

## Application for Authorisation

### Limited Consumer Credit Firm – Notes

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

When completing the application form you will need to refer to the Handbook:  
[www.fshandbook.info/FS/html/handbook/](http://www.fshandbook.info/FS/html/handbook/)

If after reading these notes you need more help please:

- check our website
- consult the Handbook: [www.fshandbook.info/FS/index.jsp](http://www.fshandbook.info/FS/index.jsp)
- call the Customer Contact Centre: 0845 606 9966 or
- 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' refers to the person(s) signing the form on behalf of the Applicant
- 'the Applicant' refers to the firm applying for authorisation
- 'the FCA', 'we', 'us' or 'our' refers to the Financial Conduct Authority, and
- FSMA refers to the Financial Services and Markets Act 2000

#### Important information

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

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## New Authorisation Application

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.

### **What products does the applicant intend to sell?**

For more information about what a consumer credit firm is see our glossary at: <http://fshandbook.info/FS/html/FCA/Glossary>

### **What type of authorisation is the applicant applying for?**

A credit limited permission is restricted to only a range of the credit-related regulated activities – these include particular limited types of credit broking, lending, debt counselling, debt adjusting and providing credit information services, as well as consumer hiring and in each case generally other than in relation to loans secured on land. More detail on what is covered is set out in the Threshold Conditions handbook (COND) at 1.1A.5A. The legal provisions on what is a relevant credit activity (to which a limited permission can apply are to be found in paragraph 2G of Schedule 6 to FSMA.

Not-for-profit bodies can apply for limited permission for the full range of their debt counselling, debt adjusting and providing credit information services. A not-for-profit body is defined as “a body which by virtue of its constitution or any enactment – (a) is required (after payment of outgoings) to apply the whole of its income and any capital it expends for charitable or public purposes; and (b) is prohibited from directly or indirectly distributing amongst its members any part of its assets (otherwise than for charitable or public purposes).”

### **Has the Applicant previously traded?**

If the person applying for authorisation has traded at all to date you should answer ‘yes’ to this question, even if this person has been previously authorised by us or by another financial services regulatory body

### **Are you, or will you be, a sole trader?**

A sole trader operates as an individual without the use of a company structure or partners and has sole responsibility for the actions of the business. Business finances cannot be separated from personal finances insofar as the sole trader has unlimited personal liability and is personally responsible for any liabilities incurred by the business.

A sole trader generally:

- Has the right to make all decisions affecting the business.
- Owns all the assets of the business.
- Is responsible for paying income tax on profits of the business.
- Is responsible for the debts and obligations of the business without any limit.

## Application Contact Details

### Associated Firm

**Please enter the contact details of the person we will get in touch with about this application**

This should generally be someone in the UK.

### Timings for this application

**Is there a date by which you would like this application to be approved?**

This would be where, for example, the authorisation is linked to a company running an advertising campaign or a product launch.

The time taken to determine each application is significantly affected by the quality of the application submitted and whether it is complete.

We are required by law to determine applications within the earlier of (a) six months of receipt of a completed application or (b) twelve months of receiving an incomplete application. However, we aim to make a decision about the application as soon as possible and we publish service standards setting out target and actual performance in processing applications. For details of our current performance against these standards please see our website.

## Firm Details

### Firm Details

**Is the Applicant currently authorised/registered with the FCA/PRA not including an interim permission?**

No additional notes

**If yes, Firm Reference Number**

No additional notes

**Firm Name**

No additional notes

### Interim Permission Details

**Does the Applicant have an interim permission (IP) for consumer credit? (please note that IP holders are unable to submit an application for authorisation until their application period or "landing slot" commences but that they are able to use the system to draft their application in advance of this).**

No additional notes

- **If yes, Please provide the Applicant's Consumer Credit interim permission reference number (or its former OFT licence number)**

No additional notes

***Please note the next question is only displayed if you have previously traded.***

**Has the Applicant completed any credit agreements with consumers prior to becoming authorised, or completed any credit agreements with consumers that fall outside the scope of a current Consumer Credit interim permission?**

No additional notes

- **If yes, Has the Applicant applied (or is the Applicant going to apply) for a validation order relating to these agreements? (a validation order also covers an application for compensation / to keep repayments of an unauthorised loan)**

The provisions on enforceability of agreements are highly complex and this brief guidance which merely seeks to give an overview is no substitute for seeking professional advice.

