

**Application for Authorisation  
  
Claims Management – notes**

Please take time to read these notes carefully. They will help you to fill in the supplement correctly.

When completing the application forms you will need to refer to the Handbook: <https://www.handbook.fca.org.uk/handbook/>

If after reading these notes you need more help please:

* check our website
* consult the Handbook: <https://www.handbook.fca.org.uk/handbook/>
* call the Customer Contact Centre: 0300 500 0597
* email the Customer Contact Centre: [Firm.Queries@fca.org.uk](mailto:Firm.Queries@fca.org.uk)

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

**Terms in these notes**

These notes use the following terms:

* 'you' or ‘the applicant firm’ refers to the firm applying for authorisation
* ‘the FCA ,'we', ‘us’ or 'our' refers to the Financial Conduct Authority
* FSMA refers to the Financial Services and Markets Act 2000
* ‘Claims management activity’ refers to regulated claims management activity except where stated otherwise

**Important information**

**At the point of authorisation we expect the applicant firm to be ready, willing and organised to start business.**

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|  | The Handbooks |

**Introduction**

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

In addition to the Handbooks, there are also Handbook guides and Regulatory guides. Handbook guides are guides to the Handbook as a whole and are aimed at particular types of firms. They will point you in the direction of relevant material.

The Handbooks are divided into Blocks and each of these is subdivided into modules. Additionally, the Handbook contains a Glossary of all the definitions used in the Handbooks. The full handbook can be found at [www.handbook.fca.org.uk/](http://www.handbook.fca.org.uk/)

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|  | Threshold Conditions |

Throughout the application pack, you will see references to the Threshold Conditions (COND). 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 Threshold Conditions are set out in full in COND 2 of the Handbooks at:

[www.handbook.fca.org.uk/handbook/COND/2/](http://www.handbook.fca.org.uk/handbook/COND/2/)

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| 1 | Application contact details |

Contact for this application

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

This should generally be someone in the UK

Pre-application case

Please specify if you have received support from the Innovation Hub or the Asset Management Hub

No additional notes

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| 2 | Firm details |

Firm details

No additional notes

About the legal status of the applicant firm

What type of firm is the applicant?

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

**Date of incorporation or formation**

This does not apply to sole traders.

**In which country was the applicant incorporated or formed?**

This does not apply to sole traders.

**Companies House Registration number?**

No additional notes

**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

Firm address details

**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.

**Registered Office Address**

This will not be displayed if you are a sole trader.

**Head office address**

This will not be displayed if you are a sole trader.

**Website details**

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.

**Companies House confirmation**

The applicant must confirm that all relevant details match Companies House records.

This confirmation applies to applicants who are incorporated firms registered at Companies House. If you are not an incorporated firm (e.g. sole traders and partnerships) you should answer N/A.

Information for the Financial Services Register

**Complaint contact person's details for the Financial Services Register**

No additional notes

**Please confirm that the person named above has been informed that their details will be displayed on the Financial Services Register as a contact for complaints**

No additional details

Details of auditor / reporting accountant

If you are a small firm then you are not legally required to have an auditor / reporting accountant.

Any applicant firm which falls within the table in SUP 3.1.2 R is required to have an auditor. The table also sets out which sections of SUP will be applicable to the applicant firm. You can find the table at: [www.handbook.fca.org.uk/handbook/SUP/3](http://www.handbook.fca.org.uk/handbook/SUP/3)

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.

If this section applies to you, SUP 3 and in particular, SUP 3.3 – Appointment of Auditors will give you guidance on appointing auditors.

Please note 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.

Details of professional advisers

Please note that while we will copy correspondence to the applicant firm's professional advisers, we will always deal directly with the applicant firm when processing the application.

The applicant firm may decide to use a professional adviser to help them with regulatory returns or ongoing compliance matters. However, the applicant firm is responsible for ensuring all answers are completed fully and honestly.

Locum

If your firm is solely dependent on one individual to run the business, you will need to have arrangements in place with another firm who has the same permissions as yourself, to assist help your customers on a temporary basis due to unforeseen circumstances that might befall the individual.

Trading names

For more information about the Company, Limited Liability partnership and Business Names (Sensitive Words and Expressions) Regulations 2014, see <http://www.legislation.gov.uk/uksi/2014/3140/contents/made>

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| 3 | Permission & fees |

Background

When applying for authorisation you are responsible for ensuring that the regulated activities requested adequately cover the activities the applicant firm intends to carry on.

You need a Scope of Permission Notice that matches the applicant firm's needs and covers every aspect of regulated business it wants to carry on.

Getting the applicant firm's permission notice right at the outset is fundamental. In the event that the applicant firm is authorised with the wrong permission notice, it will be breaching our rules.

The permission notice shows the range of regulated activities the applicant firm will be authorised to carry on. It will also contain what we refer to as 'requirements' and 'limitations'. In broad terms, limitations are restrictions placed on specific regulated activities and requirements will be placed on the activities of the firm as a whole to take or not to take specified actions.

