

## Application for authorisation

### Application form for– UK branch of an international bank notes

**Before completing the application form you should review the banking authorisations information on the [New Bank Start-up Unit's website](#)**

When completing the application form you will need to refer to the relevant sections of the PRA Rulebook and the FCA Handbook which are published on our respective websites.

Please take time to read these notes carefully. They will help you to complete the form correctly.

If after reading these notes, you need more help please:

- consult the New Bank Start-up Unit's website;
- consult the [PRA Rulebook](#) and the [FCA Handbook](#)
- call the New Bank Start-up Unit on 020 3461 8100; or
- [email](#) the New Bank Start-up Unit

These notes, while aiming to help you, do not replace the rules and guidance in the PRA Rulebook and the FCA Handbook.

#### The Threshold Conditions

Throughout the application pack, you will see references to the Threshold Conditions. These are the minimum requirements that a firm must satisfy to be and remain authorised. A branch of an international bank forms part of a legal entity incorporated outside the UK; authorisation applies to the whole firm and therefore the whole firm will be assessed against both sets of Threshold Conditions.

The PRA and the FCA each have their own Threshold Conditions that must be satisfied and these are set out in FSMA Schedule 6.

#### Terms in this form

These notes use the following terms:

- 'you' refers to the persons signing the form on behalf of the applicant firm;
- 'applicant firm' or 'firm' refers to the firm applying for authorisation;
- 'UK branch' refers to the UK branch of the applicant firm
- 'PRA', 'FCA' 'we', 'us' or 'our' refers to the Prudential Regulation Authority and/or the Financial Conduct Authority; and
- 'FSMA' refers to the Financial Services and Markets Act 2000.

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## Core details

# 1

### Contact for this application

#### 1.1 Contact details of the person we will get in touch with about this application.

This should be someone in the UK. If you feel that a second contact name is useful, e.g. if the main contact will not be available for a long period of time, please provide details.

#### Details of professional advisers

Some applicant firms seek professional help in completing the application (e.g. from a compliance consultant or lawyer). Questions 1.2 to 1.4 ask if the applicant firm has had such help, and if so, requests details of its adviser.

#### 1.2 Have you used a professional adviser to help with this application?

No additional notes.

#### 1.3 Name of professional adviser's firm

No additional notes.

#### 1.4 Name and contact details of professional adviser

No additional notes.

### Information for the Financial Services Register

#### 1.5 Principal place of business of the UK branch of applicant firm

Once authorised, this address will appear on the firm's public entry on the Financial Services Register.

Please note that for this purpose the principal place of business means the main place where work is performed or business is carried on.

#### 1.6 Date of registration at Companies House (dd/mm/yyyy)

No additional notes.

#### 1.7 UK branch registered number at Companies House

You should state the applicant firm's registration number in the country that it is registered in.

#### 1.8 Principal place of business of the applicant firm

Please note that for this purpose the principal place of business means the main place where work is performed or business is carried on.

**1.9 Is the registered office address the same as the principal place of business?**

No additional notes.

**1.10 Date of incorporation or formation of the applicant firm (dd/mm/yyyy)**

**1.11 Home state registration number**

No additional notes.

**1.12 Where is the applicant firm's head office?**

No additional notes.

**1.13 Does the applicant firm have a website address?**

We may look at this when processing the application.

**1.14 Complaints contact person's details for the Financial Services Register**

Senior Management functions are the jobs or responsibilities in a business that have a particular regulatory significance. You can find more information about the senior managers' regime here:

- [PRA Functions](#)
- [FCA Functions](#)

**Financial year-end**

**1.15 Date of the applicant firm's financial year-end (dd/mm)**

Once authorised, this date will be used to determine the firm's deadlines for reporting to us.

**Details of auditor**

**1.16 Does the applicant firm have an auditor?**

Auditors can act as a source of information for us in our ongoing supervision of firms. They will report, where required, on the financial resources of the firm, the accuracy of its reports to us and a firm's compliance with particular rules and requirements – for example, the client asset rules.

**Sensitive Business names**

**1.17 Does the applicant firm intend to change the registered name given on the front of this form upon authorisation?**

No additional notes

**1.18 Does the applicant firm intend to use any trading names as well as the name given on the front of this form?**

This is important for your ongoing supervision, if authorised, so we can track a firm's activity through any financial promotions, e.g. adverts. It may also help us in the handling of any complaints against the firm.

## History of applicant firm

- 1.19 Has the applicant firm been refused – or had revoked – any licence, membership, authorisation, registration or other permission granted by a financial services regulator or government body in the UK or overseas?**

No additional notes.

- 1.20 Has the applicant firm after making an application to a regulatory body for:**

- A licence
- Authorisation
- Registration
- Notification
- Membership, or
- Other permission granted by a regulatory body

### **Decided not to proceed with it?**

No additional notes.

- 1.21 If the answer to question 1.19 or 1.20 is yes, please give a full explanation of the events in question below.**

No additional notes.

## Who controls (owns) the applicant firm?

- 1.22 Controllers and Close Links**

This information helps us to understand who controls/owns the applicant firm and the relationships the firm might have with other individuals or entities.

Broadly speaking controllers fall under the definitions detailed below:

- (1) holds 10% or more of the shares, rights limited to shares or the voting power in the applicant firm or its parent undertaking
- (2) is able to exercise significant influence over the management of the applicant firm through their shareholding or voting power in the applicant firm or its parent undertakings

Under CRD IV an applicant firm is required to inform us of the identity of the 20 largest shareholders or members if there are no controllers that fall into any of the categories above.

- 1.23 Controller Forms**

No further notes.

## **Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.**

- 1.24 Will the applicant be required to comply with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and supervised by the FCA?**

For further help please refer to our website: [www.fca.org.uk/firms/money-laundering-terrorist-financing/registration](http://www.fca.org.uk/firms/money-laundering-terrorist-financing/registration).

- 1.25 Will the applicant firm also be acting as a Money Service Business or Trust or Company Service Provider?**

You are obliged, under The Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 to inform us if you act as 'money service business' or 'trust or company service provider'. If you carry out these services then you will also need to consider the requirements that the regulations place on your anti-money laundering controls.

A money service business is a firm or sole practitioner who carries out any of these activities:

- bureau de change
- transmitting money (or any representations of money) by any means
- cashing cheques that have been made payable to customers

A Trust or company service provider is a firm or sole practitioner who by way of business provides any of the following services to other persons:

- forming companies or other legal persons
- acting, or arranging for another person to act:
  - as a director or secretary of a company
  - as a partner of a partnership
  - in a similar position in relation to other legal persons
- providing a registered office, business address, correspondence or administrative address or other related services for a company, partnership or any other legal person or arrangement
- acting, or arranging for another person to act, as:
  - a trustee of an express trust or similar legal arrangement
  - a nominee shareholder for a person other than a company whose securities are listed on a regulated market

The Money Laundering Regulations 2007 introduced new requirements. New concepts such as simplified due diligence and enhanced due diligence allow you to be more risk-based in your approach, but there are also more detailed customer due diligence requirements.

Much of what is prescribed by the Regulations is already good industry practice. For a full understanding of the new requirements, you should consult the Money Laundering Regulations 2007 and the Joint Money Laundering Steering Group's draft guidance. These texts will help you understand what you will need to consider and can be found on our website.

**1.26 Please tick if the applicant firm is conducting any of the activities listed below:**

Please indicate if your firm falls into one or more of these categories. If none of these apply to you, then there will be no need to answer this question.

Trust or company service provider

A 'trust or company service provider' is a business that forms companies (or other legal entities) on behalf of their clients. It may also perform related services. The Money Laundering Regulations 2007 provide a full definition in Regulation 3(10).

