

## Application for authorisation

### Application form for banks – notes

Before completing the application form for banks, you should review the banking authorisations information on the New Bank Start-up Unit's website at [www.bankofengland.co.uk/pranbsu/Pages/default.aspx](http://www.bankofengland.co.uk/pranbsu/Pages/default.aspx).

When completing the application forms 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/or the FCA Handbook;
- call the New Bank Start-up Unit on 020 3461 8100; or
- email the New Bank Start-up Unit: [NewBankStartupUnit@bankofengland.co.uk](mailto:NewBankStartupUnit@bankofengland.co.uk)

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

#### 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;
- '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.

#### Important information

**There are two application process options for a firm to become a bank – Option A Authorisation and Option B Authorisation with Restriction and Mobilisation. These options, together with the pre-application stages that apply in all cases, are more fully described on the New Bank Start-up Unit's website.**

**Once authorised the applicant firm is required to pay regulatory fees even if it is not trading. Firms must also notify us immediately if any of their static data changes.**

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# The PRA Rulebook, the FCA Handbook and Threshold Conditions

The PRA Rulebook and the FCA Handbook set out our legislative powers and other provisions made under powers given to us by FSMA and both are available online. The PRA Rulebook and the FCA Handbook are extensive documents, but you will only need to refer regularly to the specific parts that will affect your business.

In addition to the PRA Rulebook and the FCA Handbook, both regulators publish other material which will be of interest, please consult the PRA and the FCA websites for further information.

The PRA Rulebook and the FCA Handbook are divided into Blocks and each of these is subdivided into modules. Additionally, they both contain a Glossary of all the definitions used.

The FCA Handbook can be found at [www.handbook.fca.org.uk/handbook](http://www.handbook.fca.org.uk/handbook) and the PRA Rulebook can be found at: [www.prarulebook.co.uk](http://www.prarulebook.co.uk)

## **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. When we consider the applicant firm's application we will assess whether you will satisfy, and continue to satisfy, the 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.

# 1 Core details

## 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 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 Is the applicant firm an incorporated company?

If the applicant firm is a Limited Liability Partnership then you should answer yes to this question.

This address must be in the UK unless the applicant firm is a branch of an overseas company.

### 1.7 Does the applicant firm have a head office?

This address must be in the UK unless the applicant firm is a branch of an overseas company.

### 1.8 Does the applicant firm have a website address?

We may look at this when processing the application. If the applicant firm is developing a website please provide the name and an approximate launch date.

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

Controlled 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: [www.prarulebook.co.uk/rulebook/Content/Part/212475](http://www.prarulebook.co.uk/rulebook/Content/Part/212475)
- FCA Functions: [www.handbook.fca.org.uk/handbook/SUP/10C/](http://www.handbook.fca.org.uk/handbook/SUP/10C/)

**About the legal status of the applicant firm**

**1.10 What type of firm is the applicant firm?**

The applicant firm must fall into one of the categories listed to apply for authorisation.

**1.11 Date of incorporation or formation (dd/mm/yyyy)**

No additional notes.

**1.12 Where was the applicant firm incorporated or formed?**

No additional notes.

**1.13 Please attach the following:**

- Copy of Partnership agreement deeds
- Copy of Limited Partnership Deeds

These should be attached where applicable.

We will accept photocopies; you should not submit original documents. Please mark each copy 'this is a true copy of the original' and make sure it is signed and dated by the individual(s) who signs the application form.

**1.14 Does the applicant firm have a registered number e.g. Companies House number?**

No additional notes.

**1.15 You must confirm that all details given in this section match Companies House records.**

No additional notes.

**1.16 Does the applicant have a registered overseas reference number?**

If the applicant firm is registered outside of the UK, please include its registration number in the country it is registered in.

**Financial year end**

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

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

If the applicant firm is a limited company, the date you enter here must match that in the Companies House Registration.

**Details of auditor**

**1.18 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.

Please note that in certain limited circumstances, we may ask you to verify information that you have submitted or need to submit as part of the application. As part of the authorisation process we can require you to provide a report (on any aspect) by an auditor, reporting accountant, actuary or other qualified person approved by us. If this is needed during the process, we will discuss it with you at the earliest opportunity.

### Other names

For more information about the Company, Limited Liability Partnership and Business Names (Sensitive Words and Expressions) Regulations 2009, see: [www.legislation.gov.uk/uksi/2009/2615/pdfs/ukxi\\_20092615\\_en.pdf](http://www.legislation.gov.uk/uksi/2009/2615/pdfs/ukxi_20092615_en.pdf)

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

No additional notes

**1.20 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

**1.21 Has the applicant firm ever 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

**1.22 Has the applicant firm ever, after making an application to a regulatory body for:**

- a licence
- authorisation
- registration
- notification
- membership
- other permission granted by a regulatory body

**decided not to proceed with it?**

No additional notes

**1.23 If the answer to question 1.21 or 1.22 is yes, please give a full explanation of the events in question below.**

No additional notes.

