

# Quarterly Consultation

## No 31

**Consultation Paper**

CP21/5

March 2021

## How to respond

The Financial Conduct Authority invites comments on this Consultation Paper. Comments should reach us by 30 April 2021 for Chapter 2, and 2 April 2021 for Chapter 3.

Comments may be sent by electronic submission using the form on the FCA's website at [fca.org.uk/cp21-05-response-form](https://fca.org.uk/cp21-05-response-form).

### **Alternatively, please send comments in writing to:**

Chapter 2: Mark Andersen, Redress Reporting and Oversight Policy,  
Telephone: 020 7066 0037

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Telephone: 020 7066 4331

If you are responding in writing to several chapters please send your comments to Ayesha Dayaji in the Brexit Policy and Handbook Team, who will pass your responses on as appropriate.

All responses should be sent to:

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# 1 Overview

Chapter No	Proposed changes to Handbook	Consultation Closing Period
2	Amendments to the Compensation (COMP) rules relating to the Financial Services Compensation Scheme.	Two months
3	Changes to the Training and Competence (TC) sourcebook and list of appropriate qualifications.	One month

## 2 Amendments to the Compensation sourcebook

### Introduction

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- 2.1** We have become aware of a number of rules and points of guidance in the Compensation sourcebook (COMP) relating to the Financial Services Compensation Scheme (FSCS) which require amendment to ensure the intent of the provisions are clear to both firms and consumers, and to ensure consistent and efficient treatment of claims by the FSCS across different categories of claims.

### Background

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- 2.2** The Financial Services Compensation Scheme Limited operates and administers the Financial Services Compensation Scheme. For the purposes of this consultation, we are using the abbreviation "FSCS" to refer to both the Financial Services Compensation Scheme and the Financial Services Compensation Scheme Limited, as appropriate.
- 2.3** The FSCS is the UK's statutory compensation scheme of last resort. The FSCS pays compensation, up to certain limits, to eligible claimants (which includes individual consumers and some businesses) in respect of a protected claim against a firm that is an authorised person (or its successor) and is in default. The FSCS will generally determine whether a firm is in default. Claims relating to deposits, debt management, home finance mediation, investments and insurance may fall within the scope of FSCS protection. In addition to paying compensation to claimants when regulated firms are in default, the FSCS's aim is to promote confidence in the financial system. Authorised firms pay levies to fund both the FSCS's operating costs and the compensation that the FSCS pays out.
- 2.4** The FCA and the Prudential Regulation Authority (PRA) are jointly responsible for ensuring that the FSCS, as the scheme manager, is able to carry out its functions. The FCA and the PRA have responsibility for making rules concerning compensation made by the FSCS and the levies which fund the FSCS. The PRA is responsible for rules relating to claims in connection with deposits, insurance provision and dormant accounts; the FCA is responsible for claims in connection with all other relevant types of financial services activities that are protected under the FSCS. FCA's rules are set out in the COMP sourcebook and Chapter 6 of the FEES Manual in our Handbook.

