
FINAL NOTICE

MC Motor Sales Ltd

23 August 2023

ACTION

1. By an application dated 12 October 2022 ("the Application"), MC Motor Sales Ltd ("MCMS") applied under section 55A of the Act for Part 4A permission to carry on the regulated activities of:
 - a. Limited permission credit broking;
 - b. Debt adjusting, limited to the relevant credit activity;
 - c. Debt counselling, limited to the relevant credit activity; and
 - d. Agreeing to carry on a regulated activity.
2. The Application was completed by the provision of further information on 20 January 2023.
3. For the reasons listed below, the Authority has refused the Application.

SUMMARY OF REASONS

4. By its Warning Notice the Authority gave notice that it proposed to refuse the Application and that MCMS was entitled to make representations to the Authority about that proposed action. No representations were received.
5. Following submission of the Application, MCMS failed to respond to any of the Authority's requests for information considered by the Authority to be necessary to allow the Application to be determined until after the Authority issued a letter advising MCMS that if the information was not provided, it would be recommended to the Authority's Executive Decision Maker that the Application be refused. This calls into question whether the Authority would, if the Application were granted, receive adequate information from MCMS, in a timely matter or at all to enable the Authority to determine whether MCMS is complying with the requirements and standards under the regulatory system.
6. In the course of considering the Application, the Authority became aware of information regarding MCMS' proposed candidate to hold the SMF 29 Limited Scope Function ("SMF 29"), Mr Chand Ali, who previously held the SMF 29 at Firm A. While Mr Ali held the SMF 29 at Firm A, Firm A did not submit its CCR007 regulatory return until it had received a letter from the Authority informing it that it had been referred to the Authority's Enforcement Division. Additionally, Mr Ali failed to promptly notify the Authority that the firm had ceased trading. In view of Mr Ali being the sole person performing senior management functions at MCMS, the Authority is concerned that these previous failures to comply with requirements of the regulatory system raises concerns regarding the adequacy of MCMS' non-financial resources, and whether MCMS will be managed in such a way as to ensure its affairs will be conducted in a sound and prudent manner.
7. The Authority also has concerns regarding the adequacy of MCMS' Complaints Policy and Compliance Monitoring Plan submitted as part of its Application. In particular, the Authority is concerned that these documents are not sufficiently detailed to demonstrate that MCMS understands the regulatory obligations it would be subject to if it were authorised. In view of Mr Ali's conduct while performing the SMF 29 at Firm A, the Authority is concerned that neither the Compliance Monitoring Plan nor the Complaints Policy detail MCMS' regulatory reporting obligations. As such the Authority cannot be satisfied that MCMS has in place an adequate system of internal control, or that MCMS is ready, willing and organised to comply with the requirements and standards of the regulatory system.
8. The Authority, therefore, cannot ensure that MCMS will satisfy, and continue to satisfy:
 - a. threshold condition 2C (Effective Supervision);
 - b. threshold condition 2D (Appropriate Resources); and
 - c. threshold condition 2E (Suitability).
9. A Decision Notice was issued to MC Motor Sales Ltd confirming the Authority's decision to refuse the Application. No representations were received.

DEFINITIONS

10. The definitions below are used in this Final Notice.

“the Act” means the Financial Services and Markets Act 2000.

“Additional Information” means the additional information regarding the Application first requested by the Authority on 14 November 2022 (as set out in paragraph 13 below).

“the Application” means the application referred to in paragraph 1 above.

“the Authority” means the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority.

“Compliance Monitoring Plan” means the document titled “Compliance Monitoring Plan” provided by MCMS in support of the Application.

“Complaints Policy” means the document titled “Complaints Procedure” provided by MCMS in support of the Application.

“DISP” means the Dispute Resolution section of the Authority’s handbook.

“the Executive Decision Maker” means the member of the Authority’s staff acting under executive procedures as described in Chapter 4 of the Decision Procedure and Penalties Manual in the Authority’s Handbook.