**1.24 You must complete the Disclosure of Significant Events appendix if applicable.**

The form can be found on the Authorisations page on the PRA website.

### Who controls (owns) the applicant firm?

**1.25 Controllers, Close Links and Consolidated Supervision**

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

For full definition of what constitutes a controller, refer to SUP 11 in the PRA and FCA Handbooks.

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.

Broadly speaking, an applicant firm is part of a group if it is:

- a parent undertaking
- a subsidiary undertaking
- a subsidiary undertaking of a parent undertaking
- a parent undertaking of a subsidiary undertaking

In relation to consolidated financial supervision and financial conglomerates, please note the guidance in the Handbook under SUP 11.5.4 and 11.5.4A.

You must include information on the group structure chart or in additional sheets, if you answer 'Yes' to the questions below.

In relation to the activities of the controller, or the group the controller is part of, is the controller or any firm in the group (as defined in paragraph 5 of schedule 3 of FSMA) an EEA investment firm, an EEA credit institution, an EEA insurance undertaking, an EEA management company or the parent of any such firm?

In relation to consolidated financial supervision and financial conglomerates, please see the guidance in the Handbook under SUP 11.5.4 and 11.5.4A. The Handbook Glossary definition of a financial conglomerate refers to a decision tree in GENPRU 3 Annex 4: <http://fshandbook.info/FS/html/handbook/GENPRU/3/Annex4>.

Is the applicant firm a member of a third-country financial conglomerate?

Third-country financial conglomerate – i.e. a financial conglomerate headed by a regulated entity or a mixed financial holding company that has its head office outside the EEA. The questionnaire in GENPRU 3 Annex 3 G and its explanatory notes will help you to assess this: <http://fshandbook.info/FS/html/handbook/GENPRU/3/Annex3>.

Third country banking/investment groups:

A third-country banking and investment group is a group headed by a bank, asset management company, investment firm or financial holding company outside the EEA and not part of a wider EEA banking/investment group.

#### **1.26 Controller Forms**

No further notes.

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

#### **1.27 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: <https://www.fca.org.uk/firms/money-laundering-terrorist-financing/registration>.

### 1.28 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.

### 1.29 What activities will the applicant firm be conducting?

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 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.

## 2.1 Ownership of the firm

### 2.1.1 Where applicable, summarise the business of the applicant firm's 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.

### 2.1.2 Provide details of the source of the funds that will be injected into the applicant firm to support its proposed business activities.

No additional notes.

## 2.2 Business strategy

### 2.2.1 Explain the applicant firm's overall strategy including strategic goal and why the applicant firm has been established and has decided to carry on the business for which it is seeking authorisation.

No additional notes.

## 2.3 Business model

### 2.3.1 Description of proposed business, 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.

**2.3.2 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.

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

No additional notes.

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

No additional notes.

**2.3.5 Give details of whether the applicant firm intends, after authorisation, to submit an application to carry on any regulated activities in another European Economic Area (EEA) state under the Capital Requirements Directive (CRD) by:**

- providing cross-border services; and/or
- establishing a branch

If the applicant firm has any plans to carry on business activities in other EEA countries under the CRD, it should provide details of its intentions, including timescales. Once authorised, the authorised firm will need to apply for passport(s) to do such business, as follows:

- a 'notification of intention to exercise a passport to provide cross-border services into another EEA state'; and/or
- a 'notification of intention to exercise a passport right to establish a branch in another EEA state'

See the PRA website under Authorisations – Passporting for details of passports, and details of how to apply.

## **2.4 Business model viability**

**2.4.1 Financial projections (five years).**

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

**2.4.2 Explain in detail the initial and long-term viability of the business model.**

No additional notes

**2.4.3 Provide stress scenarios to show what will be the effect of the key assumptions underpinning the 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.

## **2.5 Financial resources**

No additional notes.

## **2.6 Non-financial resources**

**2.6.1 Description of human resources (including expected changes over the period of the business plan). Please include an organogram.**

No additional notes.

**2.6.2 Overview of intended IT systems 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.

**2.6.3 Overview of any outsourced of functions to third parties.**

**This relates to outsourcing of business functions as well as IT activities. Please include details on external and intra-group outsourcing of both business functions and to support to the applicant firm's IT operations, Please detail what will be outsourced and to whom. Please note that IT outsourcing would include using a third party service provider for data centre operations or using a cloud service solution for email.**

Please indicate whether these relationships are existing in any form or will need to be sourced.

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

You will find details of senior management functions here:

- PRA Functions: [www.prarulebook.co.uk/rulebook/Content/Part/212475/27-05-2016](http://www.prarulebook.co.uk/rulebook/Content/Part/212475/27-05-2016)
- FCA Functions: <https://www.handbook.fca.org.uk/handbook/SUP/10C/>

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.

**2.7.1 Board structure.**

No additional notes.