## Summary of proposals

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- 2.5** COMP 1.3.3G sets out a list of questions and answers, to help claimants and their advisers understand which parts of the COMP sourcebook are relevant. We propose adding references to the relevant rules relating to protected debt management business to this table (at A2 and A3). The proposed change would help ensure that the rules are easy for users to navigate.
- 2.6** COMP 5.2.4G: This guidance refers the reader to rules which are relevant to claims in respect of successors (i.e. a person who has assumed responsibility for liabilities arising from acts or omissions of a relevant person). We propose to also refer readers to COMP 5.8.1R to make it clear that this guidance also applies to protected debt management business. The proposed change would help ensure that the rules in relation to debt management business are clear.
- 2.7** COMP 8.2.4R: This rule gives the FSCS the power to disregard a defence of limitation where the FSCS considers that it would be reasonable to do so for claims made in connection with protected investment business, protected home finance mediation and protected non-investment insurance mediation. We propose that the rule is amended to extend the FSCS's power to also disregard the defence of limitation for claims made in connection with protected debt management business. The proposed change would ensure that the FSCS can consider the defence of limitation consistently across the four types of claims that this rule concerns. It would also allow FSCS flexibility to disregard a defence of limitation, where, in the view of the FSCS, it is reasonable to do so in relation to claims made in connection with protected debt management business.
- 2.8** COMP 8.2.5R: This rule gives the FSCS the power to treat claims against dissolved companies as if such companies had not been dissolved to prevent the liability of these companies to the claimant being extinguished by operation of law. The rule applies to claims made in connection with protected investment business and protected non-investment insurance distribution. We propose that the rule is amended to extend the FSCS's power to also treat claims against dissolved companies as if such companies had not been dissolved to claims made in connection with protected home finance mediation and protected debt management business. The proposed change would ensure that FSCS can consider claims consistently across the four types of claim that this rule concerns. It would also avoid the risk that FSCS is unable to consider an individual's claim because the firm they dealt with is now dissolved.
- 2.9** COMP 9.2.2R(2): This rule gives the FSCS the power to postpone payment of compensation in certain circumstances. This rule applies to claims made in connection with protected investment business (which are not ICD claims, as defined in the FCA Glossary) and protected home finance mediation. We propose that this rule is amended to give the FSCS the power to also postpone payment where a claim is made in connection with protected non-investment insurance distribution or protected debt management business. The proposed change would ensure that FSCS can consider claims consistently across the four categories of claim that this rule concerns. It would also give the FSCS the ability to postpone payment of compensation in certain circumstances (for example, where the FSCS considers the claimant should pursue their claim against another person before it processes a claim for compensation). Additionally, we propose the word "claim" in this rule is italicised and linked to its definition in our Glossary as "claim" is a defined term. This proposed change would help users better navigate our Handbook.

- 2.10** The proposed changes to COMP 8.2.4R, COMP 8.2.5R and COMP 9.2.2R(2) are consequential changes to our rules following the addition of new categories of protected claim to the scope of the FSCS, which were omitted when these categories were introduced.
- 2.11** We also propose to make a minor change to the definition of the Glossary term "Protected non-investment insurance distribution". The definition includes a reference to the "compensation scheme". As "compensation scheme" is a defined term in the Glossary, we propose that it should be italicised and hyperlinked in the definition of "Protected non-investment insurance distribution". The proposed change would help ensure that the Glossary is easy for users to navigate.
- 2.12** The proposed amendments to the COMP sourcebook and the Glossary of definitions will apply from the date the Financial Services Compensation Scheme (Miscellaneous Amendments) Instrument 2021 comes into force.<sup>1</sup> Where the amendments apply to FSCS's treatment of claims (i.e. the changes to COMP 8.2.4R, COMP 8.2.5R and COMP 9.2.2R(2)), the changes will apply to decisions issued by the FSCS from the date the instrument comes into force.

**Q2.1: Do you agree with the proposed changes to the COMP sourcebook and to the Glossary of definitions? Please provide reasons for your answer.**

## Cost benefit analysis

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- 2.13** Section 138I(2)(a) of the Financial Services and Markets Act 2000 (FSMA) requires us to publish a cost benefit analysis (CBA) when making rules unless, in accordance with section 138L(3) of FSMA, we believe that there will be no increase in costs or that the increase will be of minimal significance. Furthermore, under section 138I(8) of FSMA, we are not required to publish an estimate of costs and benefits unless these cannot be reasonably estimated or it is not reasonably practicable to estimate them.
- 2.14** The changes proposed may potentially have an impact on firms that contribute to the FSCS levy or claimants (i.e. those who may claim compensation from the FSCS).
- 2.15** The proposed amendments to guidance in the COMP sourcebook (i.e. changes to COMP 1.3.3G and COMP 5.2.4G) and to the Glossary definition of "Protected non-investment insurance distribution" are to provide clarification of our rules, with no impact on firms or claimants.
- 2.16** The proposed amendments to COMP 8.2.4R and COMP 8.2.5R could potentially mean that the FSCS pays compensation for claims which would previously have been rejected (e.g. on limitation grounds or because the firm the claimant may have a claim against was dissolved). In contrast, the proposed amendment to COMP 9.2.2R(2) may mean that FSCS pays compensation at a later date, or not at all, for example if the claimant pursues their claim against another party.