If the applicant firm carries on a regulated activity that is not set out in its permission notice it could be in breach of the Financial Services and Markets Act 2000 (FSMA) and subject to enforcement action.

Wording of the Scope of Permission Notice

The Scope of Permission Notice will follow the wording in the Perimeter Guidance PERG 2 (Annex 2). You can find this at: <https://www.handbook.fca.org.uk/handbook/PERG/2/>

Requested permissions

You will need to look at the list of regulated activities and decide which are relevant to the applicant.

You can find a full description of each regulated activity in PERG 2.7 at: <https://www.handbook.fca.org.uk/handbook/PERG/2/7.html>

You may also find it useful to look at the FCA glossary: <https://www.handbook.fca.org.uk/handbook/glossary/>

Don’t be put off by the language. We need to use formal language to mirror how the activities are described in the Regulated Activities Order (Specified Activities). The Permissions profile is a legal document that sets out the scope of your permission for regulatory purposes.

Agreeing to carry on a regulated activity

Under our permissions regime, agreeing to carry on a regulated activity is a regulated activity in its own right. We grant permissions for this regulated activity, as appropriate, to applicants applying for authorisation so this must be selected.

**Agreeing to carry on a regulated activity**

No additional notes

**Seeking out referrals and identification of claims or potential claims (personal injury claim; financial services or financial product claims housing disrepair claim; claims for a specified benefit; criminal injury claim; employment related claim)**

This permission is specified in Article 89G of the Regulated Activities Order, which in summary involves any or all of the following:

1. seeking out persons who may have a claim (unless that activity constitutes a controlled claims management activity: see PERG 8.7A.5G);
2. referring details of a claim or a potential claim or a claimant or potential claimant to another person; and
3. identifying a claim or potential claim, or a claimant, or potential claimant;

When carried on in relation to:

1. Personal injury: claims for damages for personal injury or death
2. Financial services and financial products; claims in relation to financial services and financial products
3. Housing repair; claims relating to certain landlord and tenant legislation, for the disrepair of premises under a term of a tenancy agreement or lease, or under the common law relating to nuisance
4. Specified benefits; claims relating to certain industrial injuries, benefits, supplements or allowances
5. Criminal injuries; claims under the Criminal Injuries Compensation Scheme
6. Employment; includes claims in relation to wages and salaries and other employment-related payments, and claims in relation to wrongful or unfair dismissal, redundancy, discrimination and harassment

Advice, investigation or representation in relation to a personal injury claim

This permission is specified in Article 89H of the Regulated Activities Order, which in summary involves any or all of the following:

1. Advice includes any type of advice in relation to a claim, including advice on the merits of a claim, advice on the procedure for pursuing a claim, advice on how best to present a claim, and advice on possible means of challenging an unsatisfactory outcome to a claim.
2. Investigation of a claim means carrying out an investigation into, or commissioning the investigation of, the circumstances, merits or foundation of a claim.
3. Representation of a claimant means representation in writing or orally, regardless of the tribunal, body or person before which or to whom the representation is made.

Where carried on in relation to a personal injury claim (claims for damages for personal injury or death).

Advice, investigation or representation in relation to a financial services or financial product claim

This permission is specified in Article 89I of the Regulated Activities Order, which in summary involves any or all of the following:

1. Advice includes any type of advice in relation to a claim, including advice on the merits of a claim, advice on the procedure for pursuing a claim, advice on how best to present a claim, and advice on possible means of challenging an unsatisfactory outcome to a claim.
2. Investigation of a claim means carrying out an investigation into, or commissioning the investigation of, the circumstances, merits or foundation of a claim.
3. Representation of a claimant means representation in writing or orally, regardless of the tribunal, body or person before which or to whom the representation is made.

Where carried on in relation to a financial services or financial product claim

Advice, investigation or representation in relation to a housing disrepair claim

This permission is specified in Article 89J of the Regulated Activities Order, which in summary involves any or all of the following:

1. Advice includes any type of advice in relation to a claim, including advice on the merits of a claim, advice on the procedure for pursuing a claim, advice on how best to present a claim, and advice on possible means of challenging an unsatisfactory outcome to a claim.
2. Investigation of a claim means carrying out an investigation into, or commissioning the investigation of, the circumstances, merits or foundation of a claim.
3. Representation of a claimant means representation in writing or orally, regardless of the tribunal, body or person before which or to whom the representation is made.

Where carried on in relation to a housing disrepair claim (claims relating to certain landlord and tenant legislation, for the disrepair of premises under a term of a tenancy agreement or lease, or under the common law relating to nuisance).

Advice, investigation or representation in relation to a claim for a specified benefit

This permission is specified in Article 89K of the Regulated Activities Order, which in summary involves any or all of the following:

1. Advice includes any type of advice in relation to a claim, including advice on the merits of a claim, advice on the procedure for pursuing a claim, advice on how best to present a claim, and advice on possible means of challenging an unsatisfactory outcome to a claim.
2. Investigation of a claim means carrying out an investigation into, or commissioning the investigation of, the circumstances, merits or foundation of a claim.
3. Representation of a claimant means representation in writing or orally, regardless of the tribunal, body or person before which or to whom the representation is made.