Regulated credit agreements made by a lender carrying on the regulated activity of entering into such agreements by way of business or regulated consumer hire agreements made by an owner carrying on the regulated activity entering in regulated consumer hire

agreements by way of business whilst unauthorised cannot be enforced against the customer. Similarly, agreements made in consequence of something said or done by another person in the course of a regulated activity either by a person who ought to have been authorised and is not or in the course of lending or debt collecting by a person who is authorised but without one of those permissions cannot be enforced against the customer.

In addition, a person who exercises the rights of the lender (as lender or as debt collector) under a credit agreement may not enforce the agreement against the customer where he does not have a permission for debt collecting or entering into or exercising the rights or having the right to exercise the rights of a lender under such an agreement.

In addition where a person carries on debt collecting by way of business or takes steps to procure payment of debts as a lender by way of business, an agreement may not be enforced against a customer by a person for the time being exercising the rights of the lender, unless he has permission for debt collecting or to exercise the rights of the lender.

A validation order granted by the FCA may, for example, permit agreements that are rendered unenforceable by FSMA to be enforced.

➤ **If yes, Does the Applicant have their own legal assessment?**

Please provide such assessment of the position under the unenforceability provisions.

## **Firm Address Details**

### **Principal Place of Business of Firm**

No additional notes

## **About the Legal Status of the Applicant**

### **What type of firm is the Applicant?**

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

#### **Sole Trader**

A sole trader operates as an individual without the use of a company structure or partners and has sole responsibility for the actions of the business. Business finances cannot be separated from personal finances insofar as the sole trader has unlimited personal liability and is personally responsible for any liabilities incurred by the business.

A sole trader generally:

Has the right to make all decisions affecting the business;

Owns all the assets of the business;

Is responsible for paying income tax on profits of the business;

Is responsible for the debts and obligations of the business without any limit.

#### **Public Limited company**

To be a plc, the company's constitution must state it is a public company; its name must end with 'plc'; and it must satisfy requirements as to the minimum amount of its share capital.

A plc may apply to have its shares listed on the London Stock Exchange or on the Alternative Investment Market. This means that a price will be quoted at which dealings in the company's shares will take place.

The structure is broadly similar to a private limited company. However, there are subtle technical differences, including, for example, that plcs must have at least two directors whereas private companies only require one.

Differences in practice include the fact that in a plc:

- different people are likely to be shareholders (who are likely to include institutional investors) and directors (who are more likely to be employees);
- shareholders find it a lot easier to sell their shares; and
- The company must pay dividends to its shareholders.

### **Private Limited company**

An entity incorporated by registration under the Companies Act 1985 whose members (i.e. shareholders) have a limited liability towards their company. Its name must end with 'Limited' or 'Ltd'. 'Limited liability' means that the members' liability is limited to paying to the company the price they have agreed to pay for their shares – after the shares are fully paid up no further liability exists. The company has its own legal personality so is separate from the individual(s) who formed the company and from directors/shareholders.

Decisions affecting the business, the company or its assets are made either by directors or by shareholders. The division of powers between board meetings (directors' decisions) and general meetings (shareholders' decisions) imposes a more formal regime on companies compared to partnerships and sole traders. In private companies the same people are often the directors and the major shareholders.

The company alone is responsible for the debts and obligations of the business, even in insolvency (with some exceptions). The obligations concerning the publishing of company information are more onerous than for sole traders and partnerships.

### **Unincorporated association**

An unincorporated association is a group of individuals who enter into an agreement as volunteers to form a body (or organization) to accomplish a purpose.

### **Partnership (other than limited partnership or limited liability partnership)**

A partnership consists of two or more people carrying on a business with a view to profit. Unlike a company, a partnership does not have a legal personality of its own and therefore partners are personally liable for the debts of the firm for the period that they were partners – even after leaving the partnership.

Partners generally share:

the right to take part in making decisions which affect the partnership or the partnership assets, although they may have agreed that this right be limited in some way e.g. they may be sleeping partners who have agreed not to be involved in day-to-day matters;

the ownership of the assets of the partnership;

the net profits of the partnership – not necessarily equally; and

responsibility for the debts and obligations of the business without any limit, although if one does not pay then the other partners must pay his share.

