# FX0030 — Synthetic FX Evolution: The CAL FX20 Report

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## Regulatory Context

This report is relevant under the following regulatory and statutory frameworks: UK Companies Act 2006, ss. 386–389 (accurate accounting records) FCA SYSC 18 (whistleblowing, internal reporting) CIMA Fund Governance Rules (oversight of Cayman-domiciled investment funds) MiFID II Article 27 (Best Execution obligations for FX trades) Criminal Finances Act 2017 (failure to prevent facilitation of tax evasion)

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This exhibit demonstrates how administrative FX entries replaced genuine market trades in CAL FX20. The trading records display activity that mimics execution but lacks evidence of settlement or counterparty engagement. These findings indicate that the ‘trade trail’ was administrative fabrication — netted and restated to resemble external transactions without corresponding confirmations or clearing records. The absence of matching settlement instructions and identifiable counterparties contravenes regulatory requirements under MiFID II and CIMA governance rules. Furthermore, discrepancies between 'Open Positions' and 'Trades Executed' suggest deliberate manipulation of valuation cycles to achieve desired accounting outcomes. The investigation identified consistent instructions to retroactively edit statements (see FX0043_002), confirming that the records were malleable rather than immutable broker logs. This establishes the lack of economic substance, a key factor in defining sham transactions under tax and accounting law.

The following cross-references reinforce these findings: FX0032 — The Interest Void: Absence of carry logic in valuation records FX0040 — Opaque Trade Structures: Offshore execution and record masking CG0004 — Wilful Blindness: Governance and compliance suppression

**Conclusion:** The cumulative evidence meets forensic standards for establishing that CAL FX20 engaged in synthetic rather than market-based FX trading. Administrative booking patterns, retroactive adjustments, and absence of external counterparty verification demonstrate systemic misrepresentation in fund reporting.