participated in 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.
- 2.8 The Secretariat took the view, in consultation with the Committee, that the educational function of FMLC could usefully be promoted by further increasing and

Trustees' Report and Financial Statements

professionalising the provision of existing specialist discussion forums (“**Scoping Forums**”). On account of this the staffing resources of the Charity were, in part, re-allocated to the management and administration of these. In addition a new Securities Markets Scoping Forum was established and the remit of other Scoping Forums were increased to examine issues in areas such as pensions.

2.9 During this time, the Charity was also able to produce 17 publications⁴ on topics including:

- a) 23 October 2019, a report on exchange tokens; and
- b) throughout the year, a series of publications scrutinising draft statutory instruments published by HM Treasury to “onshore” E.U. legislation into U.K. law in the event of a “no deal” Brexit.

2.10 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. Building on an important article⁵ produced in the previous year on the market transition pathway from LIBOR to “risk-free” rates, members of the Secretariat researched another article exploring the impact of a “no-deal” Brexit on financial markets. This was published in Butterworth’s Journal of International Banking and Financial Law in November 2019, immediately following the year-end.

2.11 The CEO gave nine presentations/speeches⁶ during the year, raising the profile of FMLC’s important work on an international scale including in the U.K., Europe and Japan. Topics of these speeches included: Brexit; Benchmarks; FinTech Regulation; and Law and Jurisdiction Clauses. In pursuit of the Charity’s public education function the CEO also gave a speech on Brexit and legal risks in banking to students and faculty members at a Colloquium at the University of Paris Dauphine.

2.10 All of the achievements highlighted serve as evidence that the aims of the Charity, as stated in Section One above, have been met and this will further FMLC’s purposes in future years as the Charity seeks to expand its educational function still further.

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

⁵ Copies are available from the FMLC website (www.fmlc.org).

⁶ For a full list of the CEO’s presentations and speeches, please see Appendix Five.

Trustees' Report and Financial Statements

3. FINANCIAL REVIEW

- 3.1 The Charity's financial performance was satisfactory in 2018-19. Charitable donations decreased by 13.3% to £344,500 (2018: £397,547). This decrease was not wholly unexpected in light of uncertainties created by the U.K's planned withdrawal from the E.U.
- 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 7.9% to £359,901 (2018: £390,961) with almost the entirety of this amount (£354,013) 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 in order to fulfil its remit which requires extensive legal research, analysis and writing, as detailed above. 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 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 policy⁷ which is to hold in reserve funds approximately equal to at least one year's expenses of up to £400,000 to cover the risk⁸ 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 £636,745, giving a reserves surplus of approximately £236,745 which is 1.6% less than in the previous year. The Charity continues to keep its reserves policy under regular review. In 2019 it 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

⁷ For FMLC's full reserves policy, please see Appendix Six.

⁸ For a full list of risks and uncertainties for the year ahead please see Section Four.

Trustees' Report and Financial Statements

transfer will have 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.

- 3.6 Current uncertainties relating to the Covid-19 pandemic are also likely to lead to a reduction in charitable donations in the 2019-20 financial year, which will reduce this surplus further and make sound use of the reserves policy. Aside from this possible downturn in donations received FMLC's work has not been immediately impacted by the physical lockdown, with the Secretariat adapting seamlessly to a remote-working model. 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 plethora of scoping forums and working groups to continue to meet and educational events to take place as planned. With regard to the charitable objects of FMLC, the twin crises of 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.
- 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. There is no fund or subsidiary undertaking that is materially in deficit.

4. STRUCTURE, GOVERNANCE AND MANAGEMENT⁹

- 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

⁹ Please see Appendix Seven for a diagram illustrating FMLC's governance structure, together with supplementary notes.

Trustees' Report and Financial Statements

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 the operation and administration of FMLC, the Committee and the Secretariat. The Board also has ultimate responsibility for the financial position of the Charity. 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

Trustees' Report and Financial Statements

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
- 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.¹⁰ 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:

¹⁰ The Chairman's expenses are reimbursed in respect of his employment of secretarial services on FMLC business.

Trustees' Report and Financial Statements

- 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 2019-20 are:
- a) income generation;
 - b) issues arising as a consequence of Brexit and novel events;
 - c) loss of senior management;
 - d) an adverse change in the Charity's occupation of its current premises; 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 implement the 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 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.