### **Limited partnership**

A limited partnership is a form of partnership similar to a general partnership, except that in addition to one or more general partners (GPs), there are one or more limited partners (LPs). It is a partnership in which only one partner is required to be a general partner

### **Limited liability partnership**

An LLP is a recognised legal entity because of the Limited Liability Partnerships Act 2000. LLPs are legal entities that are capable of entering into contracts in their own right, and are correspondingly liable for debts under those contracts. Any two people associated for carrying on a lawful business with a view to profit can set up as an LLP.

A LLP has some features of a limited company and some of a partnership. For example, it can have the organisational flexibility of, and a similar tax regime to, a partnership.

However, although the partners of a partnership are liable personally for the partnership's obligations, an LLP (like a limited company) is a separate legal entity that is owned by its members (equivalent to shareholders). It allows members to protect their personal assets from the liabilities of the LLP.

If the person applying for authorisation is incorporated as an LLP, you should ensure that the LLP agreement (or a draft of this) is included with your application. You should also take note of the required terms for members' capital relevant to the prudential category of the applicant which will need to be included in this agreement. These are set out in the FCA Handbook – refer to CONC 10 for capital requirements for debt management firms and IPRU-INV annex A.

### **Other Legal Statuses**

You must provide details of the Applicant's constitution and different sources of the Applicant's capital.

### **Please note the following four questions will not be displayed if you are a Sole Trader:**

#### **What was the date of incorporation or formation of the Applicant?**

No additional notes

#### **In which country was the Applicant incorporated or formed?**

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

#### **If not in the UK, Registered Overseas Reference Number**

No additional notes

#### **Companies House Registration Number**

No additional notes

### **Date of the Applicant's financial year end (dd) and Date of the Applicant's financial year end month (mm)**

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

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

## Other Address Details

***Please note the following two questions will not be displayed if you are a Sole Trader or a partnership:***

**Please tick this box if the Registered Office address is the same as the Principal Place of Business**

If it is not the same as the principal place of business you will be required to enter the registered office address.

**Please tick this box if the head office address is the same as the principal place of business / registered office**

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

If it is not the same as either the principal place of business or the registered office you will be required to enter the head office address.

## Website Details

**If the Applicant has a website provide details below**

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

**If the Applicant is intending to launch a website, provide the address (above) and launch date if known.**

No additional notes

## 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 & Partnerships) you should answer N/A.

## Firm Contact Details

**Contact Person's details for the Financial Services Register**

You will need to confirm that the person named as the firm's contact person has been informed that their details will be displayed on the Financial Services Register as the firm's contact for complaints.

**Tick if the contact person's address details are the same as the principal place of business.**



If the contact person's address details are not the same as the Applicant's principal place of business you will be required to enter the address.

### **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 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. You can find the table at:

[www.fshandbook.info/FS/html/handbook/SUP/3](http://www.fshandbook.info/FS/html/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 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) necessary to the determination of the application and to have it verified, for example, 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 Adviser**

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

The Applicant may decide to use a professional adviser to help them with regulatory returns or ongoing compliance matters. However, the Applicant is responsible for ensuring all answers are completed fully and honestly. It is a criminal offence to knowingly or recklessly give FCA false or misleading information.

### **Locum Details**

Please note the locum arrangements must cover a broad range of permissions that the Applicant will be authorised for.

If your firm is solely dependent upon 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 your clients on a temporary basis due to unforeseen circumstances that might befall the individual.

### **Other Trading Names**

**If the Applicant intends to use any trading names as well as the registered name provide details below**

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

## Permissions & Fees

### Background

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

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

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

The permission notice shows the range of regulated activities the Applicant will be authorised to carry on. The scope of a limited permission is restricted to the relevant credit activities (described above). It will also contain what we refer to as 'requirements' and 'limitations'. In broad terms, limitations are restrictions placed on specific regulated activities (e.g. not to deal with retail customers) and requirements will be placed on the activities of the firm as a whole to take or not to take specified actions (e.g. not to hold client money).

If the Applicant 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. In addition it could where it carries on lending or debt collecting be committing an offence if it does not have the relevant permission.

### 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:

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

### Requested Permissions

#### Which Permissions Profile should I select?

You will need to decide which ones are relevant to the Applicant.