Where carried on in relation to a claim for a specified benefit (claims relating to certain industrial injuries, benefits, supplements or allowances).

Advice, investigation or representation in relation to a criminal injury claim

This permission is specified in Article 89L of the Regulated Activities Order, which in summary involves any or all of the following:

1. Advice includes any type of advice in relation to a claim, including advice on the merits of a claim, advice on the procedure for pursuing a claim, advice on how best to present a claim, and advice on possible means of challenging an unsatisfactory outcome to a claim.
2. Investigation of a claim means carrying out an investigation into, or commissioning the investigation of, the circumstances, merits or foundation of a claim.
3. Representation of a claimant means representation in writing or orally, regardless of the tribunal, body or person before which or to whom the representation is made.

Where carried on in relation to a criminal injury claim (claims under the Criminal Injuries Compensation Scheme).

Advice, investigation or representation in relation to an employment related claim

This permission is specified in Article 89M of the Regulated Activities Order, which in summary involves any or all of the following:

1. Advice includes any type of advice in relation to a claim, including advice on the merits of a claim, advice on the procedure for pursuing a claim, advice on how best to present a claim, and advice on possible means of challenging an unsatisfactory outcome to a claim.
2. Investigation of a claim means carrying out an investigation into, or commissioning the investigation of, the circumstances, merits or foundation of a claim.
3. Representation of a claimant means representation in writing or orally, regardless of the tribunal, body or person before which or to whom the representation is made.

Where carried on in relation to an employment related claim (includes claims in relation to wages and salaries and other employment-related payments, and claims in relation to wrongful or unfair dismissal, redundancy, discrimination and harassment).

Financial Promotions

From 7th February 2024 all authorised persons will require specific FCA permission to approve financial promotions for unauthorised persons. Authorised persons do not need to seek FCA permission to approve (i) their own financial promotions; or (ii) the financial promotions of their group entities or appointed representatives (in relation to regulated activities for which the firm has accepted responsibility).

Is the applicant firm applying for permission to approve financial promotions for unauthorised persons (other than its group entities or appointed representatives) under section 21 of FSMA?

No additional notes

**Give details below of the type of investments the applicant firm wants to apply for permission to approve financial promotions for.**

No additional notes

**Give details of the categories of investment which have marketing restrictions which the applicant firm expects to approve financial promotions for.**

The definition of restricted mass market investments can be found here: <https://www.handbook.fca.org.uk/handbook/glossary/?starts-with=R>

The definition of non-mass market investments can be found here: <https://www.handbook.fca.org.uk/handbook/glossary/?starts-with=N>

Policies and procedures

**How will the applicant firm ensure that the financial promotion is fair, clear and not misleading and otherwise complies with applicable financial promotion rules, both before approving it and, where relevant, during continued monitoring of its compliance with applicable financial promotion rules?**

No additional notes

**How will the applicant firm ensure the authenticity of the propositions described in the promotions it is asked to approve?**

This may mean undertaking background checks on directors, controllers or other key individuals associated with the product provider.

**How will the applicant firm mitigate the particular risks which it has identified for approving financial promotions for unauthorised persons? How will the applicant firm maintain adequate records of the financial promotions which it will approve?**

Various Handbook rules require firms to maintain adequate records of the activities which they undertake. For example, for investment-related financial promotions there are detailed rules in COBS 4.11. There are also more general rules on record-keeping in SYSC 9.

You must include reference to the systems the applicant firm will use.

**How will the applicant firm ensure the commercial viability of the propositions described in the promotions it is asked to approve?**

How will the firm ensure that promotions adequately warn potential consumers of any significant factors that could threaten the product’s viability, so that they can make an informed decision?

**What process will the applicant firm follow for withdrawing an approval of a financial promotion, where this is required?**

No additional notes

**Is the applicant firm seeking permission to approve financial promotions for designated investments?**

The definition of designated investment can be found here:

<https://www.handbook.fca.org.uk/handbook/glossary/?starts-with=D>

**How will the applicant firm assess whether relevant investments are reasonably capable of delivering advertised or headline rates of return?**

No additional notes

**How will the applicant firm assess whether there are any fees, commissions or other charges within a relevant investment’s structure or elsewhere that could materially affect the investment’s ability to deliver advertised or headline rates of return?**

No additional notes

**Will the applicant firm be approving financial promotions that retail customers can access?**

The definition of retail customers can be found here:

<https://www.handbook.fca.org.uk/handbook/glossary/?starts-with=R>

**Approximately how many financial promotions does the applicant firm expect to approve if it is granted permission to do so?**

Do not include approvals that fall within the scope of exemptions from the need to apply for permission to approve financial promotions.

What the FCA will consider to be one financial promotion is set out in SUP 16.30.12 G.

