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**Application for registration**  
**Credit rating agencies form**

**Full legal entity name of applicant firm**

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**Important information you should read before completing this form**

This application for registration can be used to:

1. provide information required by Regulation (EC) 1060/2009
2. enable the FCA to process the application and prepare for the ongoing supervision of the firm (such as information relating to fees)

You must consider the following points when completing this form:

* When answering the questions throughout this form please ensure you comply with articles 2 to 6 of Regulation (EC) 1060/2009 regarding the format of your application, the attestation of its accuracy, the class of credit ratings, number of employees and the policies and procedures provided to the FCA.
* The notes that accompany this form will help you complete the questions. They also explain why we require the requested information. Please see <https://www.fca.org.uk/publication/forms/credit-rating-registration-notes.docx>

This is currently a draft form. While you can submit this for pre-review by the FCA, you cannot apply until the rules have been made and you have paid an application fee.

Please keep a copy of your completed forms and any supporting documents you include in your application pack for future reference.

The FCA processes personal data in line with the requirements of The General Data Protection Regulation (EU) 2016/679 and the Data Protection Act 2018. For further information about the way we use the personal data collected in this form, please read our privacy notice available on our website: [www.fca.org.uk/privacy](http://www.fca.org.uk/privacy) .

**It is important that you provide accurate and complete information.  Knowingly or recklessly giving the FCA information which is false or misleading may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000 [as applied by Regulations 45 and 46, respectively, of The Credit Rating Agencies (Amendment, etc.) (EU Exit) Regulations 2019].  If necessary, please take appropriate professional advice before supplying information to us.**

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**Terms in this application pack**

In this pack we use the following terms:

* 'you' refers to the person(s) signing the form on behalf of the applicant firm
* 'the applicant firm' refers to the firm applying for registration
* ‘we’, ‘us’, ‘our’ or ‘FCA’ refers to the Financial Conduct Authority

**Filling in the form**

**1** If you are using your computer to complete the pack:

* use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question
* save all the parts of the pack you have completed and attach to your application

**2** If you think a question is not relevant to you, write 'not applicable' and explain why.

**3** If you leave a question blank we may have to treat the application as incomplete. This will increase the time taken to assess your application.

**4** If there is not enough space on the forms you may use separate sheets of paper. Clearly mark each separate sheet with the relevant question number.

**5** If you are relying on other documents to answer any questions in this form, please include a link/reference to the relevant information and indicate clearly where the answer can be found. If this is not provided we will consider your application incomplete.

**6** Email the application consisting of:

* the Application for registration
* any supporting documents to us at: [cra-registration@fca.org.uk](mailto:cra-registration@fca.org.uk)

**7** An application fee will be payable before your firm can be registered. It cannot be paid at present. Do you not attach any fee payment to your draft application.

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

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| --- | --- |
| 1 | General information  Use this section to provide the information required under article 7(a) and (b) of Regulation (EC) No 449/2012, in addition to related information that we need for domestic purposes.  Please refer to that article when completing this section and satisfy yourself that you have provided all the information specified. |

**1.1 Does the applicant firm intend to use any trading names in addition to the legal entity name given on the front of this form?**

No

Yes⏵Give details below

|  |  |
| --- | --- |
| Name |  |

**1.2 Country of establishment as a legal entity**

|  |
| --- |
|  |

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

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | / |  |  | / |  |  |  |  |

**1.4 Registered Office address**

|  |  |
| --- | --- |
| Registered Office address |  |
|  |
|  |
| Postcode |  |

|  |  |
| --- | --- |
| Phone number (including STD code) |  |

|  |  |
| --- | --- |
| Email address |  |

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

No

Yes, live⏵Give address below

Yes, being developed⏵Give address (if known) and launch date below

|  |
| --- |
|  |

Legal status of the applicant firm

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

Sole trader (or natural person)

Private limited company

Partnership (other than limited partnership or limited liability partnership)

Limited liability partnership

Public limited company

Limited partnership

Unincorporated association

Other ⏵ You must detail below the legal status of the applicant firm

|  |
| --- |
|  |

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

England/ Wales

Scotland

Northern Ireland

Contact for this application

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

This must be someone who works for the applicant firm, and not a professional adviser.

|  |  |
| --- | --- |
| Title |  |

|  |  |
| --- | --- |
| First name(s) |  |

|  |  |
| --- | --- |
| Surname |  |

|  |  |
| --- | --- |
| Job title |  |

|  |  |
| --- | --- |
| Business address |  |
|  |
|  |
|  |
| Postcode |  |

|  |  |
| --- | --- |
| Phone number (including STD code) |  |

|  |  |
| --- | --- |
| Mobile number (optional) |  |

|  |  |
| --- | --- |
| Email address |  |

Compliance officer

**1.9 Contact details of the person responsible for compliance at the firm. If this is the same person as detailed in 1.8 please leave this section blank.**

This must be someone who works for the applicant firm, and not a professional adviser.

|  |  |
| --- | --- |
| Title |  |

|  |  |
| --- | --- |
| First name(s) |  |

|  |  |
| --- | --- |
| Surname |  |

|  |  |
| --- | --- |
| Job title |  |

|  |  |
| --- | --- |
| Business address |  |
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|  |
| Postcode |  |