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<sup>1</sup> Financial Services Compensation Scheme (Miscellaneous Amendments) Instrument 2021 is set out in draft form at Appendix 2.

- 2.17** A benefit of the proposed amendments is that claims across different categories of protected claim will be treated more consistently by the FSCS, helping to simplify the processing of claims by FSCS. The changes also have the benefit of providing clarity to users by ensuring consistency; ensuring that application of the COMP sourcebook is consistent across different types of protected claims. The changes will also ensure that the FSCS has some discretion to consider some claims in cases where the current rules mean that the FSCS may not be able to accept the claim, ensuring that customers receive appropriate compensation. In addition, the change to COMP 9.2.2R(2) ensures the cost to levy payers is mitigated in certain circumstances.
- 2.18** We are unable to quantify to what extent the proposed changes will increase or decrease the amount of compensation that FSCS would otherwise pay to claimants – and therefore impact on the compensation costs element of the levy met by levy payers. In particular, the FSCS does not hold records to show the instances when rules COMP 8.2.4R, COMP 8.2.5R and COMP 9.2.2R(2) have been applied when assessing individual claims in the past. Furthermore, we are unable to predict the number of firms which may default, the number of claims the FSCS may receive or the value of such claims in the future, in the cases to which the proposed changes may apply. In our opinion, the costs to carry out projections and further analysis would be a disproportionate use of our resources.
- 2.19** Having assessed the individual changes proposed in this chapter, we believe the exemption under section 138I(8)(b) of FSMA applies as, due to the reasons explained above, it is not reasonably practicable to produce an estimate of the costs or benefits arising from the proposed changes. Therefore, no CBA is required for the proposals in this chapter.

## Impact on mutual societies

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- 2.20** Section 138K(2) of FSMA requires us to state whether, in our opinion, our proposed rules have a significantly different impact on authorised persons who are mutual societies, compared to other authorised persons.
- 2.21** We are satisfied that the proposals in this chapter do not impact on mutual societies differently to any other authorised persons.



## Compatibility statement

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- 2.22** When consulting on our rules, we are required by section 138(2)(d) of FSMA to explain why we believe that making the proposed rules is consistent with our duties under section 1B(1) and (5)(a) of FSMA. Under section 1B(1) of FSMA, we must, in discharging our general functions, so far as is reasonably possible, act in a way which is compatible with our strategic objective and advances one or more of our operational objectives. Under section 1B(5)(a) of FSMA, in discharging our general functions, we must have regard to the regulatory principles in section 3B of FSMA. In addition, when making rules, we must, so far as is compatible with acting in a way which advances our consumer protection or integrity operational objectives, act in a way that is compatible with our duty to promote effective competition in the interests of consumers (s1B(4) FSMA). We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code when we issue guidance.
- 2.23** We are satisfied that the proposed amendments are compatible with our strategic objective and advance our operational objectives of securing an appropriate degree of consumer protection and promoting market integrity, by helping to ensure consumers have confidence to transact with firms. We are also satisfied that, so far as is compatible with advances these operational objectives, the proposed amendments are compatible with our duty to promote effective competition in the interests of consumers. In developing the proposals in this chapter, we have had regard to the regulatory principles. We consider that any burdens or restrictions which may be imposed on regulated firms as a result of our proposed changes are proportionate to the benefits expected to result from these impositions. In respect of the proposed amendments to our guidance, we have given due regard to the Regulators' Compliance Code and consider that we are exercising our regulatory functions in a transparent, accountable, proportionate and consistent way, targeting areas where action is needed.