**2.7.2 Provide a proposed committee and management structure (with reporting lines) chart and describe how these arrangements will operate in practice including the experience of the management team in relation to the planned business.**

No additional notes.

**2.7.3 Explain how the 'four eyes' arrangements will be applied.**

Refer to 'four eyes' principle in the PRA Rulebook and the FCA Handbook.

**2.7.4 Give an overview of the intended structure, resources and reporting lines for:**

**2.7.4.1 Compliance**

**2.7.4.2 Internal Audit**

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.

## **2.8 Implementation plan**

**Provide the applicant firm's implementation plan through to the point when the bank is fully operational.**

This should be sufficient for us to understand the key activities and dependencies, including for each key activity your milestones and timescales (including time for regulator assessment work), for you to successfully mobilise and launch the bank.

We are not looking for your low level action plan.

# 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.

### 3.1 Accepting deposits

#### 3.1.1 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'.

#### 3.1.2 Client types.

No additional notes.

#### 3.1.3 Wholesale only limitation.

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

There is a definition of wholesale depositor [here](#). This definition excludes retail clients so, if the applicant firm applies for this limitation, it should not select 'retail customers' in 3.1.2.

## 3.2 Dealing in investments as principal

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

No additional notes.

### 3.2.2 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.

### 3.2.3 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.

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

No additional notes.

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

No additional notes.

## 3.3 Other investment business regulated activities

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

No additional notes.

### 3.3.2 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.

### 3.3.3 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'.

## 3.4 Home finance business

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

No additional notes.

### 3.4.2 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'.

### 3.5 General insurance business

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

No additional notes.

#### 3.5.2 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'.

### 3.6 Consumer Credit

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

No additional notes.

#### 3.6.2 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:

<http://fshandbook.info/FS/html/FCA/PERG/2/7>

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

[www.fshandbook.info/FS/html/handbook/Glossary](http://www.fshandbook.info/FS/html/handbook/Glossary)

#### 3.6.3 Will the applicant be limited to debt purchase activities?

No additional notes.

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

No additional notes.

#### 3.6.5 Will the applicant be limited to debt adjusting for settlements in relation to vehicle finance?

No additional notes.

#### 3.6.6 Will the applicant be limited to debt adjusting for settlements in relation to sale of goods?

No additional notes.

#### 3.6.7 Will the applicant be limited to debt counselling with no debt management plans?

No additional notes.

#### 3.6.8 Will the applicant be limited to debt counselling in relation to the settlement of vehicle finance?

No additional notes.

**3.6.9 Will the applicant be limited to debt counselling in relation to settlements for the sale of goods?**

No additional notes.

**3.6.10 Will the applicant be carrying out debt management services?**

No additional notes.

**3.6.11 Will the applicant be carrying out credit repair services?**

No additional notes.

**3.6.12 Will the firm be canvassing 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.

### **3.7 Other regulated activities**

**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.

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

**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.

### **3.9 Other limitations/requirements**

**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.



### **3.10 Financial Promotions**

**3.10.1 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.

### **3.11 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.

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

No additional notes.

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

No additional notes.

**3.11.3 Will the applicant firm be holding safe custody assets?**

No additional notes.

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

No additional notes.

**3.11.5 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, Recovery & Resolution

## 4.1 Capital

Guidance on the PRA's approach to capital can be found in the Supervisory Statements for (i) Internal Capital Adequacy Assessment and (ii) Stress Testing, Scenario Analysis and Capital Planning.

**If your application relates to a third country branch, sections 4.1.1 and 4.1.4 may not be applicable. For third country branch applications, the PRA will seek the necessary assurances from the Home State Supervisor (HSS) and may also request additional information from the firm, including branch Risk Appetite Statement and Delegated Authority document, etc.**

### 4.1.1 You must attach an Individual Capital Adequacy Assessment Process (ICAAP) document.

The types of areas it must cover include:

- structure of capital including capital ratios
- source of capital and sources of additional capital
- risk appetite statement, including quantification and linkage with other policies
- control environment
- Pillar 1 capital calculations
- Pillar 2 assessment and quantification of risks
- stress-testing and scenario analysis

A firm should conduct a range of stress tests and combinations of stresses that are appropriate to the nature, scale and complexity of its business. The firm should include a stress test of 'severe but plausible' severity, using on the 'anchor scenario' published by the PRA. The analysis should project the impact of the stress on capital requirements and capital resources through a five-year period and should clearly detail and quantify the effects of any management actions.

The firm should also include a reverse stress-test as per the requirements in SYSC 20.

The PRA will determine a PRA buffer, based on the anchor scenario, in line with the level of any CRD IV buffers that may be required.

The applicant firm's governing body should note that the applicant firm's ICAAP is:

- the responsibility of the firm's governing body
- must be approved by the firm's governing body
- must form an integral part of the firm's management process and decision-making culture

### 4.1.2 You must demonstrate that the applicant firm's capital resources will be sufficient to meet its capital resources requirement both at authorisation and through a severe but plausible stress over five years.