Trustees' Report and Financial Statements

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 2018:

- a) the CEO contributed as a speaker at nine external events, falling just short of the target of ten set;
- 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 17 publications to the Charity's website;
- c) FMLC prepared an article exploring the impact of a "no-deal" Brexit on financial markets for publication in Butterworths Journal of International Banking and Financial Law;¹¹
- d) FMLC held six formal events, exceeding the target of five set, including an ambitious day-long program of educational seminars for members of the judiciary;
- e) the Charity increased investment in its programme of Scoping Forums by introducing a new Securities Markets Scoping Forum and by expanding the remit of the Insurance Scoping Forum to consider issues relating to pensions; and
- f) FMLC successfully continued to enhance and develop its website, achieving improved functionality 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 U.K. withdrawal from the E.U. and the

¹¹ This article was published immediately after the end of the financial year, in November 2019.

Trustees' Report and Financial Statements

legal/regulatory framework for the provision of FinTech services, together with other novel events;

- b) initiating 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) participation by Secretariat staff in at least 10 external events as contributor or speaker;
- e) successfully hosting a meeting of the Quadrilateral Group; and
- f) 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.

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.

Trustees' Report and Financial Statements

7.4 FMLC's accountant and auditor is Price Bailey LLP, 7th Floor, Dashwood House, 69 Broad Street, London, EC2M 1QS, U.K. 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 2019

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 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;
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.

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.

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 bi-monthly "developments update" document compiled by the Secretariat which sets out 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.

Trustees' Report and Financial Statements

Conflicts of Interest

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

Appointment of Committee Members

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

Subject to the composition requirements set out above, the Appointments Sub-Committee may resolve to appoint (or reappoint) a Committee Member for a period (or further period) of two years, but no Committee Member shall, without a resolution having first been passed, serve for more than 10 years in all.

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.

Trustees' Report and Financial Statements

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) is 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 (through the “developments update” document prepared by the Secretariat).

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. No special pleadings can be made for one industry or market, or for London as a financial centre.

Trustees' Report and Financial Statements

APPENDIX THREE

LIST OF FMLC EVENTS HELD FROM 1 NOVEMBER 2018-21 OCTOBER 2019 INCLUSIVE

17 October 2019

Patrons' Dinner.

4 October 2019

FMLC Colloquium. Financing Sustainability.

21 June 2019

FMLC Colloquium. Regulating Cryptoassets – The CFTC Perspective.

5 June 2019

Judicial Seminar. Keep Calm and Carry On.

10 January 2019

Judicial Update Day.

5 December 2018

FMLC Festive Drinks Reception. An annual drinks reception in celebration of the festive season and to mark the end of the year.

Trustees' Report and Financial Statements

APPENDIX FOUR

LIST OF FMLC PUBLICATIONS PRODUCED BETWEEN 1 NOVEMBER 2018-31 OCTOBER 2019 INCLUSIVE

23 October 2019

Report: Exchange Tokens

23 October 2019

Report: The Recognition of Choice of Court Agreements under the 2005 Hague Convention

23 October 2019

Publication: "Onshoring" Statutory Instruments Comment Series: Benchmark Regulation

23 October 2019

Letter to HM Treasury: Financial Services (Implementation of Legislation) Bill

15 August 2019

Letter to HM Treasury: Review of EMIR Implementing Regulations

30 July 2019

Report: Initial Coin Offerings

30 July 2019

Letter to HM Treasury on 5MLD and Cryptoassets

14 June 2019

Report: U.S. Sanctions and the E.U. Blocking Regulation

24 April 2019

Letter to European Parliament: Proposal for a Regulation on the Law applicable to the Third-party Effects of Assignments of Claims

29 March

Publication: "Onshoring" Statutory Instruments Comment Series: Securitisation

27 February 2019

Trustees' Report and Financial Statements

Publication: "Onshoring" Statutory Instruments Comment Series: Credit Institutions Winding-up and Reorganisation

31 January 2019

Report: Issues of Legal Uncertainty Arising in the Context of Emissions Allowances after Brexit

31 January 2019

Publication: "Onshoring" Statutory Instruments Comment Series: Financial Services and Markets Act 2000

31 January 2019

Publication: "Onshoring" Statutory Instruments Comment Series: Insolvency Regulation

31 January 2019

Letter to HM Treasury: Financial Services (Implementation of Legislation) Bill

19 December 2018

Publication: "Onshoring" Statutory Instruments Comment Series: Markets in Financial Instruments

29 November 2018

Publication: "Onshoring" Statutory Instruments Comment Series: Investment Funds and their Managers

Trustees' Report and Financial Statements

APPENDIX FIVE

LIST OF CEO PRESENTATIONS AND SPEECHES MADE BETWEEN 1 NOVEMBER 2018-31 OCTOBER 2019 INCLUSIVE

12 July 2019

“FinTech: The New Regulatory Architecture of MLD5”. FinTech Panel, Quadilateral Group 2020.

