



FINANCIAL MARKETS LAW COMMITTEE

Trustees' Report and Financial Statements

Year Ending 31 October 2018

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.

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FINANCIAL MARKETS LAW COMMITTEE REFERENCE AND ADMINISTRATIVE DETAILS

CHARITY REGISTRATION NUMBER 1164902

COMPANY REGISTRATION NUMBER 08733443

TRUSTEES

Mr D Greenwald
Mr M Duncan
Mr S Firth
Ms K Gibbons
Sir R Knowles CBE
Lord R Walker (resigned 8 November

2017)

(appointed 8 November 2017)

Lord R J L Thomas of Cwmgiedd

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

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CONTRIBUTORS

TRUSTEES

Lord Thomas	Chairman, Director, Member
David Greenwald	Deputy Chairman, Director
Michael Duncan	Director
Simon Firth	Director, Member
Kathleen Gibbons	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 consolidated financial statements for the year ending 31 October 2018, 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 2015).

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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 (ie Bank of

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

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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
 - d) at times it will be appropriate for matters considered by the Charity to be discussed

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

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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 Forum, 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 four or five 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.

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- 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.

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2. ACHIEVEMENTS AND PERFORMANCE

- 2.1 FMLC held five formal events from 1 November 2017—31 October 2018. The Secretariat deserves credit and praise for its skilful and enthusiastic efforts to provide a successful and creative educational events programme.
- 2.2 In 2018 FMLC held two Colloquiums, both on the topic of the U.K.'s withdrawal from the E.U. The first of these focused on Brexit and Contractual Continuity and was organised to foster the exchange of ideas and contribute to the discourse on the continuity of financial contracts. The second focused on Financial Services Statutory Instruments and Incorporating E.U. Law into the U.K. Domestic Framework looking at the key challenge identified by the media and market participants of the probable loss for U.K. firms of "passporting" rights which enable firms authorised in one E.U. Member State to carry out permitted activities in any other Member State without requiring further authorisation. In relation to these two events and in line with FMLC's objectives as detailed in Section One above, with 151 attendees across both events and in satisfaction of FMLC's educational remit, attendees described the content as relevant, interesting and a good insight to the topic.
- 2.3 FMLC events educate a wide range of people, with invitees to Colloquiums including representatives from the senior judiciary, law firms and trade associations, together with academics and a number of university students.
- 2.4 In June 2018 FMLC held a judicial seminar titled "FinTech Update". 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, 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.
- 2.5 In June 2018, FMLC delegates attended the Quadrilateral Conference in Frankfurt. The Conference included panels on Global Regulatory Developments, FX Global Code, Benchmark Reform, Brexit and FinTech. FMLC delegates participated in several of these panels and the CEO was asked to chair the panel on Global Regulatory Developments. Discussing global issues of concern to the financial markets at this event allowed FMLC to identify areas which could be usefully relayed to interested parties and the public, via FMLC publications.

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- 2.6 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.
- 2.7 The Secretariat took the view, in consultation with the Committee, that the educational function of FMLC could usefully be promoted by increasing and professionalising the provision of specialist discussion forums. On account of this the staffing resources of FMLC were, in part, re-allocated to the management and administration of new and established discussion groups ("**Scoping Forums**"). During this time, however, FMLC was still able to produce 18 publications⁴ including on:
- a) August 2018 a discussion paper on issues of legal uncertainty arising in the context of the robustness of financial contracts; and
 - b) March 2018 a discussion paper on distributed ledger technology and governing law: issues of legal uncertainty.
- 2.8 FMLC is committed to making its work available to financial markets and to the general public. Building on the two important articles produced in the previous year⁵ members of the Secretariat co-authored another article, on the market transition pathway from LIBOR to "risk-free" rates. These were published in the Journal of International Banking and Finance Law.
- 2.9 The CEO gave 19 presentations/speeches⁶ during the year, raising the profile of FMLC's important work on an international scale. Topics of these speeches included Brexit, Benchmarks, and the legal aspects of FinTech. In line with FMLC's public education function, a number of these speeches were given during a series of lectures to university students and legal experts in Milan.