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| --- | --- |
| Phone number (including STD code) |  |

|  |  |
| --- | --- |
| Mobile number (optional) |  |

|  |  |
| --- | --- |
| Email address |  |

Business activities

**1.10 You must provide a description of the business activities the applicant firm conducts, including ancillary services. If it has any branches or subsidiaries, the business conducted by each branch or subsidiary.**

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**1.11 You must identify below the class of ratings according to the categories for which the applicant firm is applying to be registered.**

Sovereign and public finance ratings

Structured finance ratings

Corporate ratings⏵Select from the below

Financial institution including credit institutions and investment firms

Insurance undertaking

Corporate issuer that is not considered a financial institution or an insurance undertaking

**1.12 Is the applicant firm listed?**

No

Yes⏵Give details of the regulated markets where the applicant firm is listed

|  |
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|  |

Financial reports

**1.13 Is the applicant firm an audited entity?**

No

Yes⏵Give details of the external auditor below

Name of external auditor

|  |
| --- |
|  |

National registration number of the external auditor

|  |
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Financial year end

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | / |  |  |

Branches

**1.15 Does the applicant firm have any branches?**

No⏵Continue to Question 1.16

Yes⏵Give details of each branch below. If there is more than one branch please copy this page and attach additional sheets.

If you have used separate sheets of paper please indicate how many below.

|  |  |
| --- | --- |
| Number of additional sheets |  |

**Full name of branch**

|  |
| --- |
|  |

**Legal status of branch**

Sole trader (or natural person)

Private limited company

Partnership (other than limited partnership or limited liability partnership)

Limited liability partnership

Public limited company

Limited partnership

Unincorporated association

Other⏵You must detail below the legal status of the branch if different from the above.

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| --- |
|  |

**Address of branch**

|  |  |
| --- | --- |
| Business address |  |
|  |
|  |
|  |
| Postcode |  |

**Number of temporary employees at branch**

|  |
| --- |
|  |

**Number of permanent employees at branch**

|  |
| --- |
|  |

**1.16 List the countries from which the applicant firm intends to endorse credit ratings**

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**1.17 You must attach an excerpt from the relevant commercial or court register, or other form of evidence of the place of incorporation and scope of business activity of the applicant firm, as of the application date.**

Attached

**1.18 The applicant consents to the FCA sharing details of its advance application and entry into the temporary registration regime (TRR) with ESMA prior to exit day**

Yes

No

**1.19 The applicant consents to the FCA disclosing it has made an advance application and its entry into the temporary registration regime (TRR) on the FCA website prior to exit day in order to ensure users of your ratings are aware that ratings can continue to be used for regulatory purposes in the UK**

Yes

No

|  |  |
| --- | --- |
| 2 | Ownership structure  Use this section to provide the information required under articles 8 and 9 of Regulation (EC) No 449/2012.  Please refer to those articles when completing this section and satisfy yourself that you have provided all the information specified. |

Owner(s) and parent undertaking of a credit rating agency

**2.1 Give details below of each person who directly or indirectly holds 5% or more of the applicant firm’s capital or of voting rights, or whose holding could exercise a significant influence over the management of the applicant firm.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Owner | Percentage of capital | Nature of the holding (direct or indirect) | Percentage of voting rights | Business activities |
|  |  | Direct  Indirect |  |  |
|  |  | Direct  Indirect |  |  |
|  |  | Direct  Indirect |  |  |
|  |  | Direct  Indirect |  |  |
|  |  | Direct  Indirect |  |  |
|  |  | Direct  Indirect |  |  |

**2.2 Give details below of any undertakings in which a person referred to in Question 2.1 holds 5% or more of the capital or voting rights, or over whose management that person exercises a significant influence.**

|  |  |  |
| --- | --- | --- |
| Owner | Companies in which the owner has an interest according to article 8(2) | Business activities |
|  |  |  |
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**2.3 Does the applicant firm have a parent undertaking?**

No⏵Continue to Section 3

Yes⏵Give details below of the owners of the parent undertaking referred to in article 8(3).

Parent undertaking

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Country where parent undertaking is established

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Is the parent undertaking authorised or registered and subject to supervision?

Yes

No

**2.4 Give details below of the owners of the parent undertaking referred to in Question 2.3**

|  |  |  |  |
| --- | --- | --- | --- |
| Owner | Percentage of capital | Nature of holding: direct or indirect | Percentage of voting rights |
|  |  | Direct  Indirect |  |
|  |  | Direct  Indirect |  |
|  |  | Direct  Indirect |  |
|  |  | Direct  Indirect |  |
|  |  | Direct  Indirect |  |
|  |  | Direct  Indirect |  |
|  |  | Direct  Indirect |  |
|  |  | Direct  Indirect |  |
|  |  | Direct  Indirect |  |
|  |  | Direct  Indirect |  |

Ownership chart

**2.5 You must attach a chart showing the ownership links between any parent undertaking, subsidiaries and any other associated entities established in the UK and their branches.**

The undertakings shown in the chart must show their full name, legal status and the addresses of the registered office and head office.