“Financial Information” means the financial information relating to MCMS first requested by the Authority on 7 November 2022 (as set out in paragraph 12 below).

“MCMS” means MC Motor Sales Ltd.

“the Tribunal” means the Upper Tribunal (Tax & Chancery Chamber).

“SMF” means Senior Management Function.

“SMF 29” means the SMF 29 Limited Scope Function.

“SUP” means the Supervision section of the Authority’s handbook.

FACTS AND MATTERS

11. MCMS was incorporated in England on 2 October 2019. Mr Chand Ali is one of two directors at MCMS. In its Application, MCMS named Mr Ali as its proposed candidate to hold the SMF 29 at MCMS.

12. The Application, to which this Final Notice relates, was submitted on 12 October 2022.

Engagement with the Authority

13. Following an initial assessment of the Application, the Authority emailed MCMS on 7 November 2022 to request its financial information as this had not been submitted with the Application. The email requested MCMS provide its financial information by completing the appropriate template from a number of options provided (i.e. based on its legal status and size). The relevant template for MCMS requested a range of

information relating to MCMS' finances, including financial forecasts ("Financial Information"). The Authority requested that the Financial Information was provided by no later than 14 November 2022. MCMS failed to respond.

14. On 14 November 2022, the Authority emailed MCMS again to request the Financial Information requested on 7 November 2022, as well as some additional information relating to the Application ("Additional Information"). MCMS was asked to provide all of the information requested by no later than 21 November 2022. MCMS failed to respond.
15. On 28 November 2022, as no response had been received from MCMS, the Authority telephoned MCMS but was unable to speak with the relevant individual at MCMS. On the same day, the Authority emailed MCMS to request that its Financial Information and Additional Information be provided by 2 December 2022. MCMS failed to respond.
16. On 22 December 2022, having still not received any response from MCMS to any of the requests for information set out in paragraphs 12 to 14 above, the Authority sent a letter to MCMS informing it that if the information was not provided to the Authority within 10 working days, the Authority would recommend to the Executive Decision Maker that the Application be refused. No response was received by the Authority during this period.
17. On 4 January 2023, the Authority contacted MCMS by telephone and advised MCMS that it had not yet received any response to its letter of 22 December 2022, or any of its previous requests for information. MCMS advised the Authority that it had, in fact, sent the information requested and that if the Authority had not received it, MCMS would re-send it. However, the Authority did not receive any communication from MCMS following this call.
18. On 11 January 2023, the Authority contacted MCMS again by telephone. During this call, the Authority informed MCMS that it had still not received any response to its previous requests for information. MCMS once again informed the Authority that it had previously sent the information requested by the Authority. On this call, the Authority stated it would email MCMS following the call and MCMS agreed to respond to the Authority's email.
19. On 11 January 2023, following the Authority's call and email earlier that same day, MCMS provided the Financial Information originally requested on 7 November 2022. However, MCMS failed to provide the Additional Information initially requested on 14 November 2022. The Financial Information provided referred to MCMS receiving income from unregulated financial services activities. The Authority was not aware that MCMS carried out such activities and was concerned that the information provided may not be correct.
20. Accordingly, on 11 January 2023 the Authority responded by email requesting that MCMS review and resubmit its Financial Information and provide a response to the Additional Information first requested on 14 November 2022. MCMS was given a deadline of 16 January 2023 by which to respond.
21. On 16 January 2023, MCMS resubmitted its Financial Information and provided a response in relation to the Additional Information requested. The resubmitted Financial Information confirmed that it did not, in fact, carry out any unregulated financial services activities. Further, the financial projections provided by MCMS were only provided for 1 year post-authorisation, rather than the 3 years requested by the Authority.

22. On 17 January 2023, the Authority emailed MCMS to request it resubmit its Financial Information and provide 3 years of financial projections post-authorisation as required by the relevant template provided to MCMS on 7 November 2022. A deadline of 20 January 2023 was provided.
23. On 20 January 2023, MCMS provided the required Financial Information in its entirety some two months after the information had first been requested.