No additional notes.

### 4.1.3 You must provide a copy of the Risk Management Framework, explaining 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.

All risks must be covered, including credit, market, operational, sector and firm specific risks. Reference to the rules and guidance on risks in the Handbooks and the CRR will help you identify risks that may apply to your proposed business, and requirements for

their assessment and management. The framework should also include an overview of the risk governance structure.

#### **4.1.4 You must attach the following policies to support the ICAAP**

4.1.4.1 Credit/lending policy

4.1.4.2 Concentration risk policy

4.1.4.3 Provisioning policy

No additional notes.

## **4.2 Liquidity**

A firm must at all times maintain liquidity resources which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due – in compliance with the overall liquidity adequacy rule, section 2.1, PRA Rulebook.

**For third country branch applications section 4.2.1 and 4.2.3 may not apply. The PRA will seek the necessary assurances from the Home State Supervisor (HSS) and may request additional information. The applicant firm should engage with the PRA on the documentation requirements during the pre-application process.**

#### **4.2.1 You must attach an Individual Liquidity Adequacy Assessment Process (ILAAP) document.**

The ILAAP must be produced in compliance with the methodology, stresses and requirements set out in internal liquidity assessment rule, section 13, PRA Rulebook.

The types of areas the ILAAP should include, and be supported by, are:

- Summary of Liquidity Risk Management and Stress Testing Results.
- Detailed discussion of the ILAAP process, assumptions and results, to include both qualitative and quantitative dimensions, among others:
  - a full and complete review of the firm's liquidity position, access to liquidity, composition of its liquid assets, contractual and behavioural wholesale and retail deposit assumptions, and secured and unsecured funding profiles under business-as-usual conditions and under the prescribed stress tests
  - a review of liquidity risk governance
  - a statement of the firm's liquidity risk appetite
  - liquidity stress testing policies, process, and methodologies
  - the assumptions used for liquidity stress test scenario development and assumptions defining operational constraints on stress testing and management remedial actions
  - the applicant firm's Contingency Funding Plan
  - management information and reports, along with processes and procedures used for the identification, measurement, monitoring, and management of liquidity risk within the firm
  - a review and justification of the firm's assessment of its liquidity requirement, including evidence to support assessment of liquid asset buffer
  - if any changes are required to ensure compliance with the Liquidity Coverage Ratio.
- Appendices, which would likely contain, among other important and relevant information, copies of all working papers, models, and policies that were used in the development of, and that support, the ILAAP and its conclusions.

We expect the applicant firm to include details of how their ILAAP is likely to change over time including for example, how governance would change over the course of the planning period.

The firm's governing body should note that the firm's ILAAP is:

- the overall responsibility of the firm's governing body
- must be approved by the firm's governing body

**4.2.2 You must demonstrate that the applicant firm's liquidity resources will be adequate to meet its individual liquidity requirements.**

No additional notes.

**4.2.3 You must attach the following policies in support of the ILAAP:**

4.2.4.1 Liquidity Contingency Plan

4.2.4.2 Funding Plan

4.2.4.3 Liquidity Stress Testing Results

**4.3 Other related policies**

**4.3.1 You must attach the Financial Risk Management Policy**

**The Financial Risk Management Policy should set out the applicant's asset and liability management and how it will manage and mitigate market risks relevant to its model.**

No additional notes.

**4.4 Recovery & Resolution**

For third country branch applications section 4.4.1 may not be applicable. The applicant firm should engage with the PRA during the pre-application process. PRA will also seek the necessary assurances from the Home State Supervisor and may request additional information from the firm.

**4.4.1 You must attach the following:**

4.4.1.1 Governance and overview of preparation of the applicant's proportionate resolution information (and, if relevant, recovery plan).

A firm should, taking into account the nature, scale and complexity of its business and the business of other members of its group, establish and maintain appropriate internal processes regarding the governance of its Recovery & Resolution plan. This should include providing confirmation that the board has approved the processes to prepare the resolution information; confirming that the information is of appropriate quality; and the nomination of the executive director responsible.

The timeframe for submission of a full RRP will be agreed between PRA Supervision and the new bank.

4.4.1.2 An explanation of how early warning signs and triggers are integrated within the applicant bank's risk management framework.

If the applicant firm is applying to be a branch in the UK of an overseas entity, and the branch meets the criteria to open as a branch in the UK, the PRA may engage with home resolution authorities to understand if the applicant has a credible recovery plan and may seek assurance on the development of a credible and feasible resolution plan for the parent bank that covers the UK activity. For non-EEA branches this plan articulates how the whole firm recovery and resolution plan covers the UK branch.

4.4.1.3 A plan of how the firm is going to implement Single Customer View (SCV) and consideration of its ability to produce its SCV file.

Please refer to COMP 17.3 for information on what should be contained within an SCV implementation report and an SCV report:

<http://fsahandbook.info/FSA/html/handbook/COMP/17/3>.