#### Which regulated activities do I need?

You will then need to look at the list of regulated activities underneath the permission profiles and decide which ones are relevant to the Applicant. You will then need to build up each of these activities by selecting requirements and considering whether any limitations are applicable.

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

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

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

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

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 Permission 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.

### **Do I need to limit the scope of any activities?**

Limitations are specific to a particular regulated activity and will restrict the way it is carried out, in some way.

A limitation may come about as a result either of a request by you or a decision by us to impose one.

For more details on the limitations of permissions please see COND 1.1A-  
<http://fshandbook.info/FS/html/FCA/COND/1/1A>

## **Requested Requirements**

### **Should any requirements apply to the Applicant's permission?**

Limitations apply to specific regulated activities (see above) whereas requirements apply to the firm's permission as a whole. Requirements aim to ensure a firm takes or does not take a specified action, for example, the firm must not hold or control client money.

As with limitations, a requirement may come about because you request it or we decide to impose one. If it is the latter, we will discuss this with you when processing your application.

## **Client Money**

The rules and guidance about how Applicants hold client money are designed to provide an appropriate degree of protection for consumers.

In relation to investment business, these rules are in CASS.

Specifically, the Applicant must comply with our minimum requirements for:

- segregating client money into a statutory trust (CASS 5.3); or
- segregating client money into a non-statutory trust (CASS 5.4).

### **Does the Applicant intend to hold client money?**

The rules and guidance about how Applicants hold client money are designed to provide an adequate level of protection for consumers.

**If yes, Please state for the Applicant, if it holds or has held client money, the highest amount in the last calendar year, or if it did not hold client money in the previous calendar year, the highest amount of client money it projects that it will hold in the current calendar year.**

Data supplied in above Question will be used by the FCA to discuss with the Applicant its likely CASS stratification into one of two CASS firm groups (CASS small, debt management firm or CASS, large debt management firm. This in turn drives CASS firms' reporting requirements (the Client Money and

Assets Return - CMAR) and the requirement for CASS large debt management firm to have an approved persons pre-approved for the CASS oversight function (CF10a). The table below confirms the banding and reporting/CF10a requirements.

Applicants are reminded that CASS 1A.2.2R (1) places an obligation on a firm to determine its classification into one of the three categories on an annual basis

<b>CASS firm type</b>	<b>Highest total amount of client money held during the firms last calendar year or that it projects to hold during the current calendar year</b>	<b>Reporting/CF10a Requirements</b>
CASS large debt management firm	An amount equal to or greater than £1 million	See form CCR005 in SUP 16 Annex. Annual or half yearly depending annual revenue for credit related regulated activities whether is up to or over £5 million. Must apply for CF10a*
CASS small debt management firm	Less than £1 million	See form CCR005 in SUP 16 annex. Annual or half yearly depending annual revenue for credit related regulated activities whether is up to or over £5 million.

\* We reserve the right to interview the CF10a applicant to establish the competence and ability to adequately perform the role.

***You will only be presented with the following question if you have selected the Not for Profit and Debt Counselling or Not for Profit and debt adjusting***

## **Affiliation**

### **Are you affiliated with a regulatory body?**

If yes, please select the relevant body from the list provided

## **Professional Staff**

*You will only be asked this question if you are a Sole Trader.*

### **Does the Applicant employ professional staff?**

We are referring to any professional staff that are employed for your credit activities.

### **If yes, How many professional staff does the Applicant employ?**

No additional notes.

**Does the Applicant intend to appoint any Appointed Representatives?**

An appointed representative (AR) acts as an agent for a Principal. The Principal must be a firm that is FCA authorised. The Principal must accept responsibility for the activities of the appointed representative. There must be a written contract between the Principal and the AR documenting this arrangement. See section 39 of FSMA and the regulations under that section and SUP 12 which includes guidance, and requirements including the requirement to complete a form before appointing an appointed representative (see SUP 12.7).