**Explain what fees the applicant firm intends to charge for approving and (where applicable) ongoing monitoring of financial promotions?**

No additional notes

**Give details of the**

* **revenue the applicant firm estimates it will make from approving financial promotions**
* **percentage of the applicant firm’s estimated revenue from approving financial promotions.**

No additional notes

**Give details of the relevant experience of individuals who will approve promotions**

No additional notes

Client money

Client money is money which a firm receives or holds on behalf of a customer in the course of or in connection with providing claims management services. Rules in relation to this can be found in Chapter 13 of the FCA’s Client Assets Sourcebook (CASS). These rules will apply to CMCs from 1 April 2019.

History of applicant firm

No additional notes

Fees and levies

No additional notes

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| 4 | Threshold Conditions analysis |

Location of offices

No additional notes

Effective supervision

No additional notes

Appropriate resources

No additional notes

Suitability

No additional notes

Business model

No additional notes

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| 5 | Claims Management supplement |

Regulatory business plan

We need to know about the business the applicant intends to carry on so we can ensure it is authorised for the correct regulated activities, and to assess the adequacy of its resources.

We see the regulatory business plan as an important regulatory tool for the applicant and us in measuring the applicant’s business risk and control over any regulatory concerns. You can find further information about this in: <https://www.handbook.fca.org.uk/handbook/SYSC/3/2.html>

Bearing in mind the threshold conditions, we need to be satisfied that the applicant firm can:

• identify all regulated activities and any unregulated activities it intends to carry on

• 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

Please remember that the applicant firm's regulatory business plan is an important part of the overall application and integral to our decision-making process. It is important that the regulatory business plan is tailored to the applicant firm’s activities. The amount of detail submitted should be proportionate to the nature of the business the applicant firm intends to carry on. For example, a small firm seeking to carry on a business with a risk you perceive as low, should have a smaller and less complex business plan than a business plan for a complex high-risk firm. The level of detail should also be appropriate to the risks to the applicant’s customers.

Providing an incomplete or non-specific regulatory business plan is likely to result in further questions and the application may take longer to be determined as a result.

You can find further information about our requirements and expectations for business plans at <https://www.handbook.fca.org.uk/handbook/COND/2/4.html>

Background

Which sales channels does the applicant intend to use and what will each method of sale be as a percentage of total sales?

If you selected ‘Other’, please give details as below of the channel(s) the applicant intends to use and the approximate percentages

To assess this application fully, we need as much insight as possible into how the applicant intends to carry on business.

How will the applicant source customers?

No additional notes

Is the applicant firm leaving a network?

We need to know this in case you are subject to a notice period.

Does the applicant firm intend carrying on any unregulated business activities?

No additional notes

How will the applicant firm be remunerated?

No additional notes

Additional Questions

Does the applicant make any use of premium rate numbers?

No additional notes

Is the applicant currently taking over the business of any other firm or are there any plans for the applicant to do so? (Or if already trading, has the applicant acquired the business of any other firms in the last 5 years)

No additional notes

**Does the applicant use or intend to use third party lead generators?**

No additional notes

**Does the applicant intend to accept introductions from lead generators benefitting from the exclusion for certain providers of referrals?**

No additional notes

**Does the applicant intend to represent customers before a tribunal or make representations on behalf of the customer, to an ombudsman service or insurer?**

No additional notes

**Does the applicant have procedures in place for dealing with vulnerable consumer?**

No additional notes

**Please attach a copy of your pre-contract information in relation to your claims management activities**

No additional notes

**Please attached a sample copy of your customer contract in relation to your claims management activities**

No additional notes

Scale of Business

**How many clients does the applicant firm expect to have in relation to its regulated activities?**

No additional notes

Business Risks

**What are the main business risks for the applicant and how does it intend to manage those risks?**

Here are some examples that should be considered, depending on the nature of the applicant firm’s business:

**External risks:**

The applicant firm should:

* identify competitors and assess their reaction to the applicant firm's presence in the market, if applicable
* consider critical economic factors which should then be analysed and assessed. For example, it may be useful to explore the effect on the applicant firm's business if there were large-scale local redundancies, a recession in the economy, low interest rates or limited demand for its products/services.

**Internal risks:**

The applicant firm should:

* undertake a sensitivity analysis of various scenarios and the possible outcomes (this could be a reduction in business or an equally large increase in business – for example, towards the end of a tax year)
* consider how the applicant firm would manage if it lost key staff
* prepare and maintain a contingency plan that deals with the applicant firm's identified key risks

Branches

**Will the applicant have any branches in the UK that intend conducted regulated activities?**

No additional notes

Outsourcing with third parties

**What functions (if any) will the applicant outsource?**

Outsourcing is the act of one firm contracting with another to provide services that might otherwise be performed by in-house employees. You must include details of the parties that the functions will be outsources to and how the applicant will monitor and control the outsourced functions.