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.

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- 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.

3. FINANCIAL REVIEW

- 3.1 The Charity's financial performance was satisfactory in 2017-18. Charitable donations decreased by -0.45% to £397,547 (2017: £399,333). (This decrease reflects a one-off increase in the previous year's aggregate donations and a decision by some donors to donate a sum of significant size in 2016-17 because they had not been able to make, or had not made, a donation for some months or years previously—i.e. in effect, they donated more in 2016-17 in order to "catch up" with their intention to make a regular annual donation.)
- 3.2 The total income will allow FMLC to continue its current output for the foreseeable future, although it is also able to draw on its reserves, as detailed, below, in pursuit of meeting its key performance indicators. Total costs increased by 6.7% to £390,961 (2016: £366,408) with almost the entirety of this amount (£383,266) related to the direct costs of the upholding and proper administration of the law and the advancement of education.
- 3.3 FMLC's Trustees have agreed the FMLC's 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 £647,407, giving a reserves surplus of approximately £247,407. The Charity has undertaken a review of pay for fixed-term and permanent employees, which is likely to result in a reduction of this surplus over the period of the next year. The Charity also intends to review its reserves policy and reserve levels on an annual basis.
- 3.4 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

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.

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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.

- 3.5 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.
- 3.6 At the date of approving the report and accounts, there are no uncertainties about the charity's ability to continue as a going concern. 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 four 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 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

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

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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 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;

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- 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:
- 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

¹⁰ Lord Thomáš' expenses are reimbursed in respect of his employment of secretarial services on FMLC business. Please see note 7 on Page 38.

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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 2018-19 are:

- a) income generation;
- b) issues arising as a consequence of Brexit;
- 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.

4.18 The Charity understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate, but does not currently fundraise from the public or use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns and received no fundraising complaints during the year.

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 met the key performance indicators set out in Section Five of the Trustees' Report for the year ended 31 October 2018:

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- a) the CEO gave nineteen presentations on topics within the FMLC's purview, well in excess of the ten educational speeches set as a target;
 - b) 18 publications were posted to the website, up 2 from the previous year;
 - c) observations and conclusions extrapolated from FMLC research were disseminated in articles published in the Journal of Banking and Financial Law;
 - d) FMLC held five formal events, meeting the target set;
 - e) owing to the investment in its programme of Scoping Forums, FMLC estimates that it hosted not six but in excess of 20 external speakers; and
 - f) FMLC successfully hired a copywriter to improve published output and launched a new website with improved functionality, both 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 legal/regulatory framework for the provision of FinTech services;
 - b) initiating a programme of "radar" outreach to source new topics for discussion, presentation and research by interviewing market participants and their advisers on developments in financial law and practice;
 - c) hosting at least five formal events;
 - d) participation by Secretariat staff in at least 10 external events as contributor or speaker; and
 - e) disseminating conclusions borne of FMLC research through at least one publisher other than FMLC.

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- 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. REFERENCE AND ADMINISTRATIVE DETAILS

- 6.1 FMLC's Registered Charity Number is 1164902.
- 6.2 FMLC's Company Number is 08733443.
- 6.3 FMLC's Registered Office is 8 Lothbury, London, EC2R 7HH, U.K.
- 6.4 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.

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.

SIGNATURE:

DATE:

A handwritten signature, appearing to be 'S. P.', is written over a vertical line. To the right of the signature, the date '16 May 2019' is handwritten. A long horizontal line extends from the bottom left of the signature area.

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FINANCIAL MARKETS LAW COMMITTEE

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 OCTOBER 2018

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also directors of Financial Markets Law Committee for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic 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 trustees to prepare financial statements for each financial year, which 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 trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

AUDITORS

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- 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 board recommend to the AGM that Price Bailey LLP should continue to be engaged as auditors for the forthcoming financial year.