Concerns regarding Mr Ali's previous conduct

24. The Authority's assessment of the Application included a review of Mr Chand Ali's previous appointment as the SMF 29 of Firm A. Mr Ali was previously a director of Firm A and held the SMF 29 at this firm until its authorisation was cancelled. Firm A had limited permission for credit broking activity.
25. Under SUP 16.12.4R and 16.12.29CR, the Authority requires regulated firms with a limited permission for credit broking to annually submit a CCR007 return providing information, including numbers of complaints, within a particular period. Firm A failed to submit this return by 15 January 2020 (i.e. its deadline for submitting the return) and so on 3 February 2020, 6 March 2020 and 24 March 2020, the Authority emailed the firm reminding it that the return was overdue for submission. The Authority also telephoned Firm A and followed up the call with an email on 15 September 2020 requesting that the firm submit the return. On 5 November 2020, as the return had still not been submitted, the Authority sent a letter to Firm A to inform the firm that it had been referred to the Authority's Enforcement Division and provided a final opportunity to submit the return otherwise the Authority would seek to cancel its permissions. Following this letter, Firm A did submit the return.
26. In addition to Firm A being referred to the Authority's Enforcement Division due to non-compliance with its reporting obligations, it also failed to inform the Authority that it had ceased trading on 31 March 2022. The Authority was not informed of this until 7 October 2022 when the firm applied to cancel its permissions.
27. As the holder of the SMF 29 at Firm A, Mr Ali had a duty to take reasonable steps to ensure that the business of the firm for which he was responsible was controlled effectively and that it complied with the relevant requirements and standards of the regulatory system.
28. These previous failures by Firm A to provide information to the Authority whilst Mr Ali held the SMF 29, along with MCMS' failure to provide information in a timely manner to the Authority, raises concerns regarding whether MCMS would, were it to be authorised, comply with requirements imposed by, and requests made by, the Authority and whether its business would be managed in a sound and prudent manner.
29. The Authority does not carry out day-to-day supervision of small firms such as Firm A and MCMS. Therefore, it is vital that firms update the Authority with any material changes and submit reports and returns when requested as if firms do not do so, the Authority's ability to ensure that the interests of consumers are protected is severely prejudiced.

Concerns regarding MCMS' policies

30. In support of the Application, MCMS provided its Complaints Policy and Compliance Monitoring Plan.

31. The Authority has the following concerns regarding the adequacy of these policies:

- a. The Complaints Policy does not explain or provide detail for how MCMS will comply with rules in DISP 1.5 in relation to the sending of a 'summary resolution communication' to complainants. For example, it does not include the process for issuing this communication, or provide an example of the communication it would send. Therefore, the Policy does not demonstrate that a 'summary resolution communication' would inform complainants that they may have the option to refer a complaint to the Financial Ombudsman Service if they are dissatisfied with MCMS' resolution, which is a requirement under DISP 1.5.4R(2);
- b. The Compliance Monitoring Plan and the Complaints Policy omit MCMS' regulatory reporting requirements. For example, there is no reference to the CCR007 return, which is required to be submitted by limited permission firms on an annual basis under SUP 16.12.4R and SUP 16.12.29CR. The CCR007 return requests key data from a firm including, but not limited to, the number of complaints received in the relevant period. The omission of MCMS' regulatory reporting requirements from its policies is of particular concern given the SMF 29 applicant's previous conduct at Firm A, in which the firm was referred to the Authority's Enforcement Division due to its failure to submit the CCR007 return; and
- c. The Compliance Monitoring Plan lacks information on how MCMS will monitor risks that are most relevant to firms with limited permission for credit broking. For example, it does not detail how the Firm will monitor risks in relation to the recommendation of products that are unsuitable for customers or the treatment of vulnerable customers.