8 May 2019

“The Impact of Brexit and Other Market Developments on European Post Trade”. AFME’s 12th Annual European Post Trade Conference.

20 March 2019

“Brexit and Legal Risks in Banking” – Brexit, Where do we Stand? Colloquium, University of Paris Dauphine

13 March 2019

“What Will be the Effect of Brexit on Existing Contracts?”. 9th ETRC Summit.

12 February 2019

“Legal Uncertainty and Continuity of Contracts, Including During the Transitional Period”. Legal Services Brexit Summit.

4 February 2019

“IBOR Transition – GBR & EUR”. Benchmarks Panel, P.R.I.M.E Finance Annual Conference.

6 December 2018

“FinTech Regulation and Brexit”. Fintech Connect.

6 December 2018

“Update on FMLC Work on Brexit Since April 2017”. EFET Committee Meeting.

6 November 2018

“Effect on Law and Jurisdiction Clauses”. Commercial Litigation and Arbitration Forum.

Trustees' Report and Financial Statements

APPENDIX SIX

FMLC RESERVES POLICY

One of the core requirements of the financial markets is a sound legal infrastructure. However, some element of legal uncertainty is inevitable in financial markets that are international, competitive and innovative. Although the U.K. and E.U. framework of law for the financial markets is highly developed and robust, new ideas or practices, or proposals for new law or new regulations can sometimes raise legal uncertainties. Financial Markets Law Committee ("**the Charity**" or "**FMLC**") is a charity (formally registered with the Charity Commission as of 17 December 2015, number: 1164902) established for the purposes, among others, of education and the advancement of the understanding of financial markets law. FMLC contributes to the fulfilment of these purposes by identifying issues of legal uncertainty or misunderstanding, present and future, in the framework of the wholesale financial markets (including inconsistencies between draft law or regulation and market practice) which might give rise to material risks, and considering how such issues should be addressed. FMLC is always demonstrably impartial and independent and acting for the benefit of the public as a whole.

Generally, once issues are identified they will be addressed by the publication of objective research papers and correspondence which outline the issues and suggest how the relevant legal uncertainty might be eliminated or ameliorated. The Charity seeks to raise the profile of such papers with those who are best positioned to implement the recommended solutions. This work is actively supported by the Bank of England, HM Treasury and the Financial Conduct Authority. 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.

It is important in pursuing all of its activities that the Charity never seeks to change the decisions or policies of government authorities. It must also always act for the benefit of the public as a whole rather than for any particular body or bodies within it. FMLC's objects are specifically restricted to promoting for the public benefit the upholding and proper administration of the law and the advancement of education by, without limitation:

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

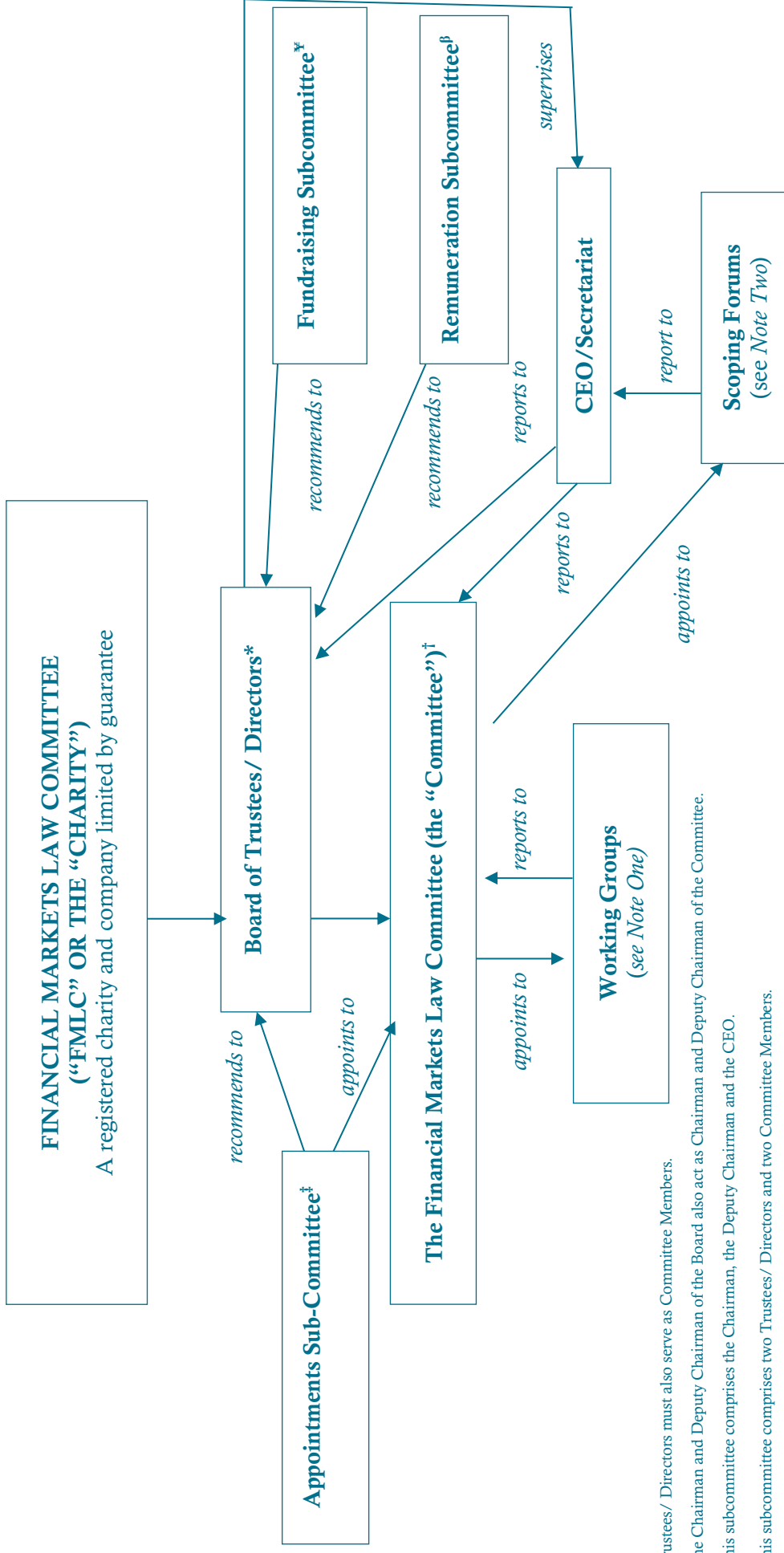
Trustees' Report and Financial Statements

2. making its work on those legal issues freely available to financial markets and to the general public.

FMLC is a small charity which spends most of its income on salaries in order to fulfil its remit which requires extensive legal research, analysis and writing, as detailed above. FMLC's reserves policy is to hold in reserve funds approximately equal to at least one year's expenses to cover a reduction in income. Many of FMLC's donors are in the same line of business and 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 the expectation that, over the year, the Charity will be successful in finding alternative sources of support. They are also intended to cover the costs of strategic planning to mitigate key risks identified in FMLC's risk register. Such costs may entail responding to an adverse change in FMLC's occupation of its current premises and/or recruiting a Deputy CEO in order to implement the optimal transition plan for CEO succession.

APPENDIX SEVEN

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 will 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 potential future Committee Members produced by the Sub-Committee.

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. No special pleadings can be made for one industry or market, or for London as a financial centre.

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.

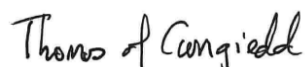
Chairs of a Scoping Forum are chosen on a rotational basis. The Secretariat will have a list of rotational chairs, some of which may be drawn from the members of the particular Scoping Forum.

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: market infrastructure; finance and technology; banking; buy-side; insurance and pensions; Brexit, sovereign debt; securities markets; virtual currencies; and environmental, social and governance issues.

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

Signed by:



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

Date: 28 July 2020

FINANCIAL MARKETS LAW COMMITTEE

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

FOR THE YEAR ENDED 31 OCTOBER 2019

Opinion

We have audited the financial statements of Financial Markets Law Committee (the 'charitable company') for the year ended 31 October 2019 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 2019, 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 2019

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 2019

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement [set out on page 15], 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.

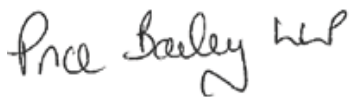
FINANCIAL MARKETS LAW COMMITTEE

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FINANCIAL MARKETS LAW COMMITTEE

FOR THE YEAR ENDED 31 OCTOBER 2019

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.