## Equality and diversity

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- 2.24** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010, i.e. age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment. We will continue to consider the equality and diversity implications of the proposals during the consultation period, and will revisit them when publishing the final rules. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

## 3 Changes to the Training and Competence sourcebook

### Introduction

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- 3.1** This chapter proposes amendments to the Training and Competence sourcebook (TC) to extend the scope of the notification requirements, update the appropriate qualifications table, as well as to amend the relevant rules and guidance.
- 3.2** Our training and competence regime protects consumers by ensuring those working in financial services are appropriately trained and qualified. The regime includes detailed requirements for individuals carrying on certain retail activities, including qualification requirements.
- 3.3** This chapter will be of interest to firms and individuals who are subject to our TC requirements. The text of the proposed amendments and the statutory powers under which they will be made are set out in Appendix 3.

### Summary of proposals

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- 3.4** We propose to correct one of the cross-references in TC 2.1.9R to reflect that the exemption in SYSC 27.5.3R is the "30-day rule", and not the "14-day rule". This does not involve a change in approach or policy.
- 3.5** We propose to introduce a new rule (TC 2.1.31BR), which will require firms to notify the relevant accredited bodies when notifying the FCA of certain significant events concerning the failure to comply with Statements of Principle and Code of Practice for Approved Persons (APER) or Code of Conduct (COCON) by firms' retail investment advisers. We believe this new requirement will give the accredited bodies and firms better opportunity for collaboration and help ensure that the relevant markets function well, and to help secure an appropriate level of protection for consumers. We expect the accredited bodies to utilise this information in their role by ensuring they have all relevant information when issuing a statement of professional standing in respect of retail financial advisers.
- 3.6** We also propose to add two new qualifications to TC Appendix 4, offered by the Chartered Institute for Securities & Investment (CISI):
- *'the CISI Level 4 Certificate in International Advanced Wealth Management'* (when combined with a Retail Distribution Review (RDR) compliant qualification for activities 2 and 12), as being appropriate for TC activities 2, 12 (key a)

- *'the Investment Operations Certificate – Transfer Agency Administration & Oversight' (under the CISI Level 3 Certificate in Investment Operations), (when combined with the CISI's Introduction to Securities and Investment and UK Financial Regulations examinations, to meet activities 15, 16 and 17), as being appropriate for TC activities 15, 16 and 17 (key 6)*

**3.7** Following feedback from the accredited bodies, we propose updating the guidance in TC App 6.1.1G (8), (11), (14), (16), (19), (20) and (21). This includes setting the following expectations:

- A Statement of Professional Standing (SPS) is withdrawn in the event a retail investment adviser becomes subject to a prohibition order;
- Well-balanced governance structures include engaging a broad set of qualities and competences;
- Accredited bodies share information with the FCA as soon as reasonably practicable subject to any constraints, including those arising from relevant data protection legislation;
- Accredited bodies continue to pay attention to the requirements set out in the agreement and the Handbook;
- Examples of information to be shared with the FCA includes the accredited body's decision to withdraw or not renew a retail financial adviser's SPS; and
- The annual audit accredited bodies submit to the FCA setting out their capability to meet relevant FCA guidance is instead submitted every 24 months.

**3.8** We expect that these changes will ensure that accredited bodies will continue to act in the public interest and help to develop the advice profession, carry out effective verification of advisers, have appropriate systems and controls in place and provide evidence to us of their continuing effectiveness and cooperation with us.

**Q3.1: Do you have any comments on the proposed changes to TC?**

## Cost benefit analysis

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**3.9** Section 138I of Financial Services and Markets Act (FSMA) requires us to perform a cost benefit analysis (CBA) of our proposed requirements and to publish the results, unless we consider the proposal will not give rise to any cost or that the increase in costs will be of minimal significance (section 138L (3) FSMA).