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf by:

Trustee: Simon Firth

Date:

16 May 2019

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.

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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.

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.

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APPENDIX THREE

List of FMLC Events held from 1 November 2017—31 October 2018 inclusive

Thursday 4 October 2018

FMLC Patrons' Dinner.

Tuesday 25 September 2018

FMLC Colloquium. Incorporating E.U. Law into the U.K. Domestic Framework: Financial Services Statutory Instruments.

Wednesday 13 June 2018

FMLC Judicial Seminar. FinTech Update

Thursday 18 January 2018

FMLC Winter Colloquium. Brexit and Contractual Continuity

Thursday 7 December 2017

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

APPENDIX FOUR

LIST OF FMLC PUBLICATIONS PRODUCED BETWEEN 1 NOVEMBER 2017—31 OCTOBER 2018

26 October 2018

Report: "Onshoring" Statutory Instruments Comment Series: Bank Recovery and Resolution
U.K. Withdrawal from the E.U.

16 October 2018

Letter to National Security and Investment Consultation: Proposal for a New National Security and Investment Regime
2018 Proposal for a National Security and Investment Regime

4 October 2018

Report: Data Protection: Issues of Legal Uncertainty Arising from the 2018 Act.
Data Protection Act 2018

14 September 2018

Report: the European Commission's Legislative Proposal to Amend Procedures for recognition for Third Country Central Counterparties under EMIR
European Commission Review of European Market Infrastructure Regulation

6 August 2018

Report: The Robustness of Financial Contracts after Brexit
U.K. Withdrawal from the E.U.

31 July 2018

Letter to Directorate-General for Justice: Legacy E.U. Level 2 legislation
U.K. Withdrawal from the E.U.

31 July 2018

Letter to Ministry of Justice: Legacy E.U. Level 2 legislation and "retained" law
U.K. Withdrawal from the E.U.

31 July 2018

Letter to the European Parliament: Legal Uncertainties in the Proposal to Amend Moratorium Powers in the BRRD
Proposal to Amend Bank Recovery and Resolution Directive

Trustees' Report and Financial Statements

31 July 2018

Letter to European Commission: Proposed Regulation on the Law applicable to the "Third-party Effects" of the Assignment of Claims

European Commission Review of Article 14: Assignment of Claims

12 July 2018

Letter to the Department for Exiting the European Union: Legal Uncertainties relating to Insurance Business

U.K. Withdrawal from the E.U.

12 July 2018

Report: Establishment of an E.U. Insurer in Another Member State

U.K. Withdrawal from the E.U.

13 April 2018

Report: Analysis of the Proposal to Amend Moratorium Powers

Proposal to Amend Bank Recovery and Resolution Directive

27 March 2018

Report: Distributed Ledger Technology and Governing Law

Finance and Technology

19 March 2018

Letter to Ministry of Justice: Clause 6 of the Withdrawal Bill

U.K. Withdrawal from the E.U.

22 December 2017

Report: U.K. Financial Services and the WTO after Brexit

U.K. Withdrawal from the E.U.

23 December 2017

Letter to Ministry of Justice: Cross-Border Civil Judicial Cooperation

U.K. Withdrawal from the E.U.

7 November 2017

Letter to Department for Business, Energy & Industrial Strategy: Business Contract Terms Regulations 2017

Business Contract Terms (Assignment of Receivables) Regulations 2017

Trustees' Report and Financial Statements

3 November 2017

Letter to European Securities and Markets Authority: Article 4 RTS 21 of MiFID II
MiFID II

Trustees' Report and Financial Statements

APPENDIX FIVE

LIST OF SECRETARIAT PRESENTATIONS AND SPEECHES MADE BETWEEN 1 NOVEMBER 2017—31 OCTOBER 2018

Monday 15 October 2018

Presentation on Brexit given at the ICI teleconference

Wednesday 27 June 2018

"Brexit and Finance: the Legal Framework" – Presentation at the offices of Sidley Austin LLP in London

Friday 22 June 2018

"Conflicts of laws on securities and claims: collateralisation" – Presentation given at University of Milan Summer School.