IMPACT ON THE THRESHOLD CONDITIONS

The regulatory provisions relevant to this Final Notice are referred to in **Annex A**.

32. In light of the facts and matters set out above and for the reasons set out below, the Authority cannot ensure that, if the Application was granted, MCMS would satisfy, and continue to satisfy the following threshold conditions.

Threshold condition 2C: Effective Supervision

33. A firm must be capable of being effectively supervised by the Authority having regard to all the circumstances. Factors that the Authority will take into account in assessing threshold condition 2C include whether it is likely the Authority will receive adequate information from the firm, to enable it to determine whether the firm is complying with the requirements and standards of the regulatory system (COND 2.3.3G(1)).

34. The Authority is not satisfied that MCMS is capable of being effectively supervised by the Authority. In particular:

- a. On a number of occasions, MCMS failed to respond to the Authority's requests for information that were necessary for the Authority to assess its Application by the deadlines given and only began engaging with the Authority after a letter had been sent to MCMS, advising that if the information was not provided the Application would be recommended for refusal. MCMS' failure to respond to the Authority's repeated requests for information calls into question whether MCMS is ready, willing and organised to comply with the requirements and standards

under the regulatory system. It also raises concerns that MCMS would not deal with the Authority in an open and cooperative manner if it were authorised.

- b. The conduct of Mr Ali while performing the SMF 29 at Firm A raises further concerns regarding whether the Authority is likely to receive adequate information from MCMS. Firm A was referred to the Authority's Enforcement Division due to a failure to submit its regulatory return, CCR007, (despite several communications sent by the Authority informing it that it was required to do so). Additionally, Mr Ali failed to promptly notify the Authority that Firm A had ceased trading. The Authority's concerns regarding Mr Ali's conduct in failing to ensure Firm A submitted its CCR007 return are compounded by the fact that neither MCMS' Compliance Monitoring Plan or Complaints Policy detailed its regulatory reporting obligations, which raises further concerns that if MCMS were to be authorised, the Authority would not be kept adequately informed of important information in relation to MCMS' regulated activities.
35. The Authority, therefore, considers it cannot be satisfied that it would receive adequate information from MCMS, in a timely matter or at all, to enable it to determine whether MCMS is complying with the requirements and standards under the regulatory system for which the Authority is responsible. Accordingly, the Authority cannot ensure that MCMS will satisfy, and continue to satisfy, threshold condition 2C.

Threshold condition 2D: Appropriate Resources

36. A firm's resources must be appropriate in relation to the regulated activities it carries on or seeks to carry on. Non-financial resources of a person includes any systems, controls, plans or policies that the person maintains, and the human resources that the person has available (Paragraph 1A of Schedule 6 of the Act). Paragraph 2D(4) of Schedule 6 of the Act sets out that the matters which are relevant in determining whether a firm has appropriate non-financial resources include the skills and experience of those who manage a firm's affairs, and whether a firm's non-financial resources are sufficient to enable a firm to comply with requirements imposed or likely to be imposed on a firm by the Authority in the exercise of its functions.
37. The Authority is not satisfied that MCMS' non-financial resources will be appropriate in relation to the regulated activities it seeks to carry on. In particular:
- a. The Complaints Policy and Compliance Monitoring Plan, which were provided in support of the Application, are not sufficiently detailed to demonstrate that MCMS understands the regulatory obligations MCMS would be subject to if it were authorised, or that it has the required systems and controls in place to comply with them.
 - b. MCMS's repeated failure to respond to several of the Authority's information requests within reasonable deadlines provided by the Authority raises concerns that MCMS does not have adequate human resources to be able to comply with future requests made, or requirements imposed, by the Authority.

- c. The previous conduct of MCMS's proposed SMF 29 candidate, Mr Chand Ali, while performing the SMF 29 at Firm A as set out above raises concerns regarding the skills and experience of those who manage MCMS' affairs.