Factors that may be taken into account to assess the resolvability of the applicant firm include the information and systems capability to support an FSCS rapid pay-out or transfer of deposits under Bank Insolvency Procedure. In support of this, if the applicant firm expects to hold an FSCS-protected deposit by an eligible claimant, it should demonstrate its ability to produce a single, consistent view of each eligible depositor's funds.

At application, the applicant firm must submit its plan to implement SCV and the control framework around it. Within three months of receiving authorisation to accept deposits, the bank must provide its SCV implementation report and a

SCV report. If the bank has not elected to dis-apply the electronic SCV rules (COMP 17.2.7: <http://fshandbook.info/FS/html/handbook/COMP/17/2>), it must also provide the FSCS with a representative sample of 10% or 10,000 (whichever is the smaller number) of its SCV (COMP 17.3.10: <http://fsahandbook.info/FSA/html/handbook/COMP/17/3>). The PRA may perform a detailed review of the new bank's SCV files and systems capabilities within a reasonable timeframe of authorisation.

4.4.1.4 Recovery options, their feasibility and estimated impact on the applicant firm's viability (including capital, liquidity, profitability and franchise). Please also consider if there are any barriers or impediments that the applicant considers may impede resolvability.

4.4.1.5 Service Level Agreements between the applicant firm and any group entities providing services to the applicant (if applicable), or any other outsourcing provider (e.g. provider of a deposit-taking platform) or market infrastructure provider (e.g. clearing counterparties), if applicable.

This may not be applicable if the applicant firm is following Option B (Mobilisation).

## 4.5 Annual Statutory Accounts

**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.

## 4.6 Bank of England Forms BT and ELS

**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 persons who will perform senior management functions. A person may perform more than one senior management function. Where the person for the role has not yet been recruited, please indicate this in the box.**

It is the responsibility of the 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 an approved person?

An approved person is a person who is approved by the relevant regulator to perform a senior management function for an authorised firm. To be approved and continue to be approved to perform a senior management function, an individual must:

- meet and maintain the criteria for approval (the 'fit and proper test')
- perform their senior management function(s) in line with the PRA Rulebook and FCA Handbook; and FCA's Code of Conduct (COCON).

### 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: [www.prarulebook.co.uk/rulebook/Content/Part/212475](http://www.prarulebook.co.uk/rulebook/Content/Part/212475)
- FCA Functions: [www.handbook.fca.org.uk/handbook/SUP/10C/](http://www.handbook.fca.org.uk/handbook/SUP/10C/)
- 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 to perform senior management functions' and Scope of Responsibilities for each individual who will be performing a senior management function that you have listed in question 5.1.  
See the FCA and PRA websites for links to these forms.

**5.3 Assessment of the Board.**

You must provide details of:

- 5.3.1 the applicant firm's assessment of what skills and experience are required collectively by the Board for the business model proposed
- 5.3.2 the gaps identified in the proposed Board against the collective skills and experience assessment
- 5.3.3 the plans to resolve the gaps identified
- 5.3.4 the recruitment process, including such areas as compliance with diversity and equality legislation

No additional notes.

**5.4 Independent non-executive directors.**

You must provide the applicant firm's assessment of the skills and experience required collectively as a team by the independent non-executive directors to enable them to provide effective challenge to the executive directors. Give details of any gaps identified in the proposed non-executive team together with the plan to fill the gaps.

No additional notes.

**5.5 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.

**5.6 Board (including non-executive) and executive committees, terms of reference and membership.**

For groups, include whether any committee members are employed by a group entity other than the applicant firm. For firms with overseas links, include whether the base location of any committee member is overseas.

# 6 Compliance, Internal Audit and Policies

## 6.1 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.

### 6.1.1 You must attach the applicant firm's compliance structure and resources.

It is the responsibility of the governing body 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.

### 6.1.2 You must confirm that the applicant firm has in place a comprehensive compliance procedures manual.

You must include the following:

- 6.1.2.1 Regulatory regime, applicable Handbook Sourcebooks and compliance oversight
- 6.1.2.2 Compliance with relevant Sourcebooks, for example BCOBS, COBS, MCOB
- 6.1.2.3 Whistle-blowing
- 6.1.2.4 Personal account trading
- 6.1.2.5 Conflicts of interest policy
- 6.1.2.6 Complaints handling
- 6.1.2.7 Market abuse policies

The compliance procedures manual must be specifically tailored to the applicant firm's proposed business, and should be designed to be easy to use, amend and to keep up-to-date.

You must be ready to supply the whole manual or any section on request, either as part of this application or during the assessment of the application.

### 6.1.3 You must attach the applicant firm'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.

## 6.2 Training and competence regime

A firm must employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them. The Training and Competence arrangements must cover all levels of personnel (including relevant persons working on behalf of the firm). You should refer to competency requirements in all relevant parts of the PRA Rulebook and the FCA Handbook.

**You must attach the applicant firm's Training and Competence regime or arrangements.**

No additional notes.