Attached

|  |  |
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| 3 | Organisational structure and corporate governance  Use this section to provide the information required under articles 10, 11 and 12 of Regulation (EC) No 449/2012.  Please refer to those articles when completing this section and satisfy yourself that you have provided all the information specified. |

Organisational chart

**3.1 You must attach an organisational chart detailing:**

* **the applicant firm’s organisational structure**
* **clear identification of significant roles**
* **the identity of the person responsible for each significant role**

Significant roles must include at least senior management, the persons who direct the activities of branches, and senior rating analysts. Where the applicant firm conducts ancillary services, the organisational chart must also detail its organisational structure in respect of those services.

Attached

Organisational structure

**3.2 You must attach the applicant firm’s policies and procedures in relation to its compliance function.**

This must include the following information:

1. the policies and procedures on the reporting of anything an individual considers to be illegal
2. a description on how it ensures the independence of the compliance function
3. the most recent report of the compliance officer
4. a work plan for the next 3 years

Attached

**3.3 Are any of the arrangements detailed in Question 3.2 carried out at group of undertakings level?**

No⏵Continue to Question 3.5.

Yes⏵You must attach a copy of each relevant service level agreement that the applicant firm has entered into, or proposes to enter into, with other group members

Attached

**3.4 You must provide the following information:**

* A description of the relevant tasks carried out by each group undertaking, including undertakings located in third countries.
* Clear identification of the undertaking involved in performing each task, specifying its location.
* Information on the reporting lines and frequency of reporting of each entity involved, and on the way information is collected from each entity.
* Information on any dedicated resources located in the UK. In the case of human resources, a credit rating agency must specify the time (hours/days per week) devoted to the function on the basis of full time equivalence.

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**3.5 You must attach the following information regarding the applicant firm’s policies and procedures:**

* 1. a description of the roles and responsibilities of the employees
  2. a description of the mechanisms to monitor the effectiveness of the policy or procedure
  3. the number of employees and the ratio of temporary to permanent employees
  4. information on the reporting lines and the frequency of reporting
  5. a description of the interaction between the relevant function and the employees directly involved in the rating process, and between that function and any other functions

Attached

**3.6 You must attach the following information regarding the internal audit function carrying out the tasks:**

1. an explanation of how its internal audit methodology is developed and applied in line with the special features of its activities and their extent, complexity and risks
2. a work plan for the next 3 years

Attached

Record keeping

**3.7 You must provide details of the policies and procedures on which records are kept and for how long.**

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**3.8 You must identify the recipients of confidential information for each rating issued.**

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Continuity and regularity of the activities

**3.9 You must describe the procedures to ensure continuity and regularity in the performance of the credit rating activities, including how they apply to service providers to which activities have been outsourced.**

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**3.10 You must describe the types of business continuity planning tests that the applicant firm expects to conduct.**

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**3.11 You must provide information about the frequency of testing.**

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Information processing systems

**3.12 You must identify the senior manager responsible for the information processing systems**

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**3.13 You must describe the information processing systems including any back-up systems.**

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**3.14 You must describe the effective control and safeguard arrangements for the information processing systems in place, as well as the mechanisms to monitor their effectiveness. Include details of the procedures in place to separate the information processing systems used to report fees from those which are accessible to rating analysts and are used to enter ratings and information about the rated entities or rated transactions.**

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Corporate governance

**3.15 You must attach the internal corporate governance policies, procedures and terms of reference which govern the applicant firm’s senior management, including the administrative or supervisory board, its independent members and, where established, committees.**

Policies and procedures attached

Terms of reference attached

**3.16 Does the applicant firm adhere to a recognised corporate governance code of conduct?**

No

Yes⏵You must identify the code and provide an explanation for any situations where it deviates from the code.

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**3.17 Please complete the following table with the identities of the members of the administrative or supervisory board and other committees as established in Question 3.14.**

|  |  |  |
| --- | --- | --- |
| Identification of the member | Body (administrative board, supervisory board, audit committee, remunerations committee etc) and position (Chair, vice-chair, member) | Body of other undertakings where the person is a member and their position |
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**3.1****8 Where the application firm applies to issue credit ratings of structured finance products, according to Section A(2) of Annex I to Regulation (EC) No 1060/2009, you must complete the table with:**

* **details of the independent members of the administrative or supervisory board as established in article 12(3)**
* **justification of their independence if they are independent members and**
* **justification of their in-depth knowledge and experience at a senior level of the market in structured finance instruments.**

|  |  |  |  |
| --- | --- | --- | --- |
| Identification of the member | Body (administrative or supervisory board) | Independent member (Yes/ No). If yes, provide justification. | Experience in structured finance instruments (Yes/ No). If yes, provide justification. |
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**3.19 You must provide the following documents:**

Attached - Last 3 sets of minutes of the meetings of the administrative and supervisory board

Attached - Most recent minutes of the meetings of any other committees, such as the remuneration or strategy committees

Attached - The last 3 opinions or reports presented to the administrative or supervisory board by the independent members

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| 4 | Financial resources for the performance of credit rating activities  Use this section to provide the information required under article 13 of Regulation (EC) No 449/2012.  Please refer to that article when completing this section and satisfy yourself that you have provided all the information specified. |

**4.1 You must attach a copy of the applicant firm’s annual financial reports.**

This should include individual and consolidated financial statements where applicable, for the 3 years preceding the date of submission of its application as far as possible.