*Price Bailey LLP
Statutory Auditor*

*Dashwood House
69 Old Broad Street
London
EC2M 1QS*

Date: 24 August 2020

FINANCIAL MARKETS LAW COMMITTEE

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 OCTOBER 2019

		Unrestricted Funds	
	Notes	2019 Total £	2018 Total £
INCOME			
Donations and grants	2	344,500	397,547
Investment income	3	4,740	4,218
Total income		<u>349,240</u>	<u>401,765</u>
EXPENDITURE			
Charitable activities	4	(359,901)	(390,961)
Total expenditure		<u>(359,901)</u>	<u>(390,961)</u>
Net income being net movement in funds		(10,662)	10,804
Reconciliation of funds:			
Total funds brought forward	10b	<u>647,407</u>	<u>636,603</u>
Total funds carried forward	10a	<u>636,745</u>	<u>647,407</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 35 to 39.

Trustees' Report and Financial Statements

FINANCIAL MARKETS LAW COMMITTEE

REGISTERED COMPANY NUMBER: 08733443

BALANCE SHEET

AS AT 31 OCTOBER 2019

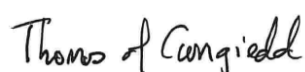
	Notes	2019 £	2018 £
CURRENT ASSETS			
Debtors	8	1,556	720
Cash at bank and in hand		688,276	702,560
TOTAL CURRENT ASSETS		689,832	703,280
LIABILITIES			
Creditors: amounts falling due within one year	9	(53,087)	(55,873)
NET CURRENT ASSETS		636,745	647,407
NET ASSETS		636,745	647,407
FUNDS OF THE CHARITY:			
Unrestricted funds	10	636,745	647,407
TOTAL FUNDS		636,745	647,407

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

The attached notes on pages 35 to 39 form part of these financial statements.

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

Signed by:



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

Date: 28 July 2020

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

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 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 (2018: 6)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 2019

- 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) Judgments 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 2019

2	Donations and grants	2019	2018	
		£	£	
	Donations and grants	344,500	397,547	
		<u>344,500</u>	<u>397,547</u>	
3	Income from Investments	2019	2018	
		£	£	
	Bank interest	4,740	4,218	
		<u>4,740</u>	<u>4,218</u>	
4a	Charitable activities	Direct Costs £	Support costs £	Total 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>
4b	Charitable activities	Direct Costs £	Support costs £	Total 2018 £
	Upholding and proper administration of the law and the advancement of education	383,226	7,695	390,961
		<u>383,226</u>	<u>7,695</u>	<u>390,961</u>
5	Analysis of support costs	2019	2018	
		£	£	
	Audit fees	5,625	6,552	
	Insurances	264	1,143	
		<u>5,889</u>	<u>7,695</u>	
		<u>5,889</u>	<u>7,695</u>	

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

6 Analysis of staff costs and key management personnel

	2019 £	2018 £
Wages and salaries	287,699	318,142
Social security costs	27,199	27,697
Employers pension costs	7,543	4,269
	<u>322,441</u>	<u>350,108</u>

The Chair received £nil (2018: £nil) during the year in respect of his duties in office.

During the year, no trustees were paid in respect of their duties. (2018:£Nil).

In 2019, one trustee was reimbursed £7,294 for expenses incurred in employing a third party on FMLC Secretarial Business (2018: £6,300).

The charity considers its key management personnel to comprise of 1 person. During the year, the total employment benefits of this person was £149,372 (2018: £131,590).

The average monthly head count was as follows:

	2019 Number	2018 Number
Full time staff	4	4
Part time staff	8	11
	<u>12</u>	<u>15</u>

This equates to seven full time equivalent staff (2018:13)

There was one employee whose total employee benefits excluding pension contributions was between £140,000 and £150,000 (2018 – one employee between £120,000 - £130,000).

Total employer pension contributions during the year for the staff in the above bandings was £3,358 (2018: £4,269).

7 Net income

	2019 £	2018 £
Net income resources is stated after charging:		
Auditors remuneration:		
- for audit services	5,625	6,552
- for non-audit services	-	-
	<u>5,625</u>	<u>6,552</u>

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

8 Debtors

	2019 £	2018 £
Prepayments and accrued income	1,556	720
	<u>1,556</u>	<u>720</u>

9 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	22,205	26,764
Other taxation and social security	8,571	8,979
Accruals	22,311	20,130
	<u>53,087</u>	<u>55,873</u>

10 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 £7,543 (2018: £4,269). Contributions totalling £687 (2018: £420) were payable to the fund at the balance sheet date and are included in creditors.

11 Related party transactions

During the 2019 and 2018 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 (2018: none).