Currency exchange office

A currency exchange office, or bureau de change, offers a foreign exchange service to the public. It does not include participating in the wholesale foreign-exchange markets.

Transmitting money (or any representations of money) by any means

This includes remitting money, initiating wire transfers and issuing electronic money. If an authorised person offers such a service it will need to notify us.

Cashing cheques that have been made payable to customers

Cheque cashers advance funds to customers who present a cheque made out in their name.

# 2 Business plan

The applicant firm's description of its UK Branch's proposed business is an important part of the overall application and integral to our decision-making. The amount of detail submitted should be proportionate to the scale and complexity of the proposed business and to the risks to the applicant firm's prospective clients from that business. Regarding the Threshold Conditions, the PRA and the FCA need to be satisfied that the applicant firm can:

- demonstrate the ongoing viability of its business proposal, including appropriate supporting material and market research
  - identify all the regulated activities and any unregulated business that it intends to carry on
  - demonstrate that it will have the skills, competence and governance arrangements appropriate to managing a banking business
  - demonstrate that the business will be run in a prudent manner
  - identify all the likely business and regulatory risk factors
  - explain how it will monitor and control these risks
  - take into account any intended future developments
- The applicant firm must be capable of being effectively supervised by both the PRA and the FCA. You can find more information about our Threshold Conditions on the PRA and FCA websites and about business risks and controls in the SYSC Sourcebook of the Handbooks.

## Ownership of the firm

### 2.1 Where applicable, summarise the business of the applicant firm, its controllers and related group entities as shown on the group structure chart.

See SUP 11 for information on controllers, and the websites for links to the forms.

## Business strategy

### 2.2 Explain how the UK branch operations will fit in to the wider strategy of the applicant firm and why the applicant firm has decided to carry on the business for which it is seeking authorisation.

No additional notes.

## Business model

### 2.3 Description of proposed business of the UK branch, including:

- 2.3.1.1 Geographical scope of operations and future expansion plans
- 2.3.1.2 Target markets and customer segmentation
- 2.3.1.3 Clients – include types, regulatory classification, sources, client base size
- 2.3.1.4 Products and services
- 2.3.1.5 Delivery channels – branches, internet, postal, agencies, subsidiaries
- 2.3.1.6 Pricing
- 2.3.1.7 Promotion and marketing – initial and future
- 2.3.1.8 Funding profile and diversification
- 2.3.1.9 Details of any planned Trading Book activity

Include details of all the above for all areas of regulated and unregulated business proposed. For treasury business explain the split between proprietary and client activity, instruments to be traded; and trading counterparties. Also explain the overlap between the firm's proposed treasury business and its application (if any) for permission to carry on the regulated activity of dealing in investments as principal.

**2.3.1 Describe how the proposed business aligns to the Scope of Permission applied for.**

Explain how the business scope described above links with the actual permissions, investment types and client types applied for.

**2.3.2 Explain the competitive advantage and any unique selling proposition of the business proposals.**

No additional notes.

**2.3.3 Provide details of the market research and competitor analysis undertaken and its outcome.**

No additional notes.

**Business plan**

**2.4 Financial projections for the UK branch (five years).**

Please include financial projections for five years and include breakdown by product class and year.

**2.4.1 Explain in detail the initial and long-term viability of the business model of the UK branch.**

No additional notes

**2.4.2 Provide stress scenarios to show what will be the effect of the key assumptions underpinning the UK branch's business model and its viability not turning out as planned.**

The applicant firm should bear in mind that significant stress impact may result from material over-success as well as from material under-achievement of plans.

**Financial resources**

**2.5 Provide a high-level summary of the applicant firm's and the UK branch's financial resources. Provide details of the source of funds that will be injected into the UK branch to support its proposed business activities.**

No additional notes.

**Non-financial resources**

**2.6 Description of human resources associated with the UK branch (including expected changes over the period of the business plan). Please include an organogram.**

No additional notes.

**2.6.1 Overview of intended IT systems utilised by the UK branch including details of operating systems, databases and applications that will support the core business processes.**

Provide a description of IT systems to be employed across the proposed business, identifying whether these are existing proven systems (indicate the amount of amendment needed to accommodate the proposed business) or new systems in development.

**Governance arrangements, management structure, responsibilities and controls**



The structure chart should tell us about the applicant firm's 'mind and management' – in other words, the key officers and directors and their responsibilities within the structure of the firm. It should clearly show:

- the names of significant staff (e.g. directors, chief executive, managers)
  - the senior management function(s) for each individual
  - direct reporting lines into the board including board committees, where applicable. If these change while we are considering this application, please tell us immediately
- For further guidance see the PRA Rulebook and the FCA Handbook.

## **2.7 Provide a structure chart of the applicant firm's Board.**

No additional notes.

### **2.7.1 Provide details of the applicant firm's oversight and control framework over the UK branch. Include reporting lines within the UK branch and to the wider firm and group and describe how these arrangements will operate in practice.**

You must explain how the applicant firm will exercise control and oversight of the UK branch. Where there are matrix management arrangements / dual reporting lines to UK branch management and to management located outside the UK, a clear explanation should be provided concerning how these will work in practice. Attach the formal Delegation of Authority from the applicant firm to the UK branch.

### **2.7.2 Provide the proposed committee and management structure chart for the UK branch and details of the experience of the management team in relation to the planned business.**

No additional notes.

### **2.7.3 Give an overview of the intended structure, resources and reporting lines for the UK branch's:**

- 2.7.3.1 Compliance function
- 2.7.3.2 Internal Audit function
- 2.7.3.3 Risk function

It is the responsibility of the governing body to ensure that it maintains both an independent internal audit structure and adequate compliance arrangements, sufficiently resourced with staff of relevant experience and skills, appropriate to the size and complexity of its business.

# 3

## Scope of Permission required

### Background

FSMA states that no person may carry on a regulated activity in the UK, or claim to do so, unless they are either authorised or exempt. This is known as the general prohibition. If the applicant firm carries on a regulated activity that is not included within its Scope of Permission notice then it could be subject to enforcement action.

Getting the applicant firm's Scope of Permission right at the outset is fundamental.

**It is the applicant firm's responsibility to make sure that the Scope of Permission it applies for fully and accurately reflects the business it is proposing to carry on.**

The Scope of Permission notice shows the range of regulated activities the applicant firm will be authorised to carry on, as well as the types of investments and clients for which it can carry on business for each respective regulated activity. It will also contain what we refer to as requirements and limitations. Broadly speaking, limitations are included in the descriptions of specific regulated activities (e.g. not to carry on business with retail clients) and requirements are on the firm to take or not to take specified actions (e.g. not to hold client money).

All these details are recorded on the Financial Services Register available through the FCA and PRA websites.

### Wording of the Scope of Permission Notice

The Scope of Permission Notice will follow the wording in the Perimeter Guidance (PERG) 2 of the FCA Handbook.

### Regulated activities

You can find a full description of each regulated activity in PERG of the FCA Handbook, and you may also find it useful to look at the Handbook Glossary.

### Investment types

You can find a full description of each investment type, including guidance on what is excluded from each definition, in PERG of the FCA Handbook.

### Client types

For the definitions of the respective client types, please refer to the Handbooks Glossary and client classification in COBS 3.

### Accepting deposits

#### 3.1 Regulated activity and investment type.

As a matter of course, a bank will carry on the regulated activity of 'accepting deposits', in relation to the investment type of 'deposit'.

#### 3.1.1 Client types.

There is a definition of wholesale depositor [here](#); if the branch will take deposits from any other type of depositor then select 'retail'.

#### 3.1.2 Wholesale only limitation.

If the UK branch is intending to accept deposits from wholesale depositors only, it may apply for the limitation 'Limited to accepting wholesale customer deposits only.'