If a financial annual report is not available then you should include an interim financial report.

Attached

**4.2 Is the applicant firm a subsidiary of a group of undertakings?**

No

Yes⏵You must attach the annual financial reports of the parent undertaking for the 3 financial years preceding the date of the submission of its application.

**4.3 You must provide a description of the measures the applicant firm has adopted to ensure sound accounting procedure.**

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| 5 | Staffing and compensation  Use this section to provide the information required under article 14 of Regulation (EC) No 449/2012.  Please refer to that article when completing this section and satisfy yourself that you have provided all the information specified. |

Staffing policies and procedures

**5.1 You must provide a brief description of the following policies and procedures:**

**a) Reporting to the compliance officer any situations where one of the persons referred to in point 1 of Section C of Annex I to Regulation (EC) No 1060/2009 considers that any other such person has engaged in conduct that they consider illegal, pursuant to the provisions of point 5 of Section C of Annex I to Regulation (EC) No 1060/2009**

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**b) The rotation of lead rating analysts, rating analysts and persons approving credit rating**

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**c) The compensation and performance evaluation practices for rating analysts, persons approving credit ratings, senior management and the compliance officer**

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**d) The training and development relevant to the rating process, including any examination or other type of formal assessment required for the conduct of rating activities**

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**5.2 You must describe the measures in place to mitigate the risk of over-reliance on individual employees.**

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**5.3 For each class of credit ratings, you must provide information on the size and experience of the quantitative teams responsible for developing and reviewing methodologies and models.**

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**5.4 You must provide the name and function of any employee of the credit rating agency who has obligations either individually or on behalf of the applicant firm, to any other entity within the group of credit rating agencies.**

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**5.5 You must provide the average annual fixed and variable remuneration of the rating analysts, lead analysts and the compliance officer for each of the 3 preceding financial years.**

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**5.6 You must describe the arrangements in place to ensure that the applicant firm is informed when a rating analyst terminates their employment and joins a rated entity as set out in point 6 of Section C of Annex I to Regulation (EC) No 1060/2009.**

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**5.7 You must describe the arrangements in place to ensure that the persons referred to in point 1 of Section C of Annex I to Regulation (EC) No 1060/2009 are aware of the prohibition established as set out in point 7 of Section C of Annex to Regulation (EC) No 1060/2009.**

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Fitness and appropriateness

**5.8 You must attach a curriculum vitae which includes the following information:**

* **employment history with relevant dates**
* **identification of positions held**
* **a description of the functions occupied**

**for the following individuals:**

members of senior management  Attached

persons appointed to direct the business of the branches  Attached

officers responsible for internal audit, internal control,   
compliance function, risk assessment and review function  Attached

**5.9 You must attach a recent criminal-record file from the country of origin of the relevant person (unless the relevant national authorities do not issue such a file) of each member of the applicant firm’s senior management.**

Attached

**5.10 You must provide a self-declaration from each member of the applicant firm’s senior management of their good repute. It should state whether the relevant person falls under any of the following categories:**

1. has been convicted of any criminal offence
2. has been subject to, or has been notified of, any proceedings of a disciplinary nature brought by a regulatory body or of a criminal nature
3. has been subject to any adverse finding in civil proceedings in connection with the provision of financial services, misconduct, fraud or the management of a legal entity
4. has to their knowledge been subject to any existing or previous investigation by any regulatory authority or government bodies or agencies
5. has been involved with an undertaking whose registration or authorisation was withdrawn by a regulatory body
6. has been refused the right to carry on activities which require registration or authorisation by a regulatory body
7. has been involved in the management of an undertaking which has gone into insolvency, liquidation or administration while this person was connected to the undertaking or within a year of the person ceasing to be connected to the undertaking
8. has been involved with an undertaking which was investigated or suspended by a regulatory body and which resulted in an enforcement action
9. has been investigated, suspended or sanctioned by a regulatory body
10. has been disqualified from acting as a director, disqualified from acting in any managerial capacity, dismissed from employment or other appointment in an undertaking as a consequence of allegations of misconduct or malpractice

This should be signed by the individual.

Attached

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| 6 | Issuance and review of credit ratings  Use this section to provide the information required under articles 16, 17 and 18 of Regulation (EC) No 449/2012.  Please refer to those articles when completing this section and satisfy yourself that you have provided all the information specified. |

Development, validation, review and disclosure of rating methodologies

**6.1 You must provide for each class of credit rating:**

* **a high-level description of the range of core models**
* **methodologies used by the applicant firm to determine credit ratings**

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**6.2 You must provide below information regarding the development, validation and review of the applicant firm’s rating methodologies, including at least:**