## 6.3 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.

### 6.3.1 You must attach the applicant firm's Internal Audit (including technology audit) structure and resources.

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.

### 6.3.2 You must attach the applicant firm's Internal Audit methodology.

The scope of the internal audit function and the methodology to be used should be risk based and appropriate to the size and complexity of the applicant firm's proposed business.

### 6.3.3 You must attach the applicant firm's Internal Audit plan 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 applicant firm's proposed business.

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

## 6.4 Policies and procedures

### 6.4.1 You must attach the following policies

- 6.4.1.1 Product governance policy and procedures
- 6.4.1.2 Responsible lending policy (if applicable)
- 6.4.1.3 Arrears and repossessions management (if applicable)

No additional notes.

### 6.4.2 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:

- 6.4.2.1 Steps that the firm will take to prevent it from being used to further fraud.
- 6.4.2.2 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.
- 6.4.2.3 Anti-money laundering training the firm will provide for its staff.
- 6.4.2.4 Steps that the firm will take to assess its exposure to the risk of being used for money laundering and terrorist financing.
- 6.4.2.5 'Know your customer' procedures, including additional due diligence to be undertaken in relation to high risk customers/sources of funds.
- 6.4.2.6 Procedures for monitoring transactions and reporting details of suspicious transactions.
- 6.4.2.7 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.

**6.4.3 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:

- 6.4.3.1 What treating customers fairly means to the applicant and its customers.
- 6.4.3.2 How the fair treatment of customers has been incorporated into the applicant firm's values and business plan.
- 6.4.3.3 What controls the applicant firm has put in place to ensure it treats its customers fairly.
- 6.4.3.4 How the applicant firm develops the competence and knowledge of its staff.
- 6.4.3.5 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.

**6.4.4 You must attach the applicant firm'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).

# 7 Infrastructure

## 7.1 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.

### 7.1.1 You must attach details of proposed external and intra-group outsourcing to support the applicant firm's 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.

### 7.1.2 You must attach details of oversight responsibilities and arrangements, systems and controls for each outsourced function material to the applicant firm's management and operations.

No additional notes.

### 7.1.3 You must attach copies of service level agreements and arrangements for each outsourcing material to the applicant firm's management and operations.

No additional notes.

## 7.2 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 applicant firm 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.

**7.2.1 You must confirm whether the core IT systems that the applicant firm will use in its 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.

**7.2.2 Will the applicant firm'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

**7.2.3 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.

## 8.1 Regulatory returns – RegData

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

For further details please see the FCA website.

There are some forms that cannot be completed using RegData, e.g. Supplementary Market Risk data.

**8.1.2 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 Handbooks?**

No additional notes.

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

No additional notes.

## 8.2 FINREP Reporting

**8.2.1 Will you be required to report FINREP?**

No additional notes.

# 9 Fees and levies

Firms fall into fee blocks according to their Part 4A permission. Generally, 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.12 or A.13 – Advisers, arrangers, dealers or brokers either holding or controlling client money/assets (A.12) or not holding or controlling client money/assets (A.13) A.14 – Corporate finance advisers
Home finance/general insurance mediation	A.18 – Home finance providers, advisers and arrangers A.19 – General insurance mediation

To find out which fee block(s) the applicant firm will fall into please see FEES 4 Annex 1, Part 1 of The Handbook at: <http://fshandbook.info/FS/html/handbook/FEES/4/Annex1B>.

The permissions 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 possible 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. For more information see FEES 4.2.7A G and 4.2.7B R at: <http://fshandbook.info/FS/html/handbook/FEES/4/2>.

When reporting monetary fee tariff data, firms should provide a projected valuation covering the first 12 months of trading as an authorised firm measured according to the relevant tariff base(s). Monetary figures should be denominated in **GBP**.

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 at: [www.fca.org.uk/firms/being-regulated/fees/tariff](http://www.fca.org.uk/firms/being-regulated/fees/tariff).

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 authorisation?**

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 1, fee block A.1: <http://fshandbook.info/FS/html/handbook/FEES/4/Annex1B>.

### 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 authorisation?**

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 may 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 1, fee block A.2: <http://fshandbook.info/FS/html/handbook/FEES/4/Annex1A>.

### 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, by the end of its first year of authorisation? (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 authorisation?**

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 date of authorisation.

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 1, fee block A.7: <http://fshandbook.info/FS/html/handbook/FEES/4/Annex1A>.



### 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 authorisation?**

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 date of authorisation.

- 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 1, fee block A.9:

<http://fshandbook.info/FS/html/handbook/FEES/4/Annex1A>.

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

#### **How many traders will the applicant firm have at the date of authorisation?**

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 1, fee block A.10:

<http://fshandbook.info/FS/html/handbook/FEES/4/Annex1B>.