The Authority therefore considers it cannot ensure that MCMS will satisfy, and continue to satisfy, threshold condition 2D.

Threshold condition 2E: Suitability

- 38. A firm must be a fit and proper person having regard to all the circumstances, including whether it has complied and is complying with requests relating to the provision of information to, or requirements imposed by, the Authority, and whether its business is being, or is to be, managed in such a way as to ensure that its affairs will be conducted in a sound and prudent manner. Examples of the kind of particular considerations to which the FCA may have regard when assessing whether a firm will satisfy, and continue to satisfy, this threshold condition include whether a firm is open and cooperative in all its dealings with the Authority and whether it has an adequate system of internal control to comply with the requirements and standards for which the Authority is responsible under the regulatory system (COND 2.5.6G).
- 39. MCMS has not satisfied the Authority that it is a fit and proper person having regard to all the circumstances.
- 40. The Authority cannot be satisfied that MCMS has in place an adequate system of internal control due to the concerns with the adequacy of its Complaints Policy and Compliance Monitoring Plan. Further, in light of the Authority's concerns regarding the previous conduct of MCMS' SMF 29 applicant whilst performing the role of SMF 29 at Firm A, the Authority cannot be satisfied that MCMS' business will be managed in such a way as to ensure its affairs will be conducted in a sound and prudent manner, or that MCMS is ready, willing and organised to comply with the requirements and standards of the regulatory system. The Authority therefore considers it cannot ensure MCMS will satisfy, and continue to satisfy, threshold condition 2E.
- 41. On the basis of the facts and matters described above, the Authority cannot ensure that MCMS will satisfy, and continue to satisfy, the threshold conditions in relation to all of the regulated activities for which MCMS would have permission if the Application was granted and accordingly the Authority has decided to refuse the Application.

PROCEDURAL MATTERS

Important Notices

- 42. This Final Notice is given under section 390 of the Act.

Publication

- 43. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this Notice relates. Under those provisions, the Authority must publish such information about the matter to which this Notice relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to you or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.

44. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Jason Sullivan
Executive Decision Maker

ANNEX A – REGULATORY PROVISIONS RELEVANT TO THIS FINAL NOTICE

Relevant Statutory Provisions

1. Section 55A(1) of the Act provides for an application for permission to carry on one or more regulated activities to be made to the appropriate regulator. Section 55A(2) defines the “appropriate regulator” for different applications.
2. Section 55B(3) of the Act provides that, in giving or varying permission, imposing or varying a requirement, or giving consent, under any provision of Part 4A of the Act, each regulator must ensure that the person concerned will satisfy, and continue to satisfy, in relation to all of the regulated activities for which the person has or will have permission, the threshold conditions for which that regulator is responsible.
3. The threshold conditions that relate to the current application are set out in Part 2 of Schedule 6 to the Act. In brief, the threshold conditions relate to:
 - (1) Threshold condition 2C: Effective supervision
 - (2) Threshold condition 2D: Appropriate resources
 - (3) Threshold condition 2E: Suitability

Relevant provisions of the Authority’s Handbook

Threshold Conditions - COND

4. In exercising its powers in relation to the granting of a Part 4A permission, the Authority has regard to guidance published in the Authority’s Handbook, including the part entitled ‘Threshold Conditions’ (“COND”). Provisions relevant to the consideration of the current application include those set out below.

General guidance

5. COND 1.3.2G(2) states that, in relation to threshold conditions 2D to 2F, the Authority will consider whether a firm is ready, willing and organised to comply on a continuing basis with the requirements and standards under the regulatory system which will apply to the firm if it is granted Part 4A permission.
6. COND 1.3.3AG provides that, in determining the weight to be given to any relevant matter, the Authority will consider its significance in relation to the regulated activities for which the firm has, or will have, permission, in the context of its ability to supervise the firm adequately, having regard to the Authority’s statutory objectives. In this context, a series of matters may be significant when taken together, even though each of them in isolation might not give serious cause for concern.
7. COND 1.3.3BG provides that, in determining whether the firm will satisfy, and continue to satisfy, the FCA threshold conditions, the FCA will have regard to all relevant matters, whether arising in the United Kingdom or elsewhere.
8. COND 1.3.3CG provides that, when assessing the FCA threshold conditions, the FCA may have regard to any person appearing to be, or likely to be, in a relevant relationship with the firm, in accordance with section 55R of the Act (Persons