1. the responsibilities and process for rating methodology development and sign off, including details on the composition of the rating methodology committees and the procedures for member selection
2. the responsibilities and process for rating methodology, including:
   * the verification and validation of a rating methodology
   * the validation of the rating methodology based on historical data, including how the results of the back-testing are taken into account. The credit rating agency must also include the results of such validation/back-testing for the past 3 years, where quantitative data is available.
3. the reporting of the outcome of the rating methodology review
4. the implementation of a change in methodology, model or key rating assumptions

Attached

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**6.3 You must provide below information regarding the disclosure of the credit methodologies and descriptions of models and key rating assumptions used in the applicant firm’s credit rating activities as set out in point 5 of Part I of Section E of Annex I to Regulation (EC) No 1060/2009.**

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Issuance of credit ratings

**6.4 You must provide the rating nomenclatures used for each class of credit rating.**

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**6.5 You must provide the definition of any rating action and status used by the credit rating agency.**

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**6.6 You must attach the policies and procedures regarding the issuance of credit ratings, including at least the information set out below:**

1. The sequence of steps followed for the production of ratings; the process for reviewing the documentation of issuers of securities to be rated. This must include any benchmark used to facilitate the review.
2. An assessment of the minimum information requirements to initiate and maintain a rating, including both public and non-public information.
3. The controls mechanisms for the issuance of credit ratings, including the involvement of the issuer / arranger / investor / servicer within this process.
4. The process for collation, analysis and assessment of the information used to determine a rating, including, where applicable, reliance on analysis by another credit rating agency or other third party.
5. The role and responsibilities of rating analysts, as well as the process and procedures for their section on specific securities.
6. The rating approval process, including the identification of the role and responsibilities of the persons approving the ratings as well as the process and procedures for their selection.
7. Where a credit rating agency has established rating committees, the role and responsibilities of rating committee chairs, as well as the skills required and the process and procedures for their nomination.
8. The minimum qualifications of the persons involved in the rating decision.

Attached

**6.7 You must attach the terms of reference of any rating committees.**

Attached

**6.8 You must describe the arrangements in place for disclosing a rating decision, including at least the information set out below:**

1. the process for notifying the rated entity of the principal grounds on which the rating is based at least 12 hours before publication of the credit rating
2. a rating appeal process, if a credit rating agency has implemented it
3. the processes for determining which key elements underlying the credit rating must be included in the press release or reports

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**6.9 You must describe the procedures in place to ensure that a methodology is applied and implemented consistently across classes of credit rating, offices and regions.**

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**6.10 You must identify below any differences between the treatment of unsolicited and solicited ratings in the policies and procedures provided in Questions 6.6 and 6.8.**

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**6.11 Is the rating process regularly audited by an independent third party?**

No

Yes⏵ You must attach the last audit report.

Attached

**6.12 You must provide details of, and criteria for, the selection of data providers.**

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**6.13 You must provide details on the reliability of internal and external data input rating models.**

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**6.14 You must provide details on the data sources used.**

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Monitoring of credit ratings

**6.15 You must provide information on the policies and procedures concerning the monitoring of ratings, identifying any differences between solicited and unsolicited ratings, and including the information set out below:**

1. the monitoring process, including the role and responsibilities of rating committees, where applicable, and a description of the rating approval processes
2. the role and responsibilities of rating analysts
3. the process for collating, analysing and assessing the information used to monitor a rating, including, where applicable, reliance on analysis by anther credit rating agency or other third party
4. the process, including an overview of the factors considered, and the responsibilities for deciding when a rating should be formally reviewed, including rating actions
5. the process and the responsibilities for deciding when a rating should formally be suspended or withdrawn
6. the processes and controls with respect to credit rating reviews required by paragraphs (a) to (c) of article 8(6) of Regulation (EC) No 1060/2009
7. the policies, procedures and controls for the involvement of the issuer or arranger within the process

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**6.16 You must provide information on the policies and procedures concerning the disclosure of a decision to review or change a rating.**

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**6.17 You must provide information on the policies and procedures concerning the monitoring of the impact of changes in macroeconomic or financial market conditions on credit ratings as described in article 8(5) of Regulation (EC) No 1060/2009.**

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| 7 | Description of issue and review procedures and methodologies  Use this section to provide the information required under article 19 of Regulation (EC) No 449/2012.  Please refer to that article when completing this section and satisfy yourself that you have provided all the information specified. |

Credit rating presentation requirements

**7.1 You must provide the following information on the policies and procedures with respect to credit rating disclosure requirements:**

1. the process for disclosing any credit rating, as well as any decision to discontinue a credit rating, on a non-selective basis and in a timely manner
2. the process for presenting and processing credit ratings in line with the requirements of Section D of Annex I of Regulation 1060/2009
3. the process for issuing an unsolicited credit rating
4. the process to ensure the applicant firm states clearly and prominently the name and job title of the lead rating analyst in a given credit rating activity, and the name and position of the person who is primarily responsible for approving the credit rating

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**7.2 Does the applicant firm rate structured instruments?**

No⏵Continue to Question 7.3.

