

# Application for Authorisation

## Funeral plan providers and funeral plan intermediaries - Notes

Please read these notes carefully. They will help you fill in the application form for funeral plan providers and funeral plan intermediaries.

When completing the form, you will need to refer to the Handbook: [www.handbook.fca.org.uk/](http://www.handbook.fca.org.uk/).

If after reading these notes you need more help please:

- check the FCA website
- consult the Handbook: [www.handbook.fca.org.uk/](http://www.handbook.fca.org.uk/)
- call us on 0300 500 0597
- email: [Firm.Queries@fca.org.uk](mailto:Firm.Queries@fca.org.uk)

### **Terms in these notes**

In these notes:

- 'we', 'us', 'our' and 'the FCA' refers to the Financial Conduct Authority
- 'the applicant firm' refers to the firm applying for authorisation
- 'you' refers the person(s) signing the form on behalf of the applicant firm
- 'FSMA' refers to the Financial Services and Markets Act 2000

### **Important information**

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

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

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# The FCA Handbook

## **Introduction**

The FCA Handbook sets out our legislative powers and other provisions made under powers given to us by FSMA. The Handbook is available online. It is an extensive document, but you only need to refer regularly to the specific parts that will affect your business.

Alongside the Handbook, there are Handbook guides and Regulatory guides. Handbook guides are guides to the Handbook as a whole and are aimed at particular types of firms. They will point you towards relevant material.

The