**If yes, How many appointed representatives is the Applicant presently intending to appoint at the point of authorisation?**

No additional notes

## History of Applicant

**Has the Applicant ever been refused – or had revoked – any license, membership, authorisation, registration or permission granted by a financial services regulator or government body in the UK or overseas?**

No additional notes

**Has the Applicant ever, after making an application to a regulatory body for any of the following:**

- a licence;
  - authorisation;
  - registration;
  - notification;
  - membership; or
  - other permission granted by a regulatory body
- decided not to proceed with it?**

No additional notes

## Fees and Levies

**What is the Applicant's projected annual income from activities as applied for in the permissions section of this application? Number (GBP)**

We require this information so that we can calculate the Applicant's annual FCA fees once authorised. We will also use this information to calculate the fees for the Money Advice Services (MAS) and the levies for the Ombudsman Service. For further help on this section please see the Guidance Notes, the fees section of the Handbook, or refer to the FCA website, which includes an approximate fee calculator (<http://www.fca.org.uk/firms/being-regulated/fees/calculator>)

**Confirm number in words**

No additional notes

## Declaration of ongoing FCA fees liability

**You must confirm that the Applicant understands that they are liable and remains liable to pay fees until such a time that the FCA cancels their permissions (this is irrespective of whether they are trading, they have notified us of intention to cease trading, or they have submitted an application to cancel).**

No additional notes

## Consumer Credit Limited Supplement

### Financial Resources

**Please tick this box to confirm that the Applicant is solvent.**

No additional notes

**Please tick this box to confirm that you're able to provide evidence that the Applicant is solvent.**

No additional notes

### Regulatory Business Plan

**Please tick this box to confirm that the Applicant has a business plan in place that covers the above points.**

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: [www.fshandbook.info/FS/html/handbook/SYSC/3/2](http://www.fshandbook.info/FS/html/handbook/SYSC/3/2)

Bearing in mind the threshold conditions, we need to be satisfied that the Applicant 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; and
- take into account any intended future developments.

Please remember that the Applicant'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's activities. The amount of detail submitted should be proportionate to the nature of the business the Applicant 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 [www.fshandbook.info/FS/html/handbook/COND/2/4](http://www.fshandbook.info/FS/html/handbook/COND/2/4)

## Scale of Business

### **How many clients does the Applicant expect to have in relation to its regulated activities?**

No additional notes

## Business Risks

### **Please tick this box to confirm that the Applicant has considered key business risks and have mitigation plans to support these risks.**

Here are some examples then should be considered, depending on the nature of the Applicant's business:

#### **External risks:**

The Applicant should:

- identify competitors and assess their reaction to the Applicant's presence in the market, if applicable; and
- consider critical economic factors which should then be analysed and assessed. For example, it may be useful to explore the effect on the Applicant'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 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 would manage if it lost key staff;
- prepare and maintain a contingency plan that deals with the Applicant's identified key risks.

## Treating customers fairly

### **Please tick this box to confirm that the Applicant has a procedures and Management Information to support that you are Treating Customers Fairly.**

No additional notes

## Systems and Controls

### **Regulatory returns - Gathering Better Regulatory Information Electronically (GABRIEL)**

All regulated firms have to supply regular regulatory returns.

GABRIEL is the mandatory reporting tool that you must use when completing and submitting the majority of these regulatory returns.

To complete your returns you must have access to a personal computer with an internet connection.

You must confirm the three statements with regards to GABRIEL.



The Supervision Manual sets out the reporting requirements applicable to credit related regulated activities in rule SUP 16.12.29B. Certain reporting requirements do not apply to limited permission firms.

## Personnel

### Organisational Structure

**Please tick this box to confirm that the Applicant has an organisational structure chart available.**

The staff organisation structure chart should clearly indicate senior management and decision makers.

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

- the names of significant staff (e.g. directors, chief executive, managers);
- the controlled functions for each individual; and
- 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.fshandbook.info/FS/html/handbook/SYSC](http://www.fshandbook.info/FS/html/handbook/SYSC) or [The Handbooks: www.fshandbook.info/FS/html/handbook/.](http://www.fshandbook.info/FS/html/handbook/)