Yes⏵ You must provide the following information:

1. the process to ensure that rating categories are clearly differentiated using an additional symbol which distinguishes them from rating categories used for any other entities, financial instruments or financial obligations
2. the policies to ensure the applicant firm does not provide to the rated entity or a related third party consultancy or advisory services regarding the corporate or legal structure, assets, liabilities or activities of that rated entity or related third party
3. the policies to ensure that the provision of ancillary services does not present conflicts of interest with the applicant firm’s credit rating activities, and how the applicant firm will disclose in the final ratings reports any ancillary services provided for the rated entity or any related third party
4. The policies and procedures to ensure:
   * That all substantially material sources, including the rated entity or, where appropriate, a related third party which were used to prepare the credit rating are indicated. This should include whether the credit rating has been disclosed to that rated entity or its related third party and amended following that disclosure before being issued.
   * That the principal methodology or version of methodology that was used in determining the rating is clearly indicated, with a reference to its comprehensive description. Where the credit rating is based on more than one methodology, or where reference to only the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, the credit rating agency must explain this fact in the credit rating and indicate how the different methodologies for these other aspects are taken into account in the credit rating.
   * That the meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst case scenario credit ratings as well as best-case scenario credit ratings are explained.
   * That the date at which the credit rating was first released for distribution and when it was last updated is indicated clearly and prominently.
   * That information is given as to whether the credit rating concerns a newly issued financial instrument and whether the credit rating agency is rating the financial instrument for the first time.

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**7.3 You must attach samples of typical credit rating reports or other documents demonstrating how the applicant firm meets or intends to meet these disclosure requirements.**

Attached

**7.4 You must attach samples of typical rating letters for each class of credit rating produced by the applicant firm.**

Attached

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| 8 | Conflicts of interest  Use this section to provide the information required under articles 20, 21 and 22 of Regulation (EC) No 449/2012.  Please refer to those articles when completing this section and satisfy yourself that you have provided all the information specified. |

Independence and avoidance of conflicts of interest

**8.1 You must provide information on the policies and procedures with respect to the identification, management and disclosure of conflicts of interest and the rules on rating analysts and other persons directly involved in credit rating activities including the points below:**

1. the identification, prevention, disclosure and mitigation of conflicts of interests arising from the issuance of credit ratings or the provision of ancillary services as set out in point 1 of Section B of Annex I of Regulation (EC) No 1060/2009
2. the segregation from the rating process of discussions related to fees received from rated entities and related third parties as set out in article 7(2) of Regulation (EC) No 1060/2009
3. the determination of fees charged by credit rating agencies to rated entities and related third parties, and the control of the confidential information obtained from, or shared with, all rated entities, related third parties and other relevant individuals, as required by point 3 of Section C of Annex I to the Regulation (EC) No 1060/2009
4. the requirements set out in point 2 of Section C of Annex I to Regulation (EC) No 1060/2009 regarding the trading in securities rated by the credit rating agency, or which are securities representing obligations of an entity rated by the credit rating agency, containing information on how the credit rating agency identifies, for each credit rating outstanding, the employees involved in the rating process at any level or function
5. the requirement set out in point 4 of Section C of Annex I to Regulation (EC) No 1060/2009 regarding the acceptance of money, gifts or favours
6. the rules on the termination of a rating analyst’s employment set out in points 6 and 7 of Section C of Annex I to Regulation (EC) No 1060/2009

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**8.2 You must describe the process used to ensure that rating analysts and other persons directly involved in credit rating activities are aware of the policies and procedures mentioned in Question 8.1.**

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**8.3 You must describe the arrangements in place to ensure that the function responsible for reviewing the methodologies set out in point 9 of Section A of Annex I to Regulation (EC) No 1060/2009 is independent of the business lines which are responsible for credit rating activities.**

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**8.4 You must describe the controls put in place, including the controls implemented through information systems, to comply with the requirements of paragraphs (2) and (3) of article 7 of Regulation (EC) No 1060/2009 on the negotiation of fees and the rules on persons involved in rating activities.**

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**8.5 You must describe any other measures and controls put in place to ensure the independence of the applicant firm’s rating analysts.**

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Inventory of conflicts of interests

**8.6 You must attach an up-to-date inventory of existing and potential conflicts of interest relevant to the applicant firm.**

If the credit rating agency is part of a group of undertakings, you must include any conflicts of interest arising from other entities which belong to its group of undertakings.

The inventory should identify:

* any potential conflicts of interest with related third parties
* any potential conflicts of interest arising from the carrying out of ancillary services and the outsourced rating activities
* how the potential conflicts of interest are to be eliminated or managed and disclosed

Attached

Conflicts of interest with respect to ancillary services

**8.7 You must describe the resources, both human and technical, shared by the rating and ancillary services of the applicant firm or shared with the group of undertakings to which it belongs.**

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**8.8 You must describe the arrangements in place to prevent, disclose and mitigate any existing or potential conflicts of interest between the rating business and ancillary services.**

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**8.9 You must attach a copy of the results of any internal assessment performed to identify any existing or potential conflict of interest between the rating business and ancillary services.**

Attached

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| 9 | Programme of operations  Use this section to provide the information required under article 23 and part of article 7(a) of Regulation (EC) No 449/2012.  Please refer to that article when completing this section and satisfy yourself that you have provided all the information specified. |

All information given in this section should cover a period of 3 years after date of registration.