Tuesday 19 June 2018 –

"FinTech and RegTech" – Speech given at Thomson Reuters Financial Services Forum in London

Wednesday 13 June 2018

"Machine Learning and Smart Algorithms" – Presentation given at the FMLC's annual Judicial Seminar in London.

Thursday 7 – Friday 8 June 2018

"Quadrilateral" in Frankfurt – Chaired Regulatory update panel, offering short remarks.

Thursday 31 May 2018 –

"Brexit: Issues Arising for Market Infrastructures" – Speech given at the World Federation of Exchange Working Committee meeting in London.

Monday 21 – Tuesday 22 May 2018

Presentations on the topic of **"New Trends in Financial Markets Law"** were given during a series of lectures at University of Milan. The main sub topics were:

- Financial Benchmarks;
- Regulatory and Legal Aspects of FinTech; and
- Brexit and Finance: the Legal Framework

Wednesday 2 May 2018

"Benchmark Transition: Legacy Contracts and Legal Risks" – Presentation given at Infoline Risk Free Rate Conference in London

Thursday 22 March 2018

"Regulating Cryptocurrencies: Where are we now" – Speech given at FinTech Europe 2018 conference in London

Thursday 22 March 2018

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Presentations on Brexit, Benchmarks and FinTech given at ICI teleconference

Tuesday 23 January 2018

"Regulatory Aspects of FinTech: Beyond the Blockchain" – Presentation given at the P.R.I.M.E Finance annual conference in the Hague. The CEO also chaired a panel on the **"Transition from LIBOR and Alternative Reference Rates"**

Thursday 7 December 2017

"Cloud Data Storage and Financial Regulation" Presentation on Power Panel at Cloud Finance Event in London

Tuesday 28 November 2017

Presentations on Brexit and Distributed Ledger Technology given at the ICI teleconference

Tuesday 21 November 2017

"Brexit and finance: the legal framework" - Private Equity Forum 2017

Sunday 12 November 2017

"What part can FinTech play in improving financial inclusion" - Qatar Law Forum

Thursday 9 November 2017

"Trend to Nationalism: Is there one, and how would it impact global markets" - Women in Derivatives Event in London

Wednesday 8 November 2017

"Tackling Geopolitical Turbulence and Its Impact on Risk" - Presentation given at Thomson Reuters' 2nd Annual Managing Risk Conference in London