connected with an applicant). For example, a firm's controllers, its directors or partners, other persons with close links to the firm (see COND 2.3), and other persons that exert influence on the firm which might pose a risk to the firm's satisfaction of the FCA threshold conditions, would be in a relevant relationship with the firm.

Threshold Condition 2C: Effective supervision

9. COND 2.3.3G states that, when the FCA is assessing threshold condition 2C, factors which the FCA will take into consideration include, among other things, whether:

- (1) it is likely that the FCA will receive adequate information from the firm, and those persons with whom the firm has close links, to enable it to determine whether the firm is complying with the requirements and standards under the regulatory system for which the FCA is responsible and to identify and assess the impact on its statutory objectives; this will include consideration of whether the firm is ready, willing and organised to comply with Principle 11 (Relations with regulators and the rules in SUP on the provision of information to the FCA;
- (2) the structure and geographical spread of the firm, the group to which it belongs and other persons with whom the firm has close links, might hinder the provision of adequate and reliable flows of information to the FCA; factors which may hinder these flows include the fact there may be branches or connected companies in territories which supervise companies to a different standard or territories with laws which restrict the free flow of information, although the FCA will consider the totality of information available from all sources; and
- (3) in respect of a firm not carrying on, or seeking to carry on, a PRA-regulated activity, it is possible to assess with confidence the overall financial position of the group at any particular time; factors which may make this difficult include lack of audited consolidated accounts for a group, if companies in the same group as the firm have different financial years and accounting dates and if they do not share common auditors.

Threshold condition 2D: Appropriate Resources

10. COND 2.4.2G(2) states that the FCA will interpret the term 'appropriate' as meaning sufficient in terms of quantity, quality and availability, and 'resources' as including all financial resources (though only in the case of firms not carrying on, or seeking to carry on, a PRA-regulated activity), non-financial resources and means of managing its resources; for example, capital, provisions against liabilities, holdings of or access to cash and other liquid assets, human resources and effective means by which to manage risks.
11. COND 2.4.2G(3) states that high level systems and control requirements are in SYSC. The FCA will consider whether the firm is ready, willing and organised to comply with these and other applicable systems and controls requirements when assessing if it has appropriate non-financial resources for the purpose of threshold condition 2D.

12. COND 2.4.2G(4) states that detailed financial resources requirements are in the relevant section of the Prudential Standards part of the FCA Handbook, including specific provisions for particular types of regulated activity. The FCA will consider whether firms (other than firms carrying on, or seeking to carry on, PRA-regulated activities) are ready, willing and organised to comply with these requirements when assessing if they have appropriate financial resources for the purposes of threshold condition 2D.

13. COND 2.4.4G states that, when assessing whether a firm has appropriate resources, the Authority will have regard to matters including:

“Whether the firm has taken reasonable steps to identify and measure any risks of regulatory concern that it may encounter in conducting its business (see COND 2.4.6 G) and has installed appropriate systems and controls and appointed appropriate human resources to measure them prudently at all times. For a Solvency II firm, the PRA Rulebook: Solvency II firms: Conditions Governing Business and Solvency II Regulation (EU) 2015/35 of 10 October 2014 also contain systems and control requirements on these matters and the FCA will take these into account.”