## **Dealing in investments as principal**

### **3.2 Is the applicant firm applying for permission to carry on the regulated activity of dealing in investments as principal?**

No additional notes.

#### **3.2.1 Investment types for own treasury business.**

The applicant firm will carry on the regulated activity of dealing in investments as principal for treasury business if it is proposing to buy/sell contractually-based investments, whether this is to either generate a return or for hedging purposes. If this is the case, it will need permission for that regulated activity. For own treasury business, as long as article 15 of the Regulated Activities Order (RAO) is fulfilled, permission is not required for such activity in securities investment types.

#### **3.2.2 Client types.**

The applicant firm's clients will be the counterparties to the trades in which it will be dealing in investments as principal for own treasury business. We do not expect that these trading counterparties will be retail clients.

#### **3.2.3 Standard limitation – investment activity in rights to or interests in investments.**

No additional notes.

#### **3.2.4 Standard limitation – dealing in investments as principal ancillary to accepting deposits.**

No additional notes.

## **Other investment business regulated activities**

### **3.3 Is the applicant firm applying for permission to carry on investment business regulated activities for clients, in addition to its proposed business of accepting deposits from clients?**

No additional notes.

#### **3.3.1 Investment Business Permission Profile Table.**

The applicant firm must look at the list of regulated activities and decide which are relevant to its proposed business. **The regulated activities applied for must correspond with the description of the applicant firm's proposed investment business set out in its regulatory business plan.** The applicant firm will need to build up each of these regulated activities by selecting the appropriate investment and client types, and by considering whether any additional requirements or limitations are applicable.

#### **3.3.2 Standard limitation – investment activity in rights to or interests in investments.**

The wording of this standard limitation is 'investment activity in 'rights to or interests in investments (security and/or contractually based investment [as appropriate]) is limited to the other investment types granted for this activity'.

## Home finance business

### 3.4 Is the applicant firm applying for permission to carry on regulated activities in home finance business?

No additional notes.

#### 3.4.1 Home Finance Business Permission Profile Table.

The applicant firm must look at the list of regulated activities and decide which are relevant to its proposed business. **The regulated activities applied for must correspond with the description of the applicant firm's proposed home finance business set out in its regulatory business plan.** The applicant firm will need to build up each of these regulated activities by selecting the appropriate investment types, and by considering whether any additional requirements or limitations are applicable. The customer type for all of these regulated activities is 'Customer'.

## General insurance business

### 3.5 Is the applicant firm applying for permission to carry on regulated activities in general insurance contracts?

No additional notes.

#### 3.5.1 General Insurance Business Permission Profile Table.

The applicant firm must look at the list of regulated activities and decide which are relevant to its proposed business. **The regulated activities applied for must correspond with the description of the applicant firm's proposed general insurance business set out in its regulatory business plan.** The applicant firm will need to build up each of these regulated activities by selecting the appropriate customer types, and by considering whether any additional requirements or limitations are applicable. The applicable investment type for general insurance business is 'non-investment insurance contract'.

## Consumer credit

### 3.6 Is the applicant firm applying for permission to carry on regulated consumer credit activities?

No additional notes.

#### 3.6.1 Consumer credit permissions

The applicant firm should look at the list of consumer credit regulated activities and decide which are relevant. The applicant firm will then need to build up each of these activities by selecting requirements and considering whether any limitations are applicable.

Firms should note that the permission 'Operating an electronic system in relation to lending' relates solely to the activity of operating a peer-to-peer platform.

You can find a full description of each regulated activity in PERG 2.7 at:

<https://www.handbook.fca.org.uk/handbook/PERG/2/7.html>

You may also find it useful to look at the FCA Glossary:

<https://www.handbook.fca.org.uk/handbook/glossary/>

## Limitations

### 3.6.2 Will the applicant firm be limited to debt purchase activities?

No additional notes.

### 3.6.3 Will the applicant firm be limited to debt adjusting no debt management plans?

No additional notes.

- 3.6.4 Will the applicant firm be limited to debt adjusting for settlements in relation to vehicle finance?**  
No additional notes.
- 3.6.5 Will the applicant firm be limited to debt adjusting for settlements in relation to sale of goods?**  
No additional notes.
- 3.6.6 Will the applicant firm be limited to debt counselling with no debt management plans?**  
No additional notes.
- 3.6.7 Will the applicant firm be limited to debt counselling in relation to the settlement of vehicle finance?**  
No additional notes.
- 3.6.8 Will the applicant firm be limited to debt counselling in relation to settlements for the sale of goods?**  
No additional notes.
- 3.6.9 Will the applicant firm carry out debt management services?**  
No additional notes.
- 3.6.10 Will the applicant firm carry out credit repair services?**  
No additional notes.

### **Requirements**

- 3.6.11 Will the firm canvass any regulated borrower-lender-supplier agreements or regulated consumer hire agreements it supplies, or for which it carries out broking activities, off trade premises?**  
No additional notes.

### **Other regulated activities**

- 3.7 Is the applicant firm applying for permission to carry on any other regulated activities?**

If a firm carries on a regulated activity that is outside the scope of its permission notice, then it could be in breach of FSMA. If the applicant firm has identified in its business plan any other regulated business that it is proposing to carry on, it must apply for permission for the appropriate regulated activity, together with the corresponding investment and client types.

### **Agreeing to carry on a regulated activity**

- 3.8 You must confirm that the applicant firm is applying for permission to carry on the regulated activity of 'Agreeing to carry on a regulated activity'.**

Under the permission regime, 'agreeing to carry on a regulated activity' is a regulated activity in its own right. Most firms carry on this regulated activity (which is limited as standard to agreeing to carry on only the other regulated activities specified in a firm's Scope of Permission Notice) as a matter of course.

Please note that if accepting deposits is the only regulated activity for which the applicant firm is applying for permission to carry on, then 'agreeing to carry on a regulated activity' will not be applicable to it. See PERG in the FCA Handbook for further guidance.

### **Other limitations/requirements**

- 3.9 A limitation may come about because either you request one or the PRA or FCA decide to impose one. If the applicant firm is seeking to attach any other limitations to any of its regulated activities, or any other requirements on the applicant firm, you must give details here:**

- Does the applicant firm need to limit the scope of any regulated activities?
- Limitations are specific to a particular regulated activity and will limit in some way how it is carried on.
- Should any requirements apply to the applicant firm's permission?
- Requirements apply to a firm. Requirements are placed on a firm to take or not to take a specified action, for example, the firm must not hold or control client money. A requirement may be because you request it or the PRA or the FCA decide to impose one.
- If the PRA or FCA decide to impose a limitation or requirement, we will discuss this with you when we process your application.

### **Financial promotions**

#### **3.10 Do you intend to approve any financial promotions in accordance with section 21 of the Financial Services and Markets Act 2000 on behalf of unauthorised persons?**

No additional notes.

### **Client money/safe custody assets**

The applicant firm must refer to the Client Assets Sourcebook (CASS) in the FCA Handbook to assess its applicability to its proposed business plan. There are certain exemptions for approved banks.

#### **3.11 Is the applicant firm seeking permission to hold client money in relation to investment business?**

No additional notes.

##### **3.11.1 Is the applicant firm seeking permission to control client money in relation to investment business?**

No additional notes.

##### **3.11.2 Will the applicant firm hold safe custody assets?**

No additional notes.

##### **3.11.3 If yes to 3.11.1 or 3.11.2, please state the highest projected amounts for calendar years from authorisation.**

No additional notes.

##### **3.11.4 Is the applicant firm seeking permission to hold and/or control client money in relation to home finance activities or insurance mediation business?**

No additional notes.

# 4 Financial resources, Risk Management and Recovery & Resolution

## Capital

For third country branch applications, the PRA will seek the necessary assurances from the Home State Supervisor (HSS) and may request additional information from the firm.