Treating Customers Fairly

**Has your firm reviewed the TCF outcomes and ensured that they have been applied?**

No additional notes

**TCF should be a key considering for all new firms. Please tell us how the fair treatment of customers has been considered in the development of the applicant’s business plan**

No additional notes

**How will the applicant’s senior management ensure that TCF is embedded in the culture of the firm and that it can demonstrate that the firm is consistently delivering fair outcomes to consumers?**

No additional notes

**What have the management of the applicant identified as the key risks to consumers in its model and what action has been taken to mitigate these risks?**

No additional notes

All applicants must provide the following

**An opening balance sheet to demonstrate how the applicant will meet its financial resources requirement at the date of authorisation**

This is a balance sheet prepared as at the start of your trading as an authorised firm

**A forecast closing balance sheet for the first 12 months of trading as an authorised firm**

This is a balance sheet showing the financial position of the applicant as it is forecasted to be after 12 months of trading

**A monthly cash flow forecast for the first 12 months of trading as an authorised firm**

The cashflow statement shows how a firm is paying for its operations and future growth, by detailing the ‘flow’ of cash into and out of the firm.

The cashflow statement is normally similar to the profit and loss statement but shows the actual financial position of a firm at any time. So if a firm starts with share value of £10,000 then this is the starting figure. Include this in your profit and loss to take it forward and for every month you will have income and expenses deducted, showing you the actual financial position of the company at any time.

**A monthly profit and loss forecast for the first 12 months of trading. As a minimum, the profit and loss forecast must disclose the following on a monthly basis:**

* **a gross income, analysed between regulated and un-regulated activities**
* **business expenditure, relevant annual expenditure, analysis of the major overheads expenditure; and**
* **profit before taxation**

A profit and loss account shows the firm’s income and expenditure for a set period. You must send us 12 forecast profit and loss accounts, one for each of the first 12 months of trading as an authorised firm.

**Is the applicant currently trading?**

No additional notes

**If yes, you must attach the applicant’s most recent annual and management accounts if annual accounts are not recent.**

No additional notes

Financial Resources

Depending on the answer you gave earlier in the form about the legal status of the firm depends on the questions you will be asked on financial resources.

**Public Limited Company or Private Limited Company**

We need to know the sources of the capital in the applicant firm and how these amounts are made up. Capital is the money or assets in your business. The different types are described briefly below.

* Fully paid-up ordinary shares: These are ordinary shares that the applicant firm has been paid for in full. Ordinary shares are the most common type of share. They carry full voting and dividend rights and their owners are the owners of the company.
* Share premium account: This is a reserve of money set up in the applicant firm's accounts to account for the issue of new shares above their par value. i.e. if you issue some shares at £1 each, and you keep some back which you then sell at £1.50 each, you put the extra 50p into the share premium account.
* Preference shares: These are shares that pay a fixed dividend. Holders of preference shares receive their dividend before holders of ordinary shares. For our defined term, please see the Handbook Glossary entry from preference share at: <https://www.handbook.fca.org.uk/handbook/glossary/?starts-with=P>
* Audited reserves: These are past earnings that the applicant firm has retained, as verified by its auditors. For firms not required to appoint an auditor, under the Companies Act 2006, for their accounts, these will be unaudited.
* Verified interim net profits: These are the net profits made after the applicant firm's last annual financial statement, as verified by its auditor. For firms not required to appoint an auditor, under the Companies Act 2006, these will be interim profits which have not been verified by an auditor.
* Revaluation reserves: These are reserves kept to allow for the depreciation of any assets.
* Subordinated loans: These are loans that rank below other unsubordinated debt in the queue for repayment should the applicant firm be wound up. They can only count as part of its capital if they satisfy the conditions laid out in the relevant parts of the Handbook.

Where assets are included in the applicant firm's financial resources and they are subject to depreciation, please take this into account when calculating the value of those assets.

Partnerships and sole traders

* Only include your share of any assets and liabilities that are jointly owned by another party, such as your wife/husband.
* Current market value (not the price paid or nominal value) of quoted investments – only include readily realisable securities, unit trusts and other packaged products.
* Where applicable current market value (e.g. property) should be estimated.
* Guarantees – include the maximum liability of a personal guarantee given to a third party.

Limited Liability Partnership

You must tell us how the capital in the partnership is sourced. Capital is the money or property or other assets owned in by the business. The different types of sources are described below:

* Member's capital agreement. This is the legal agreement between the members of the LLP which should show the make-up and value of the capital.
* Members' reserves. These are the past earnings of the applicant firm that have been retained by it on its balance sheet.
* Subordinated loan. These are loans that rank below other unsubordinated debt in the queue for repayment if the applicant firm is wound up. They can only count as part of your capital if they satisfy the conditions laid down in our Handbook rules.

Where assets are included in the applicant firm's financial resources and they are subject to depreciation, please take this into account when calculating the value of those assets.

Other applicant firms

You must tell us how the capital in the applicant firm is sourced. Capital is the money, property or other assets in your business.

Sources of external funding

**Does the applicant firm have any subordinated loans?**

You will only be asked this question if your legal status is Public Limited Company, Private Limited Company or Limited Liability Partnership and you were asked about subordinate loans at the start of this Financial Resources Section.

A subordinated loan is a loan that ranks below other unsubordinated debt in the queue for repayment should the applicant firm be wound up.

**Does the applicant firm have other external funding?**

Examples of external finance would include a bank overdraft or a business loan.