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

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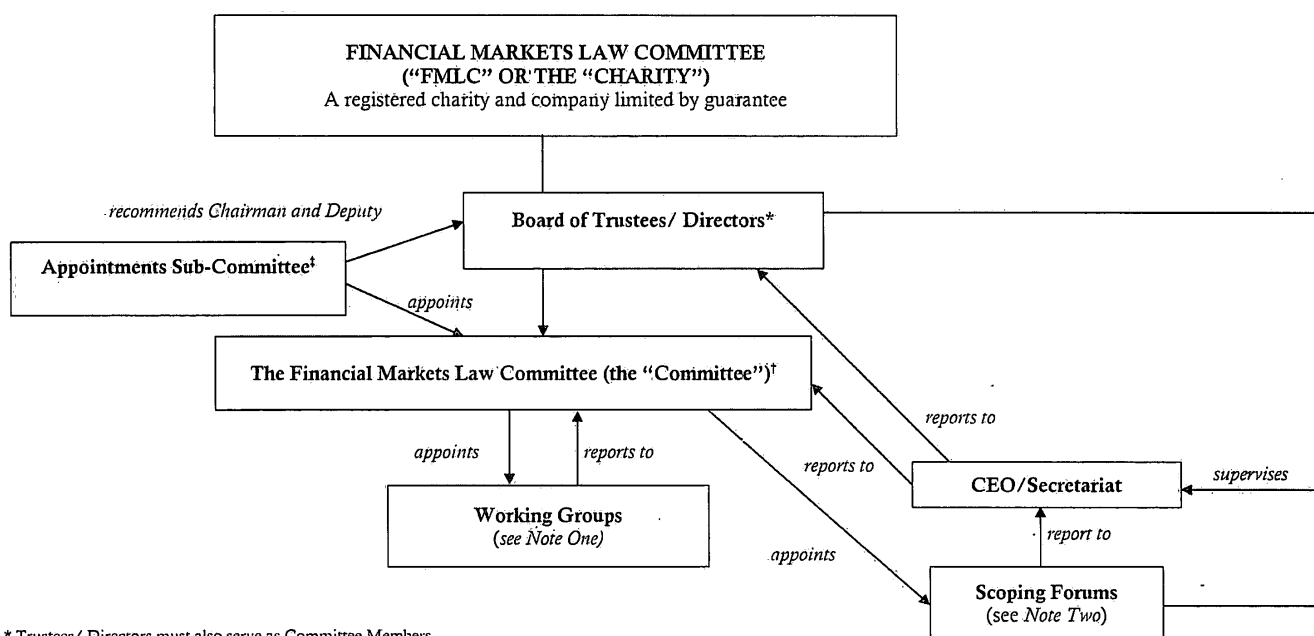
2. making its work on those legal issues freely available to financial markets and to the general public.

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.

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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 sub-committee comprises the Chairman, the Deputy Chairman and the CEO.

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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

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

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.

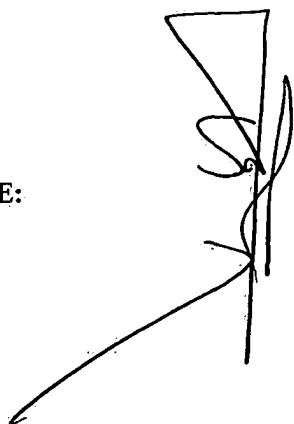
Chairs of a Scoping Forum are chosen on a rotational basis. The Secretariat will have a list of rotational chairs, some of which may be drawn from the members of the particular Scoping Forum.

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

There are currently eight Scoping Forums in operation in relation to market infrastructure, finance and technology, banking, buy-side, insurance, Brexit, sovereign debt and virtual currencies.

SIGNATURE:

DATE:

A handwritten signature in black ink, consisting of a stylized 'S' followed by a vertical line and a flourish.

16 May 2019

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 2018

We have audited the financial statements of the Financial Markets Law Committee (the 'charitable company') for the year ended 31 October 2018 which comprise Statement of Financial Activities (incorporating an Income and Expenditure Account), the Charity 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 2018, 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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' 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.

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 2018

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement (set out on page 14), 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

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

Trustees' Report and Financial Statements

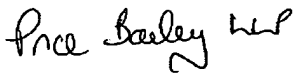
FINANCIAL MARKETS LAW COMMITTEE

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FINANCIAL MARKETS LAW COMMITTEE

FOR THE YEAR ENDED 31 OCTOBER 2018

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 trustees 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
EC3M 1QS

Date 24 May 2019

Price Bailey LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Trustees' Report and Financial Statements

FINANCIAL MARKETS LAW COMMITTEE STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 OCTOBER 2018

	Note	Unrestricted Funds	
		2018 Total £	2017 Total £
INCOME			
Donations and grants	3	397,547	399,333
Investment income	4	4,218	2,374
Total income		401,765	401,707
EXPENDITURE			
Charitable activities	5	(390,961)	(366,408)
Total expenditure		(390,961)	(366,408)
Net income being net movement in funds		10,804	35,299
Reconciliation of funds:			
Total funds brought forward		636,603	601,304
Total funds carried forward		647,407	636,603

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 35-39.