### 4.1 You must provide the applicant firm's most recent publicly available capital resources data.

No additional notes.

## Liquidity

The PRA will seek the necessary assurances from the Home State Supervisor (HSS) and may request additional information.

### 4.2 You must provide the applicant firm's most recent whole firm LCR and liquidity data as submitted to the applicant's Home State Regulator.

No additional notes.

## Risk Management

### 4.3 You must provide high level details of the applicant firm's Risk Management Framework, including explanations of the applicant firm's high-level strategy for identifying and managing risks to its business. Indicate in each case whether the level of risk is perceived as high, medium or low, and outline the strategy for managing that risk. You must also clearly set out the UK branch's approach to risk management and provide a copy of its Risk Appetite Statement and Risk Management Policies and Credit/lending Policies.

No additional notes.

## Recovery & Resolution

### 4.4 You must provide a high-level description of how the UK Branch and its UK creditors would be treated in the event of resolution of the applicant firm.

No additional notes.

#### 4.4.1 You must confirm that the applicant firm will be able to generate a Single Customer View file.

No additional notes.

## Annual Statutory Accounts

### 4.5 You must attach a copy of the last annual Statutory Accounts for the applicant firm and all relevant firms (e.g. group holding company).

This would include such relevant firms as controllers, significant close links, and group firms impacting financial resources.

## **Bank of England Forms BT and ELS**

### **4.6 You must complete and attach Bank of England Forms BT and ELS based on the projected position 12 months after authorisation.**

We are obliged to advise the Bank of England when we receive an application from an applicant firm for permission to accept deposits, and when in due course we authorise an applicant firm to accept deposits.

The Bank of England also requires the applicant firm to complete Forms BT and ELS which must be submitted to the PRA with the authorisation application and these will be forwarded to the Bank of England. Please see the PRA website for a link to these forms.



# 5

## Human resources

We need to be satisfied that the applicant firm has staff of adequate quality, skills and experience at all levels. We will also consider the extent to which the members of the governing body have experience in the financial services industry.

### Senior management functions

#### 5.1 List the names of the individual/s who will perform the senior management functions of the branch.

It is the responsibility of the applicant firm to ensure that no person performs a senior management function until the applicant firm has been authorised by the PRA and FCA and the relevant Regulator has also approved that person to perform senior management function(s). If we grant approval, it is effective from the date of authorisation.

#### What is a senior management function?

A senior management function is a function, relating to the carrying on of a regulated activity by a firm, which is specified by either the FCA in the table of FCA senior management functions or the PRA in the table of PRA senior management functions, under section 59 of FSMA 2000.

Some senior management functions are required for every firm; others will depend on the nature of your business. Senior management functions are split between PRA designated SMFs and FCA designated SMFs each of which has its own unique identification number. You can find a full list of all the senior management functions and an explanation of each one at:

- [PRA Functions](#)
- [FCA Functions](#)
- You should review the description of each senior management function and identify those that apply to the applicant firm.

#### 5.2 Please fill in a 'Form A' - Application for each individual who will be performing a senior manager function that you have listed above.

Full details of the senior managers regime and the application process are given in Chapter 10 of SUP (SUP 10C of the FCA manual) and, for the PRA, [here](#).

#### 5.3 Individual assessment of competence and capability to perform the role.

You must provide this assessment, in relation to the role, for each individual for whom the applicant firm is applying for approval to perform a senior management function. No additional notes.

#### 5.4 Board and executive committees' and UK branch committees' terms of reference and membership.

You should only provide high level details pertaining to the applicant firm's Board and executive committees, and for UK Branch, only if there is an executive committee in the branch itself.

# 6

## Compliance, Internal Audit and Policies & Procedures

### Compliance arrangements

We need to be satisfied that the applicant firm has in place the appropriate compliance arrangements to meet its regulatory obligations, both when we authorise it and on an on-going basis. You should refer to SYSC 4 and 6 in the FCA and PRA Handbooks.

In assembling its compliance arrangements and procedures manual, the applicant firm should refer to the Handbooks as a whole. All Sourcebooks must be considered for applicability, including those relating to the conduct of specific business activities – for example: BCOBS (for banking activities); COBS (if also applying for permission to carry on investment business), ICOBS (if also applying for permission to carry on general insurance business); and MCOB (if also applying for permission to carry on mortgage and home finance business).

Firms should also note that part of COBS applies to deposits: see COBS 1 in the Handbooks.

#### **6.1 You must provide details of the applicant firm's compliance arrangements and resources including how they pertain to the UK branch.**

It is the applicant firm's responsibility to ensure that it has a compliant organisational and reporting structure in place, adequately resourced with staff of relevant experience and skills, appropriate to the size and complexity of its business. Relevant to the applicant firm, provide structure charts and a description of how the compliance arrangements will be set up and operated, including independence, to enable the governing body to fulfil its regulatory compliance responsibilities.

##### **6.1.1 You must confirm that the UK branch has in place a comprehensive compliance procedures manual.**

For example, this could include the following (this is not a comprehensive list):

- 6.1.1.1 Regulatory regime, applicable Handbook Sourcebooks and compliance oversight
- 6.1.1.2 Compliance with relevant Sourcebooks, for example BCOBS, COBS, MCOB
- 6.1.1.3 Whistle-blowing
- 6.1.1.4 Personal account trading
- 6.1.1.5 Conflicts of interest policy
- 6.1.1.6 Complaints handling

##### **6.1.2 You must attach the UK branch's compliance monitoring programme for 12 months from authorisation.**

The applicant firm must establish, maintain and execute a programme of actions to verify that it carries on, and continues to carry on, its business in compliance with the applicable Handbook Rules and Guidance, and in line with its compliance procedures, at all times.

The compliance monitoring programme must be relevant to, and tailored to reflect, the applicant firm's proposed business. Each firm's compliance monitoring programme will therefore be unique. It must describe:

- the testing to be carried out
- how often
- by whom – the role of the person responsible for the testing (for example Compliance Officer, Training & Competency Officer, MLRO or other role)

- records to be retained evidencing the testing carried out

The compliance monitoring programme must be approved by the relevant compliance oversight body in the applicant firm.

## Internal Audit arrangements

We need to be satisfied that the applicant firm has in place the appropriate internal audit arrangements to adequately assess and oversee the risk management, systems and controls on an ongoing basis. You should refer to SYSC 4 and 6 in the Handbooks. In assembling its internal arrangements, procedures and methodology, the applicant firm should have regard to its proposed business as a whole.

### 6.2 Provide details of the Internal Audit arrangements for UK branch; structure/resources (including technology audit) if appropriate.

It is the responsibility of the governing body to ensure that it has an independent internal audit organisational and reporting structure in place, adequately resourced with staff of relevant experience and skills, appropriate to the size and complexity of its business. Relevant to the applicant firm, provide structure charts and a description of how the internal audit arrangements will be set up and operated in practice.

### 6.2.1 You must attach the applicant firm's Internal Audit plan insofar as it includes the UK branch and its activities for 12 months from authorisation.

The applicant firm must establish, maintain and execute an internal audit programme to assess adherence to, and the effectiveness of, internal systems and controls, procedures and policies including the quality of risk management systems.

The internal audit programme must be relevant to, and tailored to reflect, the UK branch's proposed business.

The internal audit programme must be approved by the Audit Committee or the relevant internal audit oversight body.

## Policies and procedures

### 6.3 You must attach the product governance policy and procedures.

No additional notes.

### 6.3.1 You must attach the applicant firm's Financial Crime policies, including anti-money laundering and anti-fraud, and an overview of the key procedures that they have put in place to counter the risk that it might be used by others to further financial crime. This includes any offence involving: fraud or dishonesty; misconduct in, or misuse of information relating to, financial markets; handling the proceeds of crime; and bribery and corruption offences.