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| 6 | Disclosure of significant events  Please note, this section will only be displayed if you have previously traded. |

**Disclosure**

Significant events include, but are not limited to:

* any material litigation in the last five years before the date of the application
* any material written complaints made by clients or former clients in the last five years accepted by the applicant firm or those upheld or awaiting determination by an ombudsman
* any bankruptcy, winding-up petition or creditors' voluntary arrangement
* any failure to satisfy a judgement debt under a court order in the UK and elsewhere in the last ten years
* any outstanding financial obligations arising from regulated activities the applicant firm carried on in the past, including any outstanding fees to the Financial Services Authority, Financial Conduct Authority or the Prudential Regulation Authority or any other regulator
* whether the applicant firm has been the subject of a receiving or administration order

Although we may consider that a matter is relevant to its assessment of a firm, we will consider each matter in relation to the regulated activity the applicant firm has applied for. If necessary, you should discuss relevant matters with us before submitting this application. This will allow us to consider fully how significant the matter is and how it affects the applicant firm's ability to satisfy, and continue to satisfy, the threshold conditions.

More information on disclosing significant events can be found in COND 1.3.3 G, on our website at: <https://www.handbook.fca.org.uk/handbook/COND/1/3.html>

There is also further guidance on our website at: <https://www.handbook.fca.org.uk/handbook/COND>

You must answer all the questions in the Disclosure of significant events appendix. If you answer **yes** to any of the questions you must provide a full explanation of the event on a separate sheet(s) of paper. You must then attach this to your application. Any explanations you give must include the question number that the event refers to, the date of the event, any amounts of money involved, the outcome and a full and clear explanation of the circumstances.

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| 7 | Systems and controls |

IT systems

**Will the applicant be using only commercial off the shelf computer products/packages?**

An off-the-shelf package is a simple 'one size fits all' package rather than a system that is tailor made specifically for the business.

**If yes, give the names of the packages**

**Business transaction reporting**

We appreciate that different types of firms will have different transactions and ways of recording those transactions, so please be as clear as possible in your explanation. An example of business transaction reporting could be the systems the applicant firm has in place, or will have in place, for recording a client's individual transaction details on their file eg keeping know your customer details up to date.

**Accounting system**

Examples of off-the-shelf accounting packages are SAGE, Quickbooks pro.

**Other IT systems, eg Word, Excel**

No additional notes.

**If no, you must provide a brief description of your proposed bespoke systems (this must include details of your IT systems, business transaction recording system and accounting system). You must also attach a copy of the detailed IT controls form, the form can be accessed using the following link:** [**https://www.fca.org.uk/publication/forms/detailed-it-controls-form.xlsm**](https://www.fca.org.uk/publication/forms/detailed-it-controls-form.xlsm)

No additional notes

**Is the applicant firm already using these systems?**

No additional notes

Business continuity and disaster recovery

**Please tick the box to confirm that the document is ready for the FCA to inspect.**

**Full business continuity procedures (BCP)**

**Any agreements or terms of reference agreed with any third party providing compliance or other services to the applicant**

**Any outsourcing arrangements for disaster recovery**

We expect the applicant firm to have an appropriate disaster recovery plan appropriate to the size and nature of its business in place. This should ensure that it can continue to function and meet its regulatory obligations if there is an unforeseen interruption. These arrangements should be regularly updated and tested to ensure their effectiveness.

The plan should include an assessment of the disruptions to which the firm is particularly susceptible (and the likely timescale of those disruptions). These might include:

* loss or failure of internal and external resources such as people (either through illness or leaving the firm), systems and other assets;
* the loss or corruption of information (eg computer breakdown and loss of customer files); and
* external events (such as vandalism, terrorism and adverse weather).

It should cover ways in which both the likelihood and impact of a disruption can be reduced, eg by succession planning and contingency arrangements.

It should show the strategy for:

* maintaining continuity of operations;
* communicating to the staff; and
* regularly testing the adequacy and effectiveness of this strategy.

The questions listed below should help you with this:

* What arrangements do you have in place to reduce the impact of a short, medium or long-term disruption to the following:
  + people, systems and other assets
  + the recovery priorities for the [firm's](http://fsahandbook.info/FSA/glossary-html/handbook/Glossary/F?definition=G430) operations
  + communication arrangements for internal and external concerned parties (eg the FCA, [clients](http://fsahandbook.info/FSA/glossary-html/handbook/Glossary/C?definition=G156) and the press)
* How would the applicant firm set in motion its disaster recovery and business continuity plans?
* Does it have any processes in place to check and validate the integrity of information affected by the disruption?
* How will the applicant firm review, test and update its disaster recovery plan operations?

For further guidance see: [www.handbook.fca.org.uk/handbook/SYSC](http://www.handbook.fca.org.uk/handbook/SYSC)

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| 8 | Compliance |

Compliance procedures

If you are only applying for the permission of seeking out, referrals and identification of claims or potential claims only:

**The applicant is not required to send compliance procedures with this application, but must be able to produce a copy at any time while we are assessing the application or in the future.**

**You must confirm the applicant firm has documented compliance procedures in place.**

See guidance notes below which sets out the areas we would expect to be covered, as a minimum, in your compliance procedures.