### 9.7 **Fee Block A.12/A.13 – Advisers, arrangers, dealers or brokers**

#### **How much annual income does the applicant firm estimate for the first year of authorisation in relation to the regulated activities for fee-block A.12/A.13 i.e. advisers, arrangers, dealers or brokers holding and/or controlling client money/assets OR advisers, arrangers, dealers or brokers not holding or controlling client money/assets. Please exclude income arising from corporate finance business.**

A firm authorised for investment business is likely to be in fee-block A.12 (holding client money) or A.13 (not holding client money). A firm must exclude income from corporate finance business.

Both A.12 and A.13 are based on the net amount of income retained from the regulated activities proscribed in fee blocks A.12 and 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 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. A firm must exclude advisory activity income arising from its corporate finance business as this is included under fee block A.14.

For further details on this fee block, please see the fees section of the FCA website and the Handbook under FEES 4, Annex 1, fee block A.12/A.13:

<http://fshandbook.info/FS/html/handbook/FEES/4/Annex1A>.

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

**How much annual income does the applicant firm estimate for the first year of authorisation 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 1, fee block A.14:

<http://fshandbook.info/FS/html/handbook/FEES/4/Annex1A>.

#### 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 authorisation 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. over 12 months from the date of authorisation.

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 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 1, fee block A.18:

<http://fshandbook.info/FS/html/handbook/FEES/4/Annex1A>.

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

**How much annual income does the firm estimate for the first year of authorisation 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. over 12 months from the date of authorisation.

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 1, fee block A.19:

<http://fshandbook.info/FS/html/handbook/FEES/4/Annex1A>.

## The Money Advice Service Levy

The data provided under the Regulatory fees section above will be used to calculate most of the MAS fees with the exception of the debt advice levies.

### 9.11 Fee block MA01 – Debt advice levy – Depositors

#### Unsecured debt

**What is the GBP value of the outstanding loans to individuals in the UK that the applicant firm estimate for the first year of authorisation?**

A firm with permissions for fee block A.1 is also required to provide data for MAS fee block MA01.

The data required is the GBP value of the outstanding loans to individuals in the UK that the applicant firm estimate for the first year of authorisation, including all:

- credit card lending
- 'charge card' lending, even if the outstanding balance has to be paid off in full at the end of each charging period: and other loans and advances to individuals that are not bridging loans or secured on dwellings or land.

The data should exclude bridging loans and loans secured on dwellings and land.

For further details on this fee block, please see the fees section of the FCA website and the Handbook under FEES 7, Annex 1, activity group A.1, column 2:

<http://fshandbook.info/FS/html/handbook/FEES/7/Annex1>.

### 9.12 Fee block MA02 – 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 estimate for the first year of authorisation?**

A firm with permissions for fee block A.2 is also required to provide data for MAS fee block MA02.

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 estimate for the first year of authorisation.

For further details on this fee block, please see the fees section of the FCA website and the Handbook under FEES 7, Annex 1, activity group A.2, column 2:

<http://fshandbook.info/FS/html/handbook/FEES/7/Annex1>.

## 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: <http://www.fshandbook.info/FS/html/handbook/DISP/2/7>. Please complete the declaration section on the supplementary form to apply for an exemption.

### 9.13 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 authorisation?**

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: <http://fshandbook.info/FS/html/handbook/FEES/5/Annex1>.

**9.14 The ombudsman service's industry block I005 – Portfolio managers****How much relevant funds under management does the applicant firm estimate for the first year of authorisation?**

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: <http://fshandbook.info/FS/html/handbook/FEES/5/Annex1>.

**9.15 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 authorisation?**

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: <http://fshandbook.info/FS/html/handbook/FEES/5/Annex1>.

**9.16 The ombudsman service's industry block I007 – Dealers as principal****How many relevant traders will the applicant firm have at the date of authorisation?**

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: <http://fshandbook.info/FS/html/handbook/FEES/5/Annex1>.

**9.17 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 authorisation 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 blocks A.12/A.13.

See FEES 5 Annex 1R in the Handbook for detailed notes on this industry block: <http://fshandbook.info/FS/html/handbook/FEES/5/Annex1>.

**9.18 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 authorisation in relation to 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: <http://fshandbook.info/FS/html/handbook/FEES/5/Annex1>.

**9.19 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 authorisation 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: <http://fshandbook.info/FS/html/handbook/FEES/5/Annex1>.

**9.20 The ombudsman service's industry block I017 – General insurance mediation****How much relevant annual 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 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: <http://fshandbook.info/FS/html/handbook/FEES/5/Annex1>.

**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 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 according to their permission. Details of FSCS classes and tariff bases are set out in FEES 6 Annex 3 of the Handbook.

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 under COMP 4.2 of the Handbook. See <http://fshandbook.info/FS/html/handbook/COMP/4/2> for details of persons that qualify for FSCS compensation.

If the applicant firm will not carry on any business with eligible claimants, it can apply for an exemption from the FSCS specific and compensation levy. Please complete the declaration section on the supplementary form to apply for an exemption.