You must include as a minimum:

6.3.1.1 Steps that the firm will take to prevent it from being used to further fraud.

6.3.1.2 Steps that the firm will take to ensure its Money Laundering Reporting Officer (MLRO) knows their duties and is able to perform their role effectively, with regard to 'know your business' information.

6.3.1.3 Anti-money laundering training the firm will provide for its staff.

6.3.1.4 Steps that the firm will take to assess its exposure to the risk of being used for money laundering and terrorist financing.

6.3.1.5 'Know your customer' procedures, including additional due diligence to be undertaken in relation to high risk customers/sources of funds.

6.3.1.6 Procedures for monitoring transactions and reporting details of suspicious transactions.

6.3.1.7 How the firm will ensure that it complies with anti-terrorist financing requirements. The applicant firm must adopt procedures to prevent it from being used to further financial crime. For fraud, this includes by one of its own employees, or due to negligence allowing client details to be obtained and used illegitimately by third parties. In assessing this risk, you should consider who will have access to client details, where they will be held, and eventually, how these will be disposed of.

The applicant firm must adopt procedures for assessing its exposure to the risk of money laundering and financial crime. It must also be able to demonstrate the procedures that it will adopt to identify its customers and classify them according to their risk profile, including additional due diligence requirements in respect of high risk customers and sources of funds.

The applicant firm's transaction monitoring procedures must include provisions in the event that a suspicious transaction is identified, and the reporting lines and responsibility for suspicious transactions.

The applicant firm must adopt procedures to ensure that it is not party to financial crime. In this respect, it must not maintain relationships with businesses associated with crime, such as shell banks or terrorist organisations on the Bank of England sanctions list. The above list is not exhaustive. We expect the applicant firm to have assessed and addressed the financial crime risk that it faces. For further details on financial crime, the applicant firm should refer to SYSC 6 in the Handbooks, and guidance issued by the Joint Money Laundering Steering Group and the Financial Action Task Force.

### **6.3.2 You must attach the UK branch's Business Continuity Plan and policy.**

Business continuity planning should cover disaster recovery and management for the whole business not just the IT systems. It should be regularly reviewed and tested to ensure that plans remain pertinent to the business operations (refer to SYSC 4 of the Handbooks).

### **6.3.3 You must attach the applicant firm's Treating Customers Fairly (TCF) policy and related Management Information.**

Principle 6 of the Principles for Business states that 'a firm must pay due regard to the interests of its customers and treat them fairly.' Firms must have in place policies and procedures to deliver the six consumer outcomes and demonstrate that it treats its customers fairly. The material submitted should include:

- What treating customers fairly means to the applicant and its customers.
- How the fair treatment of customers has been incorporated into the applicant firm's values and business plan.
- What controls the applicant firm has put in place to ensure it treats its customers fairly.
- How the applicant firm develops the competence and knowledge of its staff.
- How the Board and Senior Management assess compliance with Principle 6 and fulfil their TCF responsibilities.

TCF, with its focus on consumer outcomes, is central to the FCA's work in ensuring a fair deal for consumers. It underpins the delivery of the FCA's statutory consumer protection objective. We expect customers' interests to be at the heart of how firms do business. Customers should be able to expect to get financial services and products that meet their needs from firms that they can trust. Meeting customers' fair and reasonable expectations is the responsibility of firms,

Firms must be able to demonstrate how they will:

- instill a culture within the firm so that it is understood what the fair treatment of customers means; where they expect their staff to achieve this at all times; and where firms promptly identify errors, put things right and learn from them
- appropriately and accurately measure performance against all customer fairness issues materially relevant to their business. It is important that it is forward-looking (enabling

management to identify risks to customer outcomes rather than dealing only with known issues) and that it is acted on when necessary

- demonstrate through those measures that they are consistently delivering fair outcomes

The TCF web pages on the FCA website may help you in designing and maintaining appropriate TCF policies and procedures.

<https://www.fca.org.uk/firms/fair-treatment-customers>

# 7 Infrastructure

## Outsourcing excluding IT outsourcing

Where a firm outsources critical or important operational functions or any relevant services and activities, it remains fully responsible for discharging all of its obligations under the regulatory system and must comply with the following conditions:

- the outsourcing must not result in the delegation by senior personnel of their responsibility
- the relationship and obligations of the firm towards its clients under the regulatory system must not be altered
- the conditions with which the firm must comply in order to be authorised, and to remain so, must not be undermined
- none of the other conditions subject to which the firm's authorisation was granted must be removed or modified

Refer to SYSC 8 in the Handbooks for the requirements in relation to outsourcing.

### **7.1 You must attach details of proposed external and intra-group outsourcing to support the UK branch's operations. You must also provide details of oversight responsibilities and arrangements, systems and controls for each outsourced function necessary to the UK branch's management and operations.**

You must include the following details:

7.1.1.1 Outsource supplier (identifying any link to the applicant firm)

7.1.1.2 Supplier location

7.1.1.3 Rationale for the outsourcing

7.1.1.4 Supplier due diligence and selection process

7.1.1.5 Contingency plans in the event the outsourced service provider cannot provide continuity of service

No additional notes.

### **7.1.1 Please list service level agreements and arrangements for each outsourcing material to the applicant firm's management and operations.**

We reserve the right to request copies of agreements.

## IT systems including IT outsourcing arrangements

The business of accepting deposits is usually heavily dependent on IT systems, and the risks to the applicant firm's proposed business and customers from any compromise, failure and error of its IT systems will therefore be significant. We need to be satisfied that the UK branch will have in place robust IT systems and the control framework for managing the risks posed by them from authorisation and on an ongoing basis. In addition, where a firm outsources critical or important IT and related functions, it remains fully responsible for carrying out all of its obligations under the regulatory system.

It is important to note that, at the point of authorisation, for Threshold Conditions to be satisfied IT systems and governance must be fit for purpose and ready to support the planned business.

### **7.2 You must confirm whether the core IT systems that the applicant firm will use in the UK branch's business will be:**

- new to the applicant firm or group
- existing systems already in use in the applicant firm or group, not requiring material amendment
- partly existing systems and partly new systems or materially amended systems

No additional notes.

### **7.2.1 Will the UK branch's IT systems applications automatically interface with customers/counterparties?**

The IT systems applications will automatically interface with customers/counterparties, for example, in such circumstances when:

- they receive transactions automatically, e.g. from the internet
- they generate transactions to a third party, e.g. for electronic transfer of payments/payments instructions, settlements, confirmations, customer deposits
- they generate payments via the internet

### **7.2.2 You must attach a Complex IT form**

Completion of the Complex IT form is expected to be required in all cases as most applicant firms' IT systems will be complex, new to the firm or substantially expanded to take account of the expanded business scope proposed. Examples of complex systems include those where there is:

- complex functionality and/or business logic
- significant volumes of straight-through processing
- an automated business cycle for transaction capture, confirmation, accounting, settlement
- initial releases of new business or infrastructure technology
- significant amount of in-house development or customisation
- high dependency on outsourced development and/or hosting facility

In very exceptional circumstances, when the applicant firm will be using well-proven existing systems which have been proven to be fully scalable for the new business volumes planned, you should discuss with the PRA Supervision and FCA Permissions Department whether completion of the Complex IT form is necessary. Where agreed that it is not necessary, details of that agreement and the exceptional circumstances should be recorded on the application form in the box provided.

Refer to the banking authorisations information on the PRA and FCA websites for links to the Complex IT form.

# 8

## Regulatory reporting

**You must confirm that you will be able to meet the PRA and FCA reporting requirements relevant to the new regulated business scope.**

Refer to SUP 16 in the Handbooks for core reporting requirements. You should refer to other sections of The Handbooks relevant to the proposed scope of your business to identify any other reporting requirements that may be applicable.