If you are applying for any of the permissions in relation to advice, investigation or representation of a claim:

**Please attach a copy of your compliance procedures**

When assessing this application we need to be satisfied that the applicant firm has the appropriate compliance arrangements in place to meet its regulatory obligations, both when we authorise it and on an ongoing basis.

Set out below are the areas we would expect to be covered, as a minimum, in your compliance procedures:

(a) the scope of the applicant firm's business

(b) complaints handling

(c) financial crime

(d) skills, knowledge and expertise

(e) business continuity

(f) communication with clients

(g) record keeping

(h) notifications to the FCA

(j) reporting requirements

(k) compliance with conduct business rules in CMCOB

(l) scope of service provided

(m) conflicts of interest

(n) reliance on others

(o) exclusion of liability

(p) protecting customers' interests

As well as the subjects above, your compliance manual may need to cover the subjects below depending on your type of business.

(a) charges and commission

(b) claims handling

(d) general provisions related to distance marketing

(e) financial promotion

(i) Systems and controls in relation to financial crime and money laundering

There may be **other** compliance procedures and policies, which the applicant firm will need to include in its compliance manual depending on the type of business it intends to carry on. If you are unsure whether you need to include anything else, please take professional advice.

Remember this manual should be designed so it is specifically tailored to the business, easy to use, easy to amend and easy to keep up-to-date. If you are in doubt about what you need to include you should seek professional advice.

Compliance monitoring programme

You must confirm you have attached a compliance monitoring programme.

This will need to be included as part of your application.

An example of a compliance monitoring programme can be found below.

**Example of the contents of a compliance monitoring programme**

|  |  |  |  |
| --- | --- | --- | --- |
| **Business risks and regulatory requirements** | **Action to be taken by firm** | **Action to be undertaken by whom?** | **Frequency** |
| New business records are maintained. |  |  |  |
| Financial promotions undertaken are up to date and correct. This includes stationery and terms of business letter. |  |  |  |
| Status disclosed on all stationery. |  |  |  |
| Clients are properly classified and given the appropriate range of advice. |  |  |  |
| Adequate complaints records are kept |  |  |  |
| Adequate recruitment records are kept for new advisers. |  |  |  |
| Personal account dealing procedures are maintained. |  |  |  |
| Training and competence records are maintained (including Key Performance Indicators). |  |  |  |
| The fitness and propriety of individuals are established and the applicant firm ensures this is maintained. |  |  |  |
| Conflict of interest records are kept. |  |  |  |
| Financial requirements are maintained. |  |  |  |
| The FCA are immediately notified of any material breaches of FCA principles/rules. |  |  |  |
| FCA approval must be granted for changes to:  • accounting date; and  • permitted regulated activities. |  |  |  |
| Adequate management information maintained and provided to senior management. |  |  |  |
| Documented compliance procedures maintained, used in conjunction with an up-to-date copy of the Handbook |  |  |  |
| Anti-money laundering regulations are complied with. |  |  |  |

Financial crime

**You must briefly describe the procedures the applicant firm has in place to counter the risks that it might be used by third parties to further financial crime. This includes any offence involving:**

* **fraud or dishonesty**
* **misconduct in, or misuse of information relating to, financial markets or**
* **handling the procedures of crime (SYSC 6.3)**

**Please include the following**

* **the steps the applicant firm will take to ensure its Money Laundering Reporting Officer (MLRO) knows their duties and is able to perform their controlled function effectively**
* **the procedures that will ensure that the applicant firm will obtain sufficient evidence of the identity of, and undertake all necessary due diligence exercises in relation to all its clients**
* **the systems and controls that will ensure that know your business information (SYSC 3.2.6) is made available to the applicant firm’s MLRO**
* **the anti-money laundering training the applicant firm will provide for its relevant staff**
* **the disciplinary procedures for any member of staff who fails to report promptly to the MLRO any suspicions or belief that money laundering is occurring**

No additional notes

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| 9 | Personnel information |

We need to be satisfied that the applicant firm has staff of adequate quality, skills and experience at all levels.

We will consider whether you can demonstrate that the applicant firm's staff have appropriate experience.

We will also consider the extent to which the members of the governing body have experience in the financial services industry.

Staff organisational structure chart

**Is the applicant firm a sole trader or a sole director limited company with no employees?**

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 (eg directors, chief executive, managers)
* the controlled functions 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 SYSC: [www.handbook.fca.org.uk/handbook/SYSC/](http://www.handbook.fca.org.uk/handbook/SYSC/) or The Handbooks: [www.handbook.fca.org.uk/](http://www.handbook.fca.org.uk/)

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| --- | --- |
| 10 | Owners and influencers  Please note, this section will not be displayed if you are a sole trader |

This information will help us understand who owns the applicant firm and has control or influence over its business.

Our approval is required before a person can become a controller of an authorised firm. The controllers of the applicant firm will include the ultimate beneficial owners, who may be individuals or firms with an indirect shareholding in the applicant firm – for example, through their controlling interest in a parent of the applicant firm.