## Compliance Procedures

**Please tick this box to confirm that the Applicant has documented compliance procedures in place.**

When assessing this application we need to be satisfied that the Applicant 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's business;
- (b) complaints handling;
- (c) financial crime;
- (d) skills, knowledge and expertise;
- (e) business continuity;
- (f) the fit and proper criteria for approved persons;
- (g) communication with customers;
- (h) record keeping;
- (i) notifications to the FCA;
- (j) reporting requirements;
- (k) compliance with conduct of business rules in CONC and in the Consumer Credit Act 1974;
- (l) scope of service provided;
- (m) status disclosure;
- (n) conflicts of interest;
- (o) reliance on others;
- (p) exclusion of liability; and
- (q) 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;
- (c) general provisions related to distance marketing;
- (d) financial promotion;
- (e) where applicable rules on personal account transactions in relation to overdrafts;
- (f) appointed representatives;
- (g) the Statement of Principles and Code of Practice for Approved Persons;
- (h) where applicable (i.e. where a firm is covered by the Money Laundering Regulations 2007) systems and controls (SYSC 6.3) in relation to financial crime and money laundering;
- (i) where applicable, the employees' responsibilities under the money laundering regime, including:
  - (i) internal reporting duties;
  - (ii) customer identification procedures;
  - (iii) the use and availability of the know your business information;
- (j) in relation to debt management firms client assets.

There may be **other** compliance procedures and policies, which the Applicant 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.

The compliance procedures must be ready for inspection at any time. They will also need to be in place so that you can prepare the Compliance Monitoring Programme (see the next question).

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**

**Please tick this box to confirm that the Applicant has a compliance monitoring programme document**

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

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

<b>Business risks and regulatory requirements</b>	<b>Action to be taken by firm</b>	<b>Action to be undertaken by whom?</b>	<b>Frequency</b>
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 relating to regulated business.			
Affordability assessment procedures.			
Adequate complaints records are kept			
Adequate recruitment records are kept for new advisers.			
Where applicable overdraft procedures are maintained.			
The fitness and propriety of individuals are established and the Applicant ensures this is maintained.			
Approved persons are approved by the FCA and recorded under the correct controlled functions.			
Conflict of interest records are kept.			
Financial requirements are maintained.			
The FCA are immediately notified of any material breaches of FCA principles/rules and material breaches of the Consumer Credit Act 1974.			
FCA approval is required for changes in the controlled function of director etc (SUP 10A) Firms must notify FCA of changes to the firm's accounting date (SUP 16.3.17R); A firm which seeks to change its permitted regulated activities must seek a variation of permission.			
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

**Please tick this box to certify that the Applicant has the relevant financial procedures in place to counter the risk that it might be used by third parties to further financial crimes as per requirements in SYSC 3.2.6 and 6.3.**

These should be a summary of the Applicant's money laundering procedures including the following:

### **Anti-money laundering controls**

SYSC 3.2.6 and 6.3 details the scope and application of the financial crime and anti-money laundering regime.

Please note our anti-money laundering rules do not apply to business in relation to any of the following:

- general insurance;
- pure protection contracts;
- reinsurance business involving the above contracts;
- home finance mediation activity; or
- in addition the financial crime provisions in SYSC 6.3 only apply to an activity which is covered by the Money Laundering Regulations 2007, (and SYSC 6.3.8R and 6.3.9R do not apply to a firm with a limited permissions for entering into regulated credit agreements as lender).

### **Fraud**

You should also describe the procedures the Applicant has put into place for notifying us if the firm identifies any irregularities in its accounting records, regardless of whether there is evidence of fraud (SUP 15.3).

## 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 or those upheld or awaiting determination by an ombudsman;
- any insolvency events in relation to bankruptcy, winding-up company or individual voluntary arrangements, receivership or administration; any failure to satisfy a judgement debt under a court order in the UK and elsewhere in the last ten years; and
- any outstanding financial obligations arising from regulated activities the Applicant 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 financial services regulator.

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 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'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: [www.fshandbook.info/FS/html/handbook/COND/1/3](http://www.fshandbook.info/FS/html/handbook/COND/1/3).

There is also further guidance on our website at: [www.fshandbook.info/FS/html/handbook/COND](http://www.fshandbook.info/FS/html/handbook/COND) .

You must answer all the questions in the Disclosure of significant events section. 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 the form. 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.

## Owners and Influencers Application

Please note this section will not be displayed if you are a sole trader

### Number of Controllers

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

Our approval is required before a person can acquire or increase control of an authorised firm (see the tests set out in Part 12 of FSMA). The controllers of the Applicant will include the ultimate beneficial owners, who may be individuals or firms with an indirect shareholding in the Applicant— for example, through their controlling interest in a parent of the Applicant.

The controller(s) will also 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. SUP 11 Annex 1G sets out the different (33%) for controllership for a limited permission firm.