### Regulatory returns – RegData

**8.1 You must confirm that the applicant firm has the ability to complete its regulatory returns via RegData.**

For further details please see <https://www.fca.org.uk/firms/gabriel>  
There are some forms that cannot be completed using RegData, e.g. Supplementary Market Risk data.

**8.1.1 Do you agree to submit to us, at regular and stated intervals, financial information that can be used to help supervise and assess the firm on an ongoing basis as specified in the PRA Rulebook?**

No additional notes.

**8.1.2 Do you agree to submit this information using RegData in a timely manner?**

No additional notes.

### FINREP Reporting

**8.2 Will the applicant firm be required to report FINREP?**

No additional notes.

### Branch Reporting

**8.3 You must confirm that the applicant firm has the ability to complete branch returns and whole-firm LCR returns in a timely manner**

No additional notes



# 9 Fees and levies

Firms fall into fee blocks according to their Part 4A permission. If we authorise the applicant firm to carry on deposit-taking business, it will be allocated to fee block A.1 – Deposit taking.

If we authorise the firm to carry on other types of activities, it will also be allocated to one or more of the following fee blocks:

Type of business	Fee block
Home finance provision and/or administration	A.2 – Home finance providers and administrators
Investment business	A.7 – Portfolio managers A.9 – Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes A.10 – Firms dealing as principal A.13 – Advisers, arrangers, dealers or brokers A.14 – Corporate finance advisers
Home finance  General insurance mediation	A.18 – Home finance providers, advisers and arrangers A.19 – General insurance mediation
Credit related activities	CC2 – Credit-related regulated activities

To find out which fee block(s) the applicant firm will fall into please see FEES 4 Annex 1A, Part 1 of [The Handbook](#)

The permission we grant the applicant firm will allocate it to one or more of these fee block(s). Each fee block uses the tariff data provided in this section to calculate the applicant firm's regulatory fees and levies. The firm will be billed on the information supplied here for the first fee year of being authorised and in some cases also for the subsequent fee year.

**Please ensure the data submitted in this section is as accurate, as a poor estimate or forecast is unlikely to be grounds to revise fees at a later stage.** We will only accept changes to the data provided here in exceptional cases, e.g. where the business plan has been revised.

When reporting monetary fee tariff data, firms should provide a projected valuation covering the first 12 months of new business it expects to undertake (measured according to the relevant tariff base(s)). Monetary figures must be denominated in **GBP**.

For more information see [FEES 4.2.7E to 4.2.7G](#) and [Fees 3](#)

All authorised firms pay minimum fees towards the annual regulatory costs. Where a firm's business in any fee block exceeds the threshold covered by the minimum fee, an additional variable fee will be payable in proportion to the level of activities anticipated or conducted. To work out the applicant firm's forthcoming fees, please use the Fee Calculator on the [FCA website](#). You will need to know which fee block(s) the applicant firm will fall into and the fee tariff data you have entered in this section.

Guidance notes for calculating the tariff data is also available under the fees section of the [FCA website](#).

For further help with completing this form, please contact the PRA Firm Enquiries on 020 3461 7000.

## Regulatory Fees

### 9.1 Fee block A.1 – Deposit acceptors

#### **What is the applicant firm's projected average monthly Modified Eligible Liabilities (MEL) for the first year of its new business?**

A firm authorised as a deposit acceptor will be in fee block A.1. The basis for calculating fees for a bank is the value of the firm's modified eligible liabilities. See the fees section of the FCA website for the formula for calculating MEL and further details on this fee block in the [Handbook](#) under FEES 4, Annex 1A, fee block A.1

### 9.2 Fee block A.2 – Home finance providers and administrators

#### **How many new mortgage contracts, home purchase plans, home reversion plans and regulated sale and rent back agreements does the applicant firm estimate it will enter into in the first year of its new business?**

A firm authorised as a home finance lender and/or administrator is likely to be in fee block A.2. A firm will also be in A.2 if it carries out this activity on an outsourced basis on behalf of a provider or a primary administrator. Home finance outsourcing firms are firms with permission for administering regulated home finance contracts but who do not enter a contract as a lender. Mortgages, home purchase plans, home reversion plans and regulated sale and rent back agreements **administered** include those that the firm will administer on behalf of other firms.

Note: Home finance providers will also be in fee block A.18 (Home finance providers, advisers and arrangers). Please see tariff data requirement for A.18 if this is applicable.

For further details on this fee block, please see the fees section of the FCA website and the [Handbook](#) under FEES 4, Annex 1A, fee block A.2

### 9.3 How many mortgages contracts, home purchase plans, home reversion plans and regulated sale and rent back agreements does the applicant firm estimate it will administer, at the end of the first year of its new business? (Please multiply this number by 0.05 for home finance outsourcing firms, and 0.5 for all other firms).

See notes in Question 9.2 above.

### 9.4 Fee-block A.7 – Portfolio managers

**How much total funds under management does the applicant firm estimate it will have at the end of the first year of its new business?**

A firm authorised to manage funds or assets is likely to be in fee block A.7. The data required is the total value of funds under management at the end of the first year of business, i.e. 12 months from the start of its new business.

For the purpose of calculating the total value of funds under management, 'assets' means all assets that include any investment which is a designated investment and which is managed on a discretionary basis.

In respect of collective investment schemes, 'assets' means the total value of the assets of the scheme.

**NOTE: Only assets that will be managed from an establishment maintained by the firm in the UK are relevant.**

For further details on this fee block, please see the fees section of the FCA [website](#) and the Handbook under FEES 4, Annex 1A, fee block A.7

**9.5 Fee block A.9 – Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes**  
**How much total gross income does the applicant firm estimate it will receive from the activities relating to fee-block A.9 for the first year of its new business?**

A firm authorised to establish, operate, wind up or act as a trustee and/or depositaries of collective investment schemes; and firms who also have permission as operators of personal pension schemes or stakeholder pension schemes are likely to be in fee block A.9. The data we require is the amount of total gross income the firm estimates it will receive for the first 12 months from the start of its new business.

- Note for operators of CIS including authorised corporate directors (ACDs) and managers of unit trust: gross income excludes box management profits.
- Note for operators of personal pension / stakeholder pension schemes: gross income calculation excludes charges made to an investor in respect of third party suppliers.
- Note: Only the gross income corresponding to UK business is relevant.
- For further details on this fee block, please see the fees section of the [FCA website](#) and the Handbook under FEES 4, Annex 1A, fee block A.9

**9.6 Fee block A.10 – Firm dealing as principal**

**How many traders will the applicant firm have at the end of the first year of its new business?**

A firm authorised as a principal dealer is likely to be in fee block A10.

The basis for calculating fees is the number of traders. A trader is an agent or employee who ordinarily acts within the UK on behalf of the firm and who as part of their duties commits the firm in market dealings or in transactions in securities or in other specified investments.

- Note: employees or agents who work solely in the firm's MTF operation should be excluded.

For further details on this fee block, please see the fees section of the FCA [website](#) and the Handbook under FEES 4, Annex 1A, fee block A.10

**9.7 Fee Block A.13 – Advisers, arrangers, dealers or brokers**

**How much annual income does the applicant firm estimate for the first year of its new business in relation to the regulated activities for fee-block A.13 i.e. advisors, arrangers, dealers or brokers.**

A.13 is based on the net amount of income retained from the regulated activities proscribed in fee block A.13. This includes income from:

- advisory and consultancy charges
- brokerage
- fees
- commissions
- related income arising from the proscribed activities (e.g. administration charges, overrides, profit shares etc.)
- interest earned from above income

Firms should not include income in respect of:

- managing investments on a discretionary basis, collective investment schemes or pensions schemes (this is covered under the A7 or A9 fee-block)
- advisory activity income arising from its corporate finance business as this is included under fee block A.14.