**3.10** We expect firms to incur minimal, or no additional costs as a result of these proposals. As such, we have not conducted a CBA as per the exemption under FSMA.

## Impact on mutual societies

**3.11** Section 138K of FSMA requires us to state whether, in our opinion, our proposed rules have a significantly different impact on authorised persons who are mutual societies, compared to other authorised persons. We do not believe this will be the case.

## Compatibility statement

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- 3.12** Section 1B of FSMA requires us, when discharging our general functions, as far as is reasonably possible, to act in a way that is compatible with our strategic objective and advance one or more of our operational objectives. We also need to, carry out our general functions in a way that promotes effective competition in the interests of consumers, so far as is compatible with acting in a way that advances the consumer protection objective or the integrity objective.
- 3.13** We are satisfied that these proposals are compatible with our general duties under section 1B of FSMA, having regard to the matters set out in 1C(2) FSMA and the regulatory principles in section 3B, including securing an appropriate degree of consumer protection and promoting market integrity, by helping to ensure consumers have confidence to transact with firms. We are also satisfied that, so far as is compatible with advances these operational objectives, the proposed amendments are compatible with our duty to promote effective competition in the interests of consumers.
- 3.14** In preparing the proposals as set out in this consultation, we have considered our duty to promote effective competition in the interests of consumers. It is our opinion that making changes to the appropriate qualifications lists and expanding the notification requirements on firms has no negative impact on competition.
- 3.15** In preparing the proposals as set out in this consultation, we have had regard to the recommendations made by the Treasury under s. 1JA FSMA about aspects of the economic policy of Her Majesty's Government in connection with our general duties. It is our opinion that making the proposed changes has no impact on the Treasury's recommendations.

## Equality and diversity

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- 3.16** We are required under the Equality Act 2010 to 'have due regard' to the need to eliminate discrimination and to promote equality of opportunity in carrying out our policies, services and functions.
- 3.17** Overall, we do not consider that the proposals adversely impact any of the groups with protected characteristics, i.e. age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.
- 3.18** We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when publishing the final rules. In the meantime, we welcome comments on any equality and diversity considerations.

## Annex 1

### Abbreviations used in this paper

<b>APER</b>	Statements of Principle and Code of Practice for Approved Persons
<b>CBA</b>	Cost benefit analysis
<b>COCON</b>	Code of Conduct
<b>COMP</b>	Compensation sourcebook
<b>CISI</b>	Chartered Institute for Securities & Investment
<b>CP</b>	Consultation paper
<b>FCA</b>	Financial Conduct Authority
<b>FSCS</b>	The Financial Services Compensation Scheme or the Financial Services Compensation Scheme Limited, as appropriate
<b>FSMA</b>	Financial Services and Markets Act 2000
<b>PRA</b>	Prudential Regulation Authority
<b>SPS</b>	Statement of Professional Standing
<b>TC</b>	Training and Competence sourcebook



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# Appendix 1

## List of Questions

- Q2.1:** Do you agree with the proposed changes to the COMP sourcebook and to the Glossary of definitions? Please provide reasons for your answer.
  
- Q3.1:** Do you have any comments on the proposed amendments to TC?

# Appendix 2

## Draft Handbook text

### Amendments to the Compensation sourcebook

**FINANCIAL SERVICES COMPENSATION SCHEME (MISCELLANEOUS  
AMENDMENTS) INSTRUMENT 2021**

**Powers exercised**

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rule-making power);
  - (2) section 137T (General supplementary powers);
  - (3) section 139A (Power of the FCA to give guidance);
  - (4) section 213 (The compensation scheme); and
  - (5) section 214 (General).
- B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on [*date*].

**Amendments to the Handbook**

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Compensation sourcebook (COMP) is amended in accordance with Annex B to this instrument.