The controller(s) will need to complete the appropriate Appendix providing their own details. This is a requirement of the Act (Part XII Control over authorised persons). You will be asked to do this elsewhere in the form.

Chapter 11 of the Supervision Manual (SUP) in the Handbook gives further information about controllers. In particular, SUP 11.3 sets out the information which a controller or proposed controller must provide to us before becoming a controller.

You can use this link to access it: <https://www.handbook.fca.org.uk/handbook/SUP/11/>

See [www.handbook.fca.org.uk/handbook/glossary/G226.html](http://www.handbook.fca.org.uk/handbook/glossary/G226.html) for the definition of a controller.

**Controllers of Partnerships**

1. Partnership applicants should note that some (or sometimes all) individual partners may be controllers of the partnership. Usually this will depend on the number of partners and the terms of the partnership agreement, especially regarding voting power or significant influence. For example, in a 5 person partnership where each partner has equal voting power, each partner will have 20% of the voting power and so will be a controller.
2. In a 5 person partnership where two senior partners each have 40% of the voting power (and the same level of significant influence) and the remaining 20% is equally split between the other 3 partners (meaning that each of them has less than 10% of the voting power and significant influence), only the 2 senior partners would be deemed controllers.
3. In a ten person partnership where each partner has equal voting power, each partner will have 10% of the voting power and will be a controller.
4. In an eleven-person partnership where all have equal voting power it might appear that none of the partners will be a controller (as no individual partner will have 10% or more of the voting power). However, one of the partners can still exercise significant influence - if the partnership agreement required significant decisions to be taken unanimously by the partners, a dissenting partner could exercise significant influence over the firm's management despite having less than 10% of the voting power. Applicant firms should have this is mind when considering whether a partner with less than 10% voting power could exercise significant influence over the firm's management.

Please remember that this information will probably be set out in your partnership agreement.

How many controllers do you have?

No additional notes

Controller forms

Applicant firms must submit with this application the appropriate Controller Forms for each of its controllers.

Definitions of the following terms can be found in the Handbook Glossary:-

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

* Controller
* Control
* Shares
* Voting power
* Aggregation of shares and acting in concert guidance
* Parent undertaking
* Firm
* Regulatory body

**Close links**

This section is likely to affect only a small minority of firms.

Does the applicant have close links other than the controllers stated above?

You must notify us about any other firms or individuals that an applicant firm may have close links with – whether directly, or through a parent or a subsidiary – so we can be sure that we can supervise you effectively. You will find below:

* a diagram (1) which sets out the types of relationships between firms and individuals that we consider to be close links
* a flowchart (2) which will help you in deciding if you have close links

**(1)**



**(2)**



For further guidance on close links please see:

* SUP 11: <https://www.handbook.fca.org.uk/handbook/SUP/11/>
* Handbook Glossary: <https://www.handbook.fca.org.uk/handbook/glossary/>

**Overlap between controllers and close links (this applies to applicant firms completing both Owners & Influencers and Controllers appendices)**

There is often an overlap between an applicant firm's controllers and its close links. For example, an organisation that owns 20% of the voting power or capital of the applicant firm is both a controller and a close link. If you are asked to provide a structure chart for controllers and for close links, you can provide a single structure chart showing both.

The structure chart should show clearly:

1. the close link(s)'s name(s)
2. the close link(s)'s address(es)
3. the category of each close link – a, b, c, d, e or f (please see diagram (1) above)
4. the details of any regulatory body that regulates each close link. Please include the address, telephone number, email address and a contact name at the regulator. (If a close link is regulated by us, please provide the firm’s reference number wherever possible)

Please note you will need to complete the appropriate Controller Appendix (please see Question 1.3 of this appendix) for any close links falling into category e (please see diagram (1)).

**Are you aware of any information to suggest that any close link is likely to prevent our effective supervision of the applicant firm?**

Possible examples of the kind of issues that might impinge on our effective supervision include anything that might:

* affect your ability to provide adequate information to us at any time
* hinder the flow of information from the applicant firm or the applicant firm's close link(s) to us at any time
* prevent us from being able to assess the overall financial position of the applicant firm or your close link(s) at any time

Please consider in particular if such issues may arise because the close link is subject to the laws of a state outside the EEA. A list of EEA member states is provided at the beginning of this section.

**Do the controllers intend to change (increase or reduce) their level of control in the foreseeable future?**

No additional notes

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| 11 | Supporting documents |

**Documents**

**Please include any other documents you want to provide**

You must attach any other documents you have included that you consider to be relevant to your application.

**Other information**

**Is there anything else the applicant would like to tell us about this application please give details below?**

No additional notes.

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| --- | --- |
| 12 | Final declaration |

**Declaration**

This must be the person who is responsible for making the application. This should be a suitable person of appropriate seniority at the firm. There can be one or two required signatures depending on the number of directors / partners in the firm.

The signature boxes are for you to use when you print out the application for your records.

A permanent copy of the application should be signed and retained