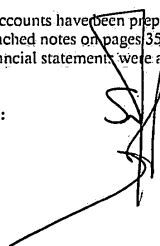
Trustees' Report and Financial Statements

FINANCIAL MARKETS LAW COMMITTEE REGISTERED COMPANY NUMBER: 08733443 BALANCE SHEET AS AT 31 OCTOBER 2018

	Notes	2018 £	2017 £
CURRENT ASSETS			
Debtors	9	720	660
Cash at bank and in hand		702,560	742,674
TOTAL CURRENT ASSETS		703,280	743,334
LIABILITIES			
Creditors: amounts falling due within one year	10	(55,873)	(106,731)
NET CURRENT ASSETS		647,407	636,603
NET ASSETS		647,407	636,603
FUNDS OF THE CHARITY:			
Unrestricted funds		647,407	636,603
TOTAL FUNDS		647,407	636,603

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.
The attached notes on pages 35-39 form part of these financial statements.
The financial statements were approved by the Board of Trustees and signed on their behalf by:

Trustee:
Date:

 16 May 2019

Trustees' Report and Financial Statements

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

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 2015) - (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. 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.

Trustees' Report and Financial Statements

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

- 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.

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 8. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 9. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

- 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.

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.

Trustees' Report and Financial Statements

FINANCIAL MARKETS LAW COMMITTEE NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

3.	Donations and grants	2018 £	2017 £	
	Donations and grants	397,547	399,333	
4.	Income from Investments	2018 £	2017 £	
	Bank interest	4,218	2,374	
5a)	Charitable activities	Direct Costs £	Support costs £	Total 2018 £
	Upholding and proper administration of the law and the advancement of education	383,266	7,695	390,961
5b)	Charitable activities	Direct Costs £	Support costs £	Total 2017 £
	Upholding and proper administration of the law and the advancement of education	359,200	7,208	366,408
6)	Analysis of support costs	2018 £	2017 £	
	Audit fees	6,552	6,240	
	Insurances	1,143	968	
		7,695	7,208	

Trustees' Report and Financial Statements

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

7 Analysis of staff costs and key management personnel

	2018	2017
	£	£
Wages and salaries	318,142	298,198
Social security costs	27,697	28,054
Employers pension costs	4,269	242
	<u>350,108</u>	<u>326,494</u>

During the year no trustees (2017: nil) were paid in respect of their duties.

During the year one trustee was reimbursed £6,300 for expenses incurred in employing a third party on FMLC Secretarial Business (2017: nil).

The charity considers its key management personnel to comprise of 1 person. During the year, the total employment benefits of this person was £131,590 (2017: £118,442).

The average monthly head count was as follows:

	2018	2017
	Number	Number
Full time staff	4	3
Part time staff	11	12
This equates to 13 full time equivalent staff (2017:13.5)	<u>15</u>	<u>15</u>

There was one employee whose total employee benefits excluding pension contributions was between £120,000 and £130,000 (2017 – one employee between £110,000 - £120,000).

Total employer pension contributions during the year for the staff in the above bandings was £1,696 (2017: £88).

8 Net income

	2018	2017
	£	£
Net income is stated after charging:		
Auditors remuneration:		
- for audit services	6,552	6,240
- for non-audit services		

Trustees' Report and Financial Statements

FINANCIAL MARKETS LAW COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

9 Debtors

	2018 £	2017 £
Prepayments and accrued income	720	660
	<u>720</u>	<u>660</u>

10 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	26,764	86,901
Other taxation and social security	8,979	8,702
Accruals	20,130	11,128
	<u>55,873</u>	<u>106,731</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 £4,269 (2017: £242). Contributions totalling £420 (2017: £242) were payable to the fund at the balance sheet date and are included in creditors.

12 Related party transactions

During the year the company received donations from law firms at which trustees S Firth, K Gibbons, M Duncan and D Greenwald are partners.