**Citation**

- F. This instrument may be cited as Financial Services Compensation Scheme (Miscellaneous Amendments) Instrument 2021.

By order of the Board  
[*date*]



**Annex A**

**Amendments to the Glossary of definitions**

In this Annex, underlining indicates new text and striking through indicates deleted text.

*protected non-investment insurance distribution* ~~insurance distribution activities~~ which are covered by the ~~compensation scheme~~ compensation scheme, as defined in *COMP 5.7.1R*.

**Annex B**

**Amendments to the Compensation sourcebook (COMP)**

In this Annex, underlining indicates new text and striking through indicates deleted text.

**1 Introduction and Overview**

...

**1.3 Claimants**

...

**1.3.3 G Areas of particular interest to claimants (see COMP 1.1.3G).**

This Table belongs to *COMP 1.1.3G*

...		
<b>Q2</b>	<b>How much compensation will I be offered?</b>	
<b>A2</b>	This depends on whether your <i>protected claim</i> is:	
	...	
	(5)	a <i>claim</i> in connection with <i>protected non-investment insurance distribution</i> ; <u>or</u>
	(6)	<u>a claim in connection with protected debt management business.</u>
<b>Q3</b>	<b>How will the FSCS calculate the compensation that is offered to me?</b>	
		<i>COMP 5.7</i>
		<u><i>COMP 5.8</i></u>

<b>A3</b>	Again, this will depend on whether your <i>protected claim</i> is:		
	...		
	(5)	a <i>claim</i> in connection with <i>protected non-investment insurance distribution</i> ; <u>or</u>	<i>COMP</i> 12.4.20R
	(6)	<u>a <i>claim</i> in connection with <i>protected debt management business</i>.</u>	<u><i>COMP</i> 12.4.21AR</u>
	...		

...

**5 Protected claims**

...

**5.2 What is a protected claim?**

...

Claims in respect of successors

5.2.4 G Where a claim for compensation is in respect of a *claim* against a *successor*, the following rules apply to the *relevant person* for whose liabilities the *successor* has assumed responsibility (or to such *relevant person's* activities, as the case may be):

(1)

...

(5) *COMP* 5.6.2R; ~~and~~

(6) *COMP* 5.7.2R; and

(7) *COMP* 5.8.1R.

...

**8 Rejection of application and withdrawal of offer**

...

**8.2 Rejection of application for compensation**

...

8.2.4 R For *claims* made in connection with *protected investment business*, *protected home finance mediation*, ~~or~~ *protected non-investment insurance distribution*, or *protected debt management business*, the *FSCS* may disregard a defence of limitation where the *FSCS* considers that it would be reasonable to do so.

...

8.2.5 R For *claims* made in connection with *protected investment business*, ~~or~~ *protected non-investment insurance distribution*, *protected home finance mediation* or *protected debt management business* if a *relevant person* (or, where applicable, a *successor*), incorporated as a *company*, has been dissolved with the result that its liability to the claimant has been extinguished by operation of law, the *FSCS* must treat the claim, for the purposes of paying compensation, as if the *relevant person* or a *successor*, as appropriate, had not been dissolved.

...

## 9 Time limits on payment and postponing payment

...

### 9.2 When must compensation be paid?

...

9.2.2 R The *FSCS* may postpone paying compensation if:

...

- (2) in the case of a *claim* relating to *protected investment business* which is not an *ICD claim*, ~~or a *claim*~~ *claim* relating to *protected home finance mediation*, *a claim relating to protected non-investment insurance distribution* or a *claim relating to protected debt management business*, the *FSCS* considers that the claimant should first exhaust his rights against the *relevant person* (or, where applicable, a *successor*) or any third party, or make and pursue an application for compensation to any other *person*; or

...

...