Business concept / Business development

**9.1 You must describe the macroeconomic environment in which the applicant firm is expected to operate.**

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**9.2 Does the applicant firm have any future plans for the establishment of subsidiaries or branches?**

No

Yes ⏵ Give details below including their location.

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**9.3 You must describe the business activities which the applicant firm plans to carry out, specifying the activities of subsidiaries and branches as appropriate.**

This should include classes of credit ratings, potential clients and non-rating activities.

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Class of credit ratings

**9.4 Does the applicant firm plan to produce solicited or unsolicited ratings?**

Solicited

Unsolicited

Both solicited and unsolicited

Give details below

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**9.5 You must provide an estimate of the proportion of public ratings and private ratings for each class of credit ratings planned.**

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**9.6 Number of public / sovereign ratings**

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**9.7 Number and volume (in billions) of structured finance ratings**

|  |  |
| --- | --- |
| Number |  |

|  |  |
| --- | --- |
| Volume | £ |

**9.8 Number and volume (in billions) of corporate ratings**

|  |  |
| --- | --- |
| Number |  |

|  |  |
| --- | --- |
| Volume | £ |

**9.9 You must provide details of the financial institutions, insurance, corporate issuers of the corporate ratings.**

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**9.10 The average number of credit ratings produced or monitored per employee presented by class of credit rating.**

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Financial plan

**9.11 You must attach:**

* **a projected balance sheet**
* **a projected income statement**

You must separate the revenues of the rating activities from the ancillary services in the projections for the revenues. If the applicant firm has, or plans to establish, branches, the revenue from each branch must be indicated.

Attached

Corporate governance

**9.12 Number of members on the administrative and supervisory board**

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**9.13 Number of independent members of the administrative and supervisory board**

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Human Resources/Staffing

**9.14 Number of employees (excluding located in branches) as at the date of application and as at the close of each of the last 3 financial years**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Temporary employees** | **Permanent employees with under 5 years’ service** | **Permanent employees with 5 years or more service** |
| **Date of application** |  |  |  |
| **End of financial year 1** |  |  |  |
| **End of financial year 2** |  |  |  |
| **End of financial year 3** |  |  |  |

**9.15 Number of permanent and temporary employees working in the functions**

|  |  |  |
| --- | --- | --- |
| **Function** | **Permanent** | **Temporary** |
| Senior management other than members of the administrative or supervisory board and persons appointed to direct the branches |  |  |
| Audit function |  |  |
| Internal control mechanism |  |  |
| Compliance function |  |  |
| Review function |  |  |

**9.16 You must provide the details of the number of employees per function / department.**

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**9.17 You must provide the number of permanent and temporary employees working in the functions**

|  |  |  |
| --- | --- | --- |
| **Function** | **Permanent** | **Temporary** |
| Employees contracted to the credit rating agency and involved in the rating business |  |  |
| Employees contracted to the credit rating agency and involved in the ancillary services |  |  |

**9.18 You must provide details of the number of employees approving ratings, such as committee chairs, rating analysts and lead rating analysts, including the following information:**

* **seniority or rank**
* **the type of rating analysts including, where relevant, whether the employee is a primary or surveillance analyst, and a qualitative or quantitative analyst**
* **the number of years’ experience in the credit rating agency, or rating industry where available**

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| 10 | Use of endorsement  Use this section to provide the information required under article 24 of Regulation (EC) No 449/2012.  Please refer to that article when completing this section and satisfy yourself that you have provided all the information specified. |

**10.1 Does the applicant firm intend to endorse credit ratings issued in third countries?**

No⏵Continue to Section 11.

Yes ⏵You must complete Section 10.

Third-country credit rating agencies

You must provide the information in Questions 10.2 – 10.10 for each relevant third-country credit rating agency.

If there is more than one third-country credit rating agency please copy this page and attach additional sheets.

If you have used separate sheets of paper please indicate how many below.

|  |  |
| --- | --- |
| Number of additional sheets |  |

**10.2 Full name of third-country credit rating agency**

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**10.3 What type of firm is the third-country credit rating agency?**

Sole trader (or natural person)

Private limited company

Partnership (other than limited partnership or limited liability partnership)

Limited liability partnership

Public limited company

Limited partnership

Unincorporated association

Other ⏵ You must detail below the legal status of the applicant firm.

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**10.4 You must attach an excerpt from the relevant commercial or court register, or other form of evidence of the place of incorporation and scope of business activity or other details of company registration.**

Attached

**10.5 Country of establishment as a legal entity**

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**10.6 Registered Office address**

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| --- | --- |
| Registered Office address |  |
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| Postcode |  |

**10.7 You must attach evidence that the third-country credit rating agency is authorised or registered and is subject to supervision in the relevant jurisdiction.**

Attached

**10.8 You must provide details of the class of credit rating which the credit rating agency expects to endorse.**

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**10.9 Number of analysts the third-country rating agency employs**

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**10.10 You must attach an organisational ownership chart of each credit rating agency, its subsidiaries, branches, parent undertaking and subsidiaries controlled by the parent undertaking involved in the process of issuing ratings for which endorsement is envisaged.**