**9.21 Class SA01 – 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.

The data should be based on single customer view (SCV). For further information please see COMP 5.3.1 R: <http://fshandbook.info/FS/html/handbook/COMP/5/3#D13>, and FEES 6, Annex 3: <http://fshandbook.info/FS/html/handbook/FEES/6/Annex3>.

**9.22 Class SB02 – General insurance mediation**

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

The data submitted here is to calculate the firm's FSCS levy in relation to general insurance mediation contracts only. Income expected from mediation activities relating to pure protection business should be excluded and reported in class SC02 where applicable.

Detailed information on how to calculate the annual eligible income (AEI) for SB02 is provided in the fees section of the FCA website and in the Handbook under FEES 6, Annex 3: <http://fshandbook.info/FS/html/handbook/FEES/6/Annex3>.

**9.23 Class SC02 – Life and pensions mediation**

**How much annual eligible income does the applicant firm estimate for the first year of authorisation in relation to its life and pensions mediation (including pure protection) business only?**

The data submitted here is to calculate the firm's FSCS levy in relation to life and pensions investments and long-term insurance contracts mediation activities including pure protection business.

Detailed information on how to calculate the annual eligible income (AEI) for SC02 is provided in the fees section of the FCA website and in the Handbook under FEES 6, Annex 3: <http://fshandbook.info/FS/html/handbook/FEES/6/Annex3>.

**9.24 Class SD01 – Investment provision**

**How much annual eligible income does the applicant firm estimate for the first year of authorisation in relation to fund management business only?**

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.

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 class SD02.

Detailed information on how to calculate the annual eligible income (AEI) for SD01 is provided in the fees section of the FCA website and in the Handbook under FEES 6, Annex 3: <http://fshandbook.info/FS/html/handbook/FEES/6/Annex3A>.

**9.25 Class SD02 – Investment mediation**

**How much annual eligible income does the applicant firm estimate for the first year of authorisation in relation to investment mediation business?**

The data submitted here is to calculate the firm's FSCS levy for investment mediation activities. It includes all mediation activities in relation to designated investment business except activities that relate to long-term insurance contracts for rights under a stakeholder pension scheme or a personal pension scheme. Investment mediation activities relating to long-term insurance contracts should be reported in class SC02 where applicable.

Detailed information on how to calculate the annual eligible income (AEI) for SD02 is provided in the fees section of the FCA website and in the Handbook under FEES 6, Annex 3: <http://fshandbook.info/FS/html/handbook/FEES/6/Annex3A>.

**9.26 Class SE02 – Home finance mediation**

**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 SE02 is provided in the fees section of the FCA website and in the Handbook under FEES 6, Annex 3: <http://fshandbook.info/FS/html/handbook/FEES/6/Annex3A>.

## Declaration of FSCS and the Ombudsman Service exemption

### 9.27 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 they can apply for an exemption.

Please read the Ombudsman Service exemption guidance before completing this section. This can be found on the FCA website at:

[www.fca.org.uk/firms/being-regulated/fees/others/fos](http://www.fca.org.uk/firms/being-regulated/fees/others/fos).

Applicant firms that do not conduct business with eligible complainants qualify for exemption from the Ombudsman Service levy. Exemption will mean the applicant firm will not have to pay an Ombudsman Service levy.

For example, if this application has highlighted that the applicant firm will conduct business 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.**

### 9.28 FSCS Exemption – if the applicant firm will not carry on business that could give rise to a protected claim by an eligible claimant and does not foresee doing so in the immediate future, they can apply for an exemption.

Please read the FSCS exemption guidance before completing this section. This can be found on the FCA website at: [www.fca.org.uk/firms/being-regulated/fees/others/fscs](http://www.fca.org.uk/firms/being-regulated/fees/others/fscs)

The FSCS levy is broken into three parts. Applicant firms that will not conduct business with eligible claimants can qualify for exemption from the Specific and Compensation costs of the FSCS levy. Please note that all applicant firms will pay toward the Base cost of the FSCS regardless of exemption unless they are non-participant firms. Non-participants firms include authorised professional firms who are members of the Law Society in England and Wales, or Scotland. Please refer to the Handbook at: <http://fshandbook.info/FS/glossary-html/handbook/Glossary/P?definition=G837> for the full list of non-participant firms.

For example, if this application has highlighted that the applicant firm will conduct business with retail clients then exemption is unlikely to be available. This is because retail clients are likely to qualify as eligible claimants. For a full definition of an 'eligible claimant' see COMP 4.2 of the Handbook at:

[www.fshandbook.info/FS/html/handbook/COMP/4/2](http://www.fshandbook.info/FS/html/handbook/COMP/4/2).

**If the applicant firm will not conduct business with eligible claimants please tick the relevant box in Question 9.29. If at any point in the future the applicant firm is to initiate business with eligible claimants, it must notify us immediately.**

## Online invoicing

### 9.29 Please provide details below to register for online invoicing:

No additional notes.

End of supplement