

FCA Factsheet

No. 001

Criteria for completing the Change of legal status application pack

The change of legal status application pack can only be used by firms that meet the following criteria. If you do not meet all the specific criteria then you will need to complete one of the other application packs.

1. The application is made by a new legal entity that wants to carry on the regulated activities of an existing authorised firm (see note 1).
2. The applicant will have the same permission as the existing firm or will be narrowing the permission of the existing firm and will also operate to the same business plan (see note 1).
3. The applicant will take over all the rights and obligations of the regulated activities carried on by the existing firm (see note 2).
4. The existing firm is an investment firm and/or an insurance and/or home finance intermediary and comes within the simple or moderately complex firm definition as set out for application fee purposes (see note 3).
5. The applicant will have the same prudential category/categories as the existing firm (see note 1).
6. The individuals who are performing governing functions for the existing firm will be broadly the same for the applicant firm (see note 4).
7. The existing firm can confirm that it has no outstanding regulatory obligations (see note 5).
8. The existing firm wishes to apply for its Part IV permission to be cancelled as part of the change of legal status application process and confirms it has read and agrees to the cancellation declaration.

Criteria for completing the Change of legal status application – Notes

Note 1

This application may only be used if the existing firm is making no other changes to its business apart from changing its legal status.

An authorised firm may seek to change its legal status for a number of reasons: there may be tax advantages in a new legal structure; a sole trader may wish to go into partnership, or to reconstitute its business as a limited company; a partnership may wish to become a limited liability partnership.

The change of legal status application cannot be used if the change of legal status is to be accompanied by any other changes, for example:

- changes to the scope of permission notice (other than a narrowing owing to the change of legal status);
- the prudential category is changing which involves the firm being subject to higher capital adequacy requirements; and
- significant changes to individuals performing governing functions.

For these changes, an appropriate standard application pack can be found on our website at www.fca.org.uk/firms/about-authorisation.

Note 2

The applicant must also continue the business of the existing firm and take over all the rights and obligations of the regulated activities carried on by the existing firm (including responsibility for past business). A formal regulatory undertaking is required to be signed by all principals as part of this application (see section 10 of this application form).

In addition, if the applicant is to be authorised, the existing firm must apply to cancel its permission. By completing this application you will be cancelling the existing firm's permission and applying for authorisation for the new firm. More information on cancellations can be found in SUP 6.4 or from the Contact Centre on 0845 606 9966.

Note 3

Simple applications cover the following:

- Advisory arrangers, dealers or brokers (holding client money and/or assets).
- Advisory-only firms and advisory arrangers, dealers or brokers (not holding or controlling client money and/or assets).
- Corporate finance advisers.
- Home finance advisers and arrangers.
- General insurance mediation.

Moderately complex applications cover the following:

- Fund managers.
- Operators, trustees and depositaries of collective investment schemes.
- Firms dealing as a principal.

Note 4

The members of the governing body of the existing firm, e.g. directors of a company, or partners in a partnership, should still make up at least 50% of the governing body of the applicant firm.

Note 5

This application cannot be used when the existing firm is not up to date with all its regulatory obligations. Regulatory obligations include, but are not limited to:

- submitting regulatory returns; and
- paying FCA fees.

If we find that the existing firm is not up to date, the applicant will have to reapply using one of the standard application packs; see our website: www.fca.org.uk/firms/about-authorisation.

What is a change is a change of legal status?

		Applicant						
		Sole trader	Private limited company	Public limited company	Partnership	Limited partnership	Limited liability partnership (LLP)	Unincorporated association
Existing Firm	Sole trader		Yes	Yes	Yes	Yes	Yes	Yes
	Private limited company	Yes	Yes	No*	Yes	Yes	Yes	Yes
	Public limited company	Yes	No		Yes	Yes	Yes	Yes
	Partnership	No*	Yes	Yes		No*	Yes	Yes
	Limited partnership	Yes	Yes	Yes	No*		Yes	Yes
	Limited liability partnership (LLP)	Yes	Yes	Yes	Yes	Yes		Yes
	Unincorporated association	No*	Yes	Yes	Yes	Yes	Yes	

Yes > Complete change of legal status application pack

No* > Notification only required (see SUP 15.3.8G)