You can use this link to access it:

[www.fshandbook.info/FS/html/handbook/SUP/11](http://www.fshandbook.info/FS/html/handbook/SUP/11).

For these purposes, a controller is, broadly speaking, an individual or firm that:

- (1) holds 33% or more of the shares in the Applicant or its parent; or
- (2) is able to exercise significant influence over the management of the Applicant through a controlling interest in the Applicant or its parent; or
- (3) is entitled to control or exercise control of 33% or more of the voting power in the Applicant or its parent; or
- (4) is able to exercise significant influence over the management of the Applicant through their voting power in it or its parent.

### 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 five-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 five-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 three partners (meaning that each of them has less than 10% of the voting power and significant influence), only the two 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. Applicants should have this in 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?**

If you have 20 or less controllers, you must complete the information we ask for in the spaces provided. If you have more than 20 controllers you will need to complete the batch controllers form and attach it to the application so we can determine who the Applicant's controllers are.

**Close Links**

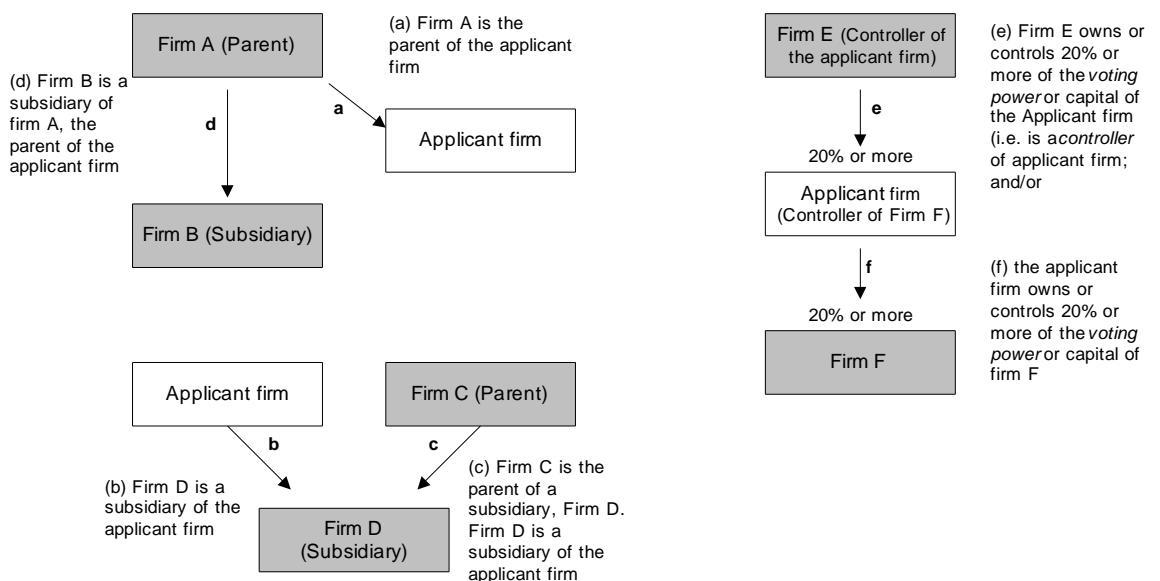
This section is likely to affect only a small minority of firms.