Attached

Assessment of the third-country regulatory regime

**10.11 You must provide detailed information, structured analysis and reasoning for each requirement set out in articles 6 to 12 of Regulation (EC) No 1060/2009, including any reference to the relevant section of the third-country law/regulation.**

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Procedures to monitor conduct

**10.12 You must describe the measures put in place by the endorsing credit rating agency to monitor that the third-country credit rating agency is fulfilling such requirements and to monitor any potential concerns identified by the endorsing credit rating agency with respect to the fulfilment of such requirements.**

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Objective reasons

**10.13 You must indicate the objective reasons for credit ratings to be issued in a third country.**

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Legislation in the third country

**10.14 You must attach evidence that public authorities are not entitled to interfere with the content of credit ratings and methodologies used by credit rating agencies incorporated in each relevant third-country jurisdiction.**

Attached

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| 11 | Outsourcing  Use this section to provide the information required under article 25 and part of article 23 of Regulation (EC) No 449/2012.  Please refer to those articles when completing this section and satisfy yourself that you have provided all the information specified. |

The questions in this section should cover any important operational functions. This covers rating review, lead analyst, rating methodology development and review, rating approval, internal quality control, data storage, IT systems, IT support and accounting.

Outsourcing

**11.1 You must describe the activities that the applicant firm plans to outsource.**

You must include the following:

* identification of the entities to which the applicant firm plans to outsource the activities
* the reasons for the outsourcing
* indication of any activity being outsourced from a branch

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**11.2 You must provide details of the applicant firm’s policies with respect to outsourcing.**

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**11.3 You must explain how the applicant firm intends to identify, manage and monitor the risks posed by the outsourcing of important operational functions.**

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**11.4 You must attach a copy of the outsourcing agreements between the applicant firm and the entity to which the activities are outsourced.**

Attached

**11.5 You must attach a copy of any internal or external report on the outsourced activities issued in the past 5 years.**

Attached

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| 12 | Supporting documents |

Please provide details of the supporting documentation attached to this application in the table below.

If any of the supporting documents requested throughout this form do not apply to the applicant firm’s application you must state this in this table and provide an explanation.

If the same information applies to more than one credit rating agency within the group of credit rating agencies, the same reference number must be given for the common information.

If you need more space please copy this page and attach to your application.

|  |  |  |  |
| --- | --- | --- | --- |
| **Question number** | **Reference number** | **Title of the document** | **Chapter or section or page of the document where the information is provided or reason why the information is not provided** |
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| 13 | Fees and levies  This section is included to provide the applicant information on periodic fees and levies payable to the FCA. |

FCA fees

**13.1 Fee block J – Credit Rating Agencies**

**How much annual turnover for UK business does the applicant firm estimate for the first year of authorisation in relation to the credit rating activity?**

|  |  |
| --- | --- |
| Amount | £ |
| Confirm amount in words |  |

Declaration of on-going FCA fees liability

**13.2 You must confirm that the applicant firm understands that it is liable and remains liable to pay fees until such time as the FCA cancels its permission. This is irrespective of whether it is trading, or even if it has notified us of intention to cease trading or submitted an application to cancel.**

Yes

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| 14 | Application fee |

You will need to pay an application fee to convert this draft application into a final application. The fee cannot be paid at present.

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| 15 | Declaration and signatures |

Declaration

Knowingly or recklessly, giving the FCA information that is false or misleading may be a criminal offence (see sections 398 and 400 of the Financial Services and Markets Act 2000 [as applied by Regulations 45 and 46, respectively, of The Credit Rating Agencies (Amendment, etc.) (EU Exit) Regulations 2019]. Even if you believe or know that information has been provided to the FCA before (whether as part of another application or otherwise) or is in the public domain, you must nonetheless disclose it clearly and fully in this form and as part of this application – you should not assume that the FCA will itself identify such information during the assessment of this application.

There will be a delay in processing the application if information is inaccurate or incomplete, and if the information is inaccurate, that may call into question whether the applicant meets the requirements of the Credit Rating Agencies Regulation (1060/2009/EC) (including but not limited to taking disciplinary/ Enforcement action). You must notify the FCA immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the FCA is reasonably likely to consider the information material).

**Delete as applicable**

I/We confirm that the information provided in this application is accurate and complete to the best of my/our knowledge and that I/we have read the notes to this Form. I/We will notify the FCA immediately if there is a material change to the information provided.

I/We authorise the FCA to make such enquiries and seek such further information as it thinks necessary to identify and verify information that it considers relevant to the assessment of this application.

These checks may include credit reference checks or information pertaining to fitness and propriety. I/We are aware that the results of these enquiries may be disclosed to the firm/employer/applicant.

Where the signatory to this application has provided an address, the signatory agrees that the FCA may use such address as the proper address for service as defined in Financial Services and Markets Act 2000 (Service of Notice) Regulations (SI 2001/1420) to serve any notices on that signatory.

I/We understand that the FCA may require the applicant to provide further information or documents at any time.

I/We confirm that I am/We are authorised to sign this form on behalf of the applicant firm.

I am/We are aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the form is ultimately the responsibility of those who sign the application.

**Name of signatory**

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**Signature**

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**Date (dd/mm/yyyy)**

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