Threshold condition 2E: Suitability

14. COND 2.5.1A states that A must be a fit and proper person having regard to all the circumstances, including-

- (a) A’s connection with any person;
- (b) the nature (including the complexity) of any regulated activity that A carries on or seeks to carry on;
- (c) the need to ensure that A’s affairs are conducted in an appropriate manner, having regard in particular to the interests of consumers and the integrity of the UK financial system;
- (d) whether A has complied and is complying with requirements imposed by the FCA in the exercise of its functions, or requests made by the FCA, relating to the provision of information to the FCA and, where A has so complied or is so complying, the manner of that compliance;
- (e) whether those who manage A’s affairs have adequate skills and experience and act with probity;
- (f) whether A’s business is being, or is to be, managed in such a way as to ensure that its affairs will be conducted in a sound and prudent manner; and
- (g) the need to minimise the extent to which it is possible for the business carried on by A, or to be carried on by A, to be used for a purpose connected with financial crime.

15. COND 2.5.2G(2) states that the FCA will also take into consideration anything that could influence a firm's continuing ability to satisfy threshold condition 2E. Examples include the firm's position within a UK or international group, information provided by overseas regulators about the firm, and the firm's plans to seek to vary

its Part 4A permission to carry on additional regulated activities once it has been granted that permission.

16. COND 2.5.3G(1) states that the emphasis of threshold condition 2E is on the suitability of the firm itself. The suitability of each person who performs a controlled function will be assessed by the FCA and/or the PRA, as appropriate, under the approved persons regime (see SUP 10 (Approved persons) and FIT). In certain circumstances, however, the FCA may consider that the firm is not suitable because of doubts over the individual or collective suitability of persons connected with the firm.
17. COND 2.5.4G(2) states that examples of the kind of general considerations to which the FCA may have regard when assessing whether a firm will satisfy, and continue to satisfy, threshold condition 2E include, but are not limited to, whether the firm:
 - (a) conducts, or will conduct, its business with integrity and in compliance with proper standards;
 - (b) has, or will have, a competent and prudent management; and
 - (c) can demonstrate that it conducts, or will conduct, its affairs with the exercise of due skill, care and diligence.
18. COND 2.5.6G provides that examples of the kind of particular considerations to which the FCA may have regard when assessing whether a firm will satisfy, and continue to satisfy, this threshold condition include, but are not limited to, whether:
 - (a) the firm has been open and co-operative in all its dealings with the FCA and any other regulatory body (see Principle 11 (Relations with regulators)) and is ready, willing and organised to comply with the requirements and standards under the regulatory system (such as the detailed requirements of SYSC and, in relation to a firm not carrying on, or seeking to carry on, a PRA-regulated activity only, the Prudential Standards part of the FCA Handbook) in addition to other legal, regulatory and professional obligations;
 - (b) the relevant requirements and standards will depend on the circumstances of each case, including the regulated activities which the firm has permission, or is seeking permission, to carry on;
 - (c) the firm has made arrangements to put in place an adequate system of internal control to comply with the requirements and standards for which the FCA is responsible under the regulatory system;
 - (d) the firm has been the subject of, or connected to the subject of, any existing or previous investigation or enforcement proceedings by the FCA, the Society of Lloyd's or by other regulatory authorities (including the FCA's predecessors), clearing houses or exchanges, professional bodies or government bodies or agencies; the FCA will, however, take both the nature of the firm's involvement in, and the outcome of, any investigation or enforcement proceedings into account in determining whether it is a relevant matter

- (e) the governing body of the firm is made up of individuals with an appropriate range of skills and experience to understand, operate and manage the firm's regulated activities;
- (f) those persons who perform controlled functions under certain arrangements entered into by the firm or its contractors (including appointed representatives or, where applicable, tied agents) act with due skill, care and diligence in carrying out their controlled function (see APER 4.2 (Statement of Principle 2) or COCON 2.1.2R or managing the business for which they are responsible (see APER 4.7 (Statement of Principle 7) or COCON 2.2.2R, as applicable);
- (g) the firm has taken reasonable care to ensure that robust information and reporting systems have been developed, tested and properly installed.