**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 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:

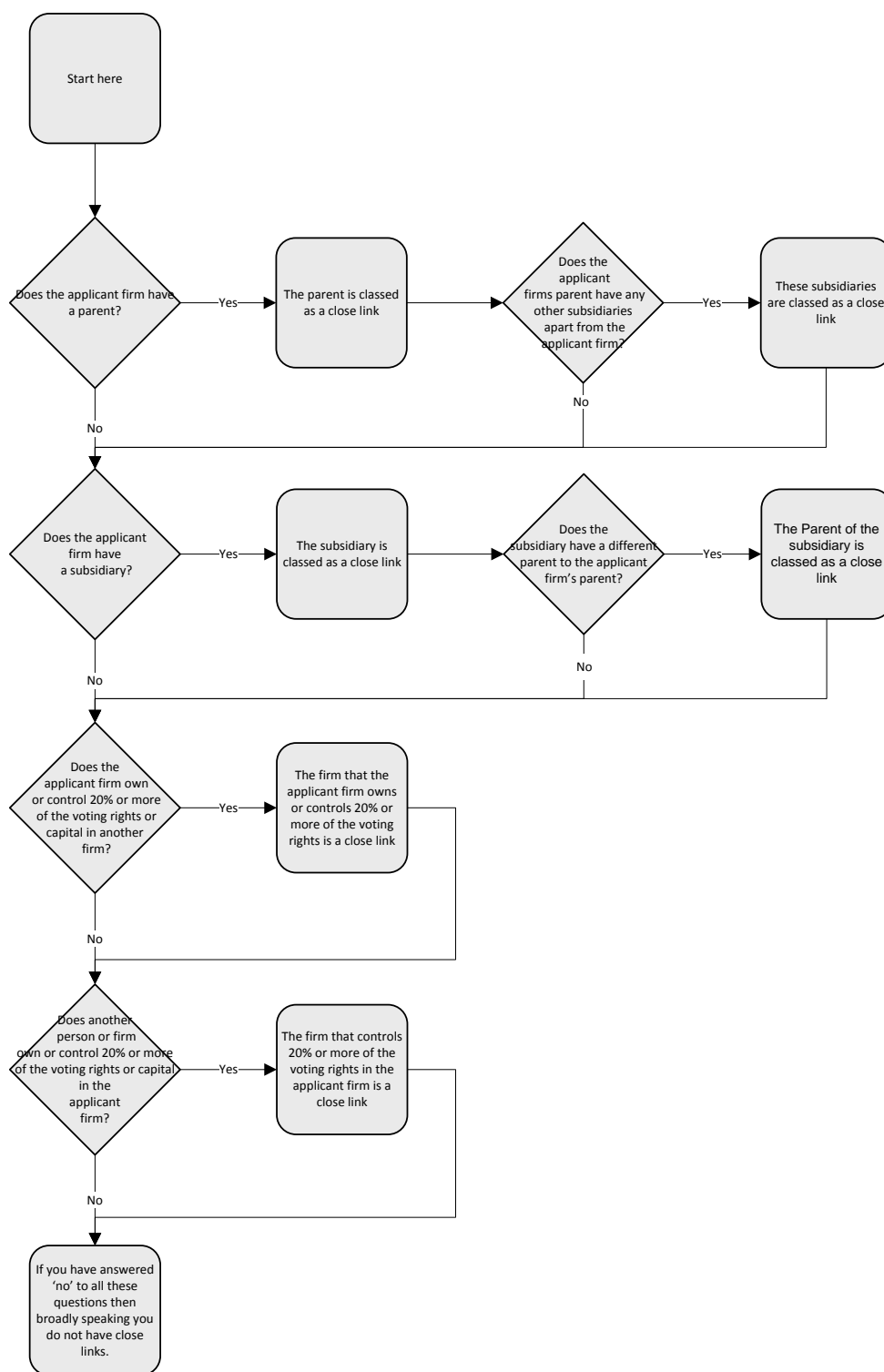
- a diagram (1) which sets out the types of relationships between firms and individuals that we consider to be close links; and
- a flowchart (2) which will help you in deciding if you have close links.

(1)





(2)



For further guidance on close links please see:

- SUP 11 [www.fshandbook.info/FS/html/handbook/SUP/11](http://www.fshandbook.info/FS/html/handbook/SUP/11); and
- Handbook Glossary [www.fshandbook.info/FS/html/handbook/Glossary](http://www.fshandbook.info/FS/html/handbook/Glossary).

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

There is often an overlap between an Applicant's controllers and its close links. For example, an organisation that owns 20% of the voting power or capital of the Applicant 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:

- (i) the close link(s)'s name(s);
- (ii) the close link(s)'s address(es);
- (iii) the category of each close link – a, b, c, d, e or f (please see diagram (1) above); and
- (iv) 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 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?**

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 or the Applicant's close link(s) to us at any time; or
- prevent us from being able to assess the overall financial position of the Applicant or your close link(s) at any time.

Please consider in particular if such issues 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

## Firm Declaration

### Declaration

It is a criminal offence under section 398 of the Financial Services and Markets Act 2000 to knowingly or recklessly provide the FCA with false or misleading information.

This declaration must be signed by the person who is responsible for making this application on behalf of the Applicant. 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 for an appropriate period of time, for inspection at the FCA's request.