# Appendix 3

## Draft Handbook text

### Changes to the Training and Competence sourcebook

**TRAINING AND COMPETENCE SOURCEBOOK (AMENDMENT No 9)  
INSTRUMENT 2021**

**Powers exercised**

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the “Act”):
- (1) section 137A (The FCA’s general rule-making power);
  - (2) section 137T (General supplementary powers); and
  - (3) section 139A (Power of the FCA to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on *[date]*.

**Amendments to the Handbook**

- D. The Training and Competence (TC) sourcebook is amended in accordance with the Annex to this instrument.

**Citation**

- E. This instrument may be cited as the Training and Competence Sourcebook (Amendment No 9) Instrument 2021.

By order of the Board  
*[date]*

## Annex

### Amendments to the Training and Competence sourcebook (TC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

## 2 Competence

...

### 2.1 Assessing and maintaining competence

...

Exemption from appropriate qualification requirements

#### 2.1.9 R ...

(2) The conditions are that a *firm* should be satisfied that an *employee*:

(a)

...

but (b) and (c) do not apply to an *employee* who is benefiting from the “30-day rule” exemption in SUP 10A.10.8R or the ~~“14-day rule”~~ “30-day rule” exemption in SYSC 27.5.3R, unless the *employee* benefits from that rule because ~~he is~~ they are giving *personal recommendations to retail clients on retail investment products*, is providing *advice on P2P agreements to retail clients* or is a *broker fund adviser*.

...

Notification requirements

#### 2.1.31 R ...

2.1.31A R Where a *firm* is required to notify the FCA of a *retail investment adviser’s* failure to comply with *APER* or *COCON* under TC 21.1.31R(3), the *firm* must also, within the same timeframe, send a similar notification to the *accredited body* that issued a statement of professional standing in respect of that *retail financial adviser*.

...

### App 4.1 Appropriate Qualification tables

...

4.1.1C G ...

**Part 2: Appropriate Qualifications Tables**

...

Qualification provider	Qualification	Activity Number(s)	Key
...			
Chartered Institute for Securities and Investment (CISI) - (Formerly the Securities and Investment Institute (SII); formerly The Securities Association)	...	...	...
	<u>Certificate in International Advanced Wealth Management (Level 4) (only when combined with an RDR compliant qualification for Activities 2 and 12)</u>	<u>2, 12</u>	a
	Investment Advice Diploma (where candidate holds 3 modules including the securities module)	4 and 6	
	...		
	Investment Operations Certificate - Administration of Settlement & Investments Module (previously known as the Private Client Administration Module)	15, 16, 17	6
	<u>Investment Operations Certificate - Transfer Agency Administration &amp; Oversight Module</u>	<u>15, 16, 17</u>	<u>6</u>
	...		
...			

...

**App 6.1 Accredited bodies**

App 6.1.1 G

<b>Introduction</b>	
...	
<b>Process for including a body in the list of accredited bodies</b>	
...	
8.	The <i>FCA</i> will enter into an agreement with the applicant or <i>accredited body</i> which will <del>specify the requirements that</del> <u>require</u> the <i>accredited body</i> <del>must to meet, among other obligations,</del> the criteria and expectations set out in this Appendix or other parts of the <i>Handbook</i> , as amended from time to time. <del>These will include the matters set out in paragraphs 10 to 20.</del> Approval as an <i>accredited body</i> becomes effective only when the name of the applicant is added to the <i>Glossary</i> definition of <i>accredited body</i> .
...	
<b>Carrying out effective verification services</b>	
11.	If independent verification of a <i>retail investment adviser's</i> professional standards has been carried out by an <i>accredited body</i> , the <i>FCA</i> will expect the <i>accredited body</i> to provide the <i>retail investment adviser</i> with evidence of that verification in a <i>durable medium</i> and in a form agreed by the <i>FCA</i> . This is referred to in this Appendix and <del>TC 2.1.28R</del> <u>TC 2.1</u> as a 'statement of professional standing'.
...	
14.	The <i>FCA</i> will expect an <i>accredited body</i> to make it a contractual condition of membership (where a <i>retail investment adviser</i> is a member of the <i>accredited body</i> ) or of using its verification service (where a <i>retail investment adviser</i> is not a member of the <i>accredited body</i> ) that, as a minimum, the <i>accredited body</i> will not continue to verify a <i>retail investment adviser's</i> standards and will withdraw its statement of professional standing if <del>it is provided with:</del>
(1) (a)	<u>it is provided with</u> false information in relation to a <i>retail investment adviser's</i> qualifications or continuing professional development; <del>or</del>
(2) (b)	<u>it is provided with</u> a false declaration in relation to a <i>retail investment adviser's</i> compliance with <i>APER</i> or <i>COCON</i> (as applicable); <u>or</u>



	(3)	<u>the retail investment adviser becomes subject to a prohibition order.</u>
In this regard, an <i>accredited body</i> must have in place appropriate decision-making procedures with a suitable degree of independence and transparency.		
<b>Having appropriate systems and controls in place and providing evidence to the FCA of continuing effectiveness</b>		
...		
16.	The <i>FCA</i> will expect an <i>accredited body</i> to have effective procedures in place for the management of conflicts of interest and have a well-balanced governance structure <u>that engages a broad set of qualities and competences</u> , with at least one member who is independent of the sector.	
...		
<b>Ongoing cooperation with the FCA</b>		
...		
19.	The <i>FCA</i> will expect an <i>accredited body</i> to share information <u>as soon as reasonably practicable</u> with the <i>FCA</i> (subject to any legal constraints, <u>including those in data protection legislation</u> ) in relation to the professional standards of the <i>retail investment advisers</i> who use its service as appropriate. Examples might include conduct issues, complaints, dishonestly obtaining or falsifying qualifications or continuing professional development, <del>or</del> a failure to complete appropriate continuing professional development, <u>or the <i>accredited body's</i> decision to withdraw or not renew a <i>retail financial adviser's</i> statement of professional standing</u> . The <i>FCA</i> will expect an <i>accredited body</i> to notify the <i>firm</i> if issues such as these arise.	
20.	The <i>FCA</i> will expect an <i>accredited body</i> to submit to the <i>FCA</i> , <u>every two years</u> , <del>an annual</del> a report by a suitable independent auditor which sets out that auditor's assessment of the quality of the body's satisfaction of the criteria in paragraphs 10 to 19 in the preceding <del>12</del> <u>24 months</u> and whether, in the auditor's view, the body is capable of satisfying the criteria in the subsequent <del>12</del> <u>24 months</u> . The <i>FCA</i> will expect this <del>annual</del> report to be submitted to the <i>FCA</i> <u>every two years</u> , within three <i>months</i> of the anniversary of the date on which the <i>accredited body</i> was added to the <i>Glossary</i> definition of <i>accredited body</i> .	
<b>Withdrawal of accreditation</b>		
21.	If an <i>accredited body</i> fails or, in the <i>FCA's</i> view, is likely to fail to satisfy the criteria, the <i>FCA</i> will discuss this with the <i>accredited body</i> concerned. If, following a period of discussion, the <i>accredited body</i> has failed to take appropriate corrective action to ensure that it	

	<p>satisfies and will continue to satisfy the criteria, the <i>FCA</i> will withdraw the <i>accredited body's</i> accreditation. <u>Withdrawal of an <i>accredited body's</i> accreditation is reflected in the <i>Handbook</i> by removing its name from amending the list of <i>accredited bodies</i> published in under the <i>Glossary</i> definition of “accredited body”.</u> The <i>FCA</i> will expect the body to notify each <i>retail investment adviser</i> holding a current statement of professional standing of the <i>FCA's</i> decision. A statement of professional standing issued by the <i>accredited body</i> before the withdrawal of accreditation will continue to be valid until its expiration.</p>
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