Firms should deduct:

- rebates to customers
- fees or commissions passed to other authorised firms – for example, where there is a commission chain (this is to avoid double counting)

Business expenses cannot be deducted.

For further details on this fee block, please see the fees section of the FCA [website and the Handbook](#) under FEES 4, Annex 1A, fee block A.13

Annex 11A for [income definitions](#)

FEES 4 Annex 13G for [further guidance on the calculation of income](#)

## 9.8 Fee Block A.14 – Corporate finance advisers

**How much annual income does the applicant firm estimate for the first year of its new business in relation to the regulated activities for fee block A.14 – corporate finance business?**

For fee block A.14, a firm must include income retained from its corporate finance business only.

For further details on this fee block, please see the fees section of the FCA [website and the Handbook](#) under FEES 4, Annex 1A, fee block A.14

[FEES 4](#) Annex 11A for income definitions

FEES 4 Annex 13G for [further guidance](#) on the calculation of income

## 9.9 Fee block A.18 – Home finance providers, advisers and arrangers

**How much annual income does the applicant firm estimate for the first year of its new business in relation to its home finance mediation business (including home reversion, home purchase and regulated sale and rent back activities)?**

Firms authorised for home finance mediation business will be allocated to fee block A.18. Your firm is required to report the amount of annual income the firm estimates it will receive from such business from the first year of business, i.e. 12 months from the start of its new business.

Reference to home finance mediation activity includes mortgages, home purchase or reversion and regulated sale and rent back mediation activities.

**Note for home finance providers:** an applicant firm should report the value of new mortgage advances and amounts in respect of home finance transactions (excluding any which result from home finance mediation carried on by another firm and a payment will be made by the applicant firm) anticipated in the first year of trading. This should be multiplied by 0.004.

For further details on this fee block, please see the fees section of the FCA [website and the Handbook](#) under FEES 4, Annex 1A, fee block A.18

[FEES 4 Annex 11A](#) for income definitions

FEES 4 Annex 13G for [further guidance](#) on the calculation of income

## 9.10 Fee block A.19 – General insurance mediation

### **How much annual income does the firm estimate for the first year of its new business in relation to its non-investment insurance contracts (including pure protection) business only?**

Firms authorised for general insurance mediation business will be allocated to fee block A.19. Your firm is required to report the amount of annual income the firm estimates it will receive from such business from the first year of business, i.e. 12 months from the start of its new business.

General insurance mediation activities include general insurance contracts, pure protection contracts and connected travel insurance contracts.

For further details on this fee block, please see the fees section of the FCA [website and the Handbook](#) under FEES 4, Annex 1A, fee block A.19

[FEES 4 Annex 11A](#) for income definitions

[FEES 4 Annex 13G](#) for further guidance on the calculation of income

## 9.11 Fee block CC2 – Credit-related regulated activities

### **How much annual income does the firm estimate for the first year of its new business in relation to its credit-related regulated activities?**

Firms authorised for credit-related activities will be allocated to fee block CC2. Your firm is required to report the amount of annual income the firm estimates it will receive from such business from the first year of business, i.e. 12 months from the start of its new business.

For further details on this fee block, please see the fees section of the FCA website and the Handbook under FEES 4, [Annex 1A](#), fee block CC2:

[FEES 4 Annex 11B](#) for the definition of consumer credit annual income

### **The Financial Guidance Levies**

The data provided under the Regulatory fees section above will be used to calculate most of the Financial Guidance Levies, apart from the debt advice levies.

## 9.12 Fee block CC3 – Debt advice levy – consumer credit lending Value of lending

### **What is the GBP value of the outstanding loans to individuals in the UK that the applicant firm estimate at the end of the first year of new business?**

A firm with a credit lending permission is also required to provide data for the debt advice Financial Guidance levy in fee block CC3.

The data required is the GBP value of the outstanding loans in respect of regulated credit agreements that the applicant firm estimate at the end of the

first year of business (i.e. 12 months from the start of its new business), including all:

- debt purchasing
- hire purchase/conditional sale agreements
- home credit loan agreements
- pawnbroking
- high-cost short-term credit
- overdrafts
- other running-account credit
- other lending

For further details on this fee block, please see the fees section of the FCA [website and the Handbook](#) under FEES 7A, Annex 2, activity group CC.3:

### **9.13 Fee block A.2 – Debt advice levy – Home finance providers and administrators Secured debt**

**What is the GBP value of all regulated and non-regulated residential loans to individuals – the sum of gross unsecuritised and securitised balances – that the applicant firm estimates it will have at the end of the first year of new business?**

A firm with permissions for fee block A.2 is also required to provide data for the debt advice Financial Guidance levy in fee block A.2.

The tariff base is the GBP value of any residential loans to individuals being the sum of gross unsecuritised and securitised balances that the applicant firm estimates it will have at the end of the first year of business (i.e. 12 months from the start of its new business). For further details on this fee block, please see the fees section of the [FCA website and the Handbook](#) under FEES 7A, Annex 2, activity group A.2.

### **The Ombudsman Service General Levy**

The Ombudsman Service general levy is based on relevant business. Relevant business is business conducted with **eligible complainants who are consumers only**. If an applicant firm will conduct business with eligible complainants who are not consumers then it should report 'nil' in this section. Alternatively, if the firm will not conduct any business with eligible complainants it can apply for an exemption from the Ombudsman Service levy. We define an 'eligible complainant' under DISP 2.7 in The [Handbook](#). Please complete the declaration section on the supplementary form to apply for an exemption.

### **9.14 The ombudsman service's industry block I001 – Deposit acceptors, home finance providers and administrators (excluding credit unions) and dormant account fund operators**

**How many relevant accounts does the applicant firm estimate it will have at the end of the first year of its new business?**

For the Ombudsman Service levy, deposit acceptors, home finance lenders and administrators are in the same industry block – I001. The Ombudsman Service tariff measure for firms in block 1 is 'number of accounts' relevant to the activities listed above. Please report only those accounts to be held by consumers. Note that an account need only be counted once even if it is relevant to two or more activities.

[See FEES 5 Annex 1R in the Handbook](#) for detailed notes on this industry block

### **9.15 The ombudsman service's industry block I005 – Portfolio managers How much relevant funds under management does the applicant firm estimate it will have at the end of the first year of its new business?**

The data submitted here is to calculate the firm's Ombudsman Service levy in relation to its funds under management business.

Please only include funds under management in relation to consumers. If the applicant firm's entire investment business will be conducted with consumers then the data reported here will be the same as that reported under fee block A.7.

See FEES 5 Annex 1R in the [Handbook](#) for detailed notes on this industry block

**9.16 The ombudsman service's industry block I006 – Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes**

**How much relevant gross income does the applicant firm estimate for the first year of its new business?**

The data submitted here is to calculate the firm's Ombudsman Service levy in relation to its gross income arising from the activity of setting up, running and winding up collective investment schemes and/or personal pensions and stakeholder pension schemes.

Please only include income in relation to consumers. If the applicant firm's entire investment business will be conducted with or on behalf of consumers then the data reported here will be the same as that reported under fee block A.9.

See FEES 5 Annex 1R in the [Handbook](#) for detailed notes on this industry block

**9.17 The ombudsman service's industry block I007 – Dealers as principal  
How many relevant traders will the applicant firm have at the end of the first year of its new business?**

The data submitted here is to calculate the firm's Ombudsman Service levy in relation to its principal trading business.

Please only include traders in relation to consumers. If the applicant firm's entire investment business will be with or on behalf of consumers then the data reported here will be the same as that reported under fee block A.10.

See FEES 5 Annex 1R in the [Handbook](#) for detailed notes on this industry block

**9.18 The ombudsman service's industry block I008/I009 – Advisers, arrangers, dealers or brokers**

**How much relevant annual income does the applicant firm estimate for the first year of its new business in relation to advisors, arrangers, dealers or brokers holding and or controlling client money or assets OR not holding or controlling client money or assets. Please exclude income from corporate finance business.**

The data submitted here is to calculate the firm's Ombudsman Service levy in relation to investment business. Please only include income in relation to consumers. If all the applicant firm's investment business is conducted with consumers then the data you report here will be the same as that reported under fee block A.13.

See FEES 5 Annex 1R in the [Handbook](#) for detailed notes on this industry block

**9.19 The ombudsman service's industry block I010 - Corporate finance advisers**

**How much relevant annual income does the applicant firm estimate for the first year of its new business in relation to the regulated activities for fee-block I010 – corporate finance business.**

The data submitted here is to calculate the firm's Ombudsman Service levy in relation to corporate finance business. Please only include income in relation to consumers. If all the applicant firm's corporate finance business is conducted



with consumers then the data you report here will be the same as that reported under fee block A.14.

See FEES 5 Annex 1R in the [Handbook](#) for detailed notes on this industry block

#### **9.20 The ombudsman service's industry block I016 – Home finance providers, advisers and arrangers**

##### **How much relevant annual income does the applicant firm estimate for the first year of its new business in relation to its home finance mediation business?**

The data submitted here is to calculate the firm's Ombudsman Service levy in relation to home finance mediation business.

Please only include income in relation to consumers. If the firm's entire home finance mediation business is conducted with consumers then the data you report here will be the same as that reported under fee block A.18.

See FEES 5 Annex 1R in the [Handbook](#) for detailed notes on this industry block

#### **9.21 The ombudsman service's industry block I017 – General insurance distribution**

##### **How much relevant annual income does the applicant firm estimate for the first year of its new business in relation to its non-investment insurance contracts (including pure protection) business only?**

The data submitted here is to calculate the firm's Ombudsman Service levy in relation to general insurance mediation business.

Please only include income in relation to consumers. If the firm's entire non-investment insurance mediation business will be conducted with consumers then the data you report here will be the same as that reported under fee block A.19.

See FEES 5 Annex 1R in the [Handbook](#) for detailed notes on this industry block

### **Financial Services Compensation Scheme Levy**

The FSCS levy comprises three parts:

- Base costs - operating costs not directly related to the payment of compensation.
- Specific costs - operating costs that are directly related to the payment of compensation arising from valid claims.
- Compensation costs - provides the funds to make valid compensation payments.

As a newly authorised firm your first invoice will only cover the base costs of the FSCS levy, which is based on your FCA and PRA fees. After this the firm will be liable for the full FSCS levy. The tariff data provided in this section will be used to calculate your FSCS levy in the second fee year if your firm becomes authorised in the last quarter of a fee year.

For specific and compensation costs firms are allocated to one or more FSCS classes or categories according to their permission. Details of FSCS classes and tariff bases are set out in FEES 6 Annex 3A of the [Handbook \(FCA\)](#) and the [PRA depositor](#) protection rules.

The levy is based on the amount of eligible business a firm undertakes in each class.

Eligible business refers to business conducted with eligible claimants. An eligible claimant is a person or entity that is able to bring a claim for compensation to the



FSCS. See COMP 4.2 of the [Handbook \(FCA\)](#) for details of persons that qualify for FSCS compensation and the [PRA depositor protection rules](#).

## 9.22 Class A – Deposit

### **How much protected deposits does the applicant firm estimate it will have, at the end of the first year of authorisation?**

A protected deposit is any deposit that will be covered by the compensation scheme. Firms should report the amount of deposit up to the coverage level. The data should be based on single customer view (SCV).

For further information please see the [PRA depositor protection rules](#)

## 9.23 Category 1.1 – General insurance distribution

### **How much annual eligible income does the applicant firm estimate for the first year of authorisation in relation to its non-investment insurance contracts (including pure protection) business only?**

The data submitted here is to calculate the firm's FSCS levy in relation to general insurance distribution contracts only. Detailed information on how to calculate the annual eligible income (AEI) for category 1.1 is provided in the fees section of the FCA website and in the [Handbook](#) under FEES 6, Annex 3A

## 9.24 Category 2.1 – Life distribution and investment intermediation

### **How much annual eligible income does the applicant firm estimate for the first year of authorisation in relation to its life distribution and investment intermediation business only?**

The data submitted here is to calculate the firm's FSCS levy in relation to life distribution, personal pension investments, long-term insurance contracts (other than pure protection contracts) and investment intermediation.

Detailed information on how to calculate the annual eligible income (AEI) for category 2.1 is provided in the fees section of the [FCA website and in the Handbook](#) under FEES 6, Annex 3A

## 9.25 Category 2.4 – Structured deposit provision

### **How much structured deposits does the applicant firm estimate it will have, at the end of the first year of authorisation?**

The data submitted here is to calculate the firm's FSCS levy for structured deposits business. The levy is based on the amount of deposits reported for class A that are classified as a structured deposit.

Detailed information on how to calculate the annual eligible income (AEI) for category 2.4 is provided in the fees section of the [FCA website and in the Handbook under](#) FEES 6, Annex 3A.

## 9.26 Class 3 – Investment provision claims

### **How much annual eligible income does the applicant firm estimate for the first year of authorisation in relation to fund management trustee or depositary business, or operating collective investment schemes or personal pension schemes?**

The data submitted here is to calculate the firm's FSCS levy in relation to investment provision business. It also includes activities relating to collective investment schemes, authorised unit trust schemes, and acting as depositary of an open-ended schemes and personal pension schemes.

Income expected from assets managed on a non-discretionary basis, being assets that the applicant firm will have a contractual duty to keep under

continuous review but that require prior consent of the clients for proposed transactions, should be reported in category 2.1.

Detailed information on how to calculate the annual eligible income (AEI) for class 3 is provided in the fees section of the [FCA website and in the Handbook](#) under FEES 6, Annex 3A

### 9.27 Category 4.1 – Home finance intermediation

**How much annual eligible income does the applicant firm estimate for the first year of authorisation in relation to its home finance mediation business? (Home finance providers should refer to notes in fee block A.18)**

The data submitted here is to calculate the firm's FSCS levy in relation to home finance mediation business i.e. advising and arranging a home finance transaction. Home finance providers/lenders should report income for home finance arranging activities here (see A.18 note).

Detailed information on how to calculate the annual eligible income (AEI) for category 4.1 is provided in the fees section of the [FCA website and in the Handbook](#) under FEES 6, Annex 3A

### Declaration of Ombudsman Service exemption

#### 9.28 The Ombudsman Service Exemption – if the applicant firm will not carry on business with eligible complainants and does not foresee doing so in the immediate future, please tick the box below.

Please read the Ombudsman Service exemption guidance before completing this section. This can be found on the [FCA website](#).

Applicant firms that do not conduct business with eligible complainants qualify for exemption from paying the Ombudsman Service general levy. There are some additional, non-fees implications of being exempt from the Financial Ombudsman Service. Further details of this exemption are in DISP 1.1.12R in the [Handbook](#).

If the applicant firm has indicated that business will be conducted with retail clients then an exemption is unlikely to be available. This is because retail clients are likely to qualify as eligible complainants.

**If the applicant firm will not carry out business with eligible complainants please tick the relevant box in Question 9.28. If at any point in the future the applicant firm is to initiate business with eligible complainants, it must notify us immediately.**

**Firms that have a permission for accepting deposits do not qualify for being exempt from paying the FSCS deposit class compensation or specific cost levies.**

#### Online invoicing

No additional notes.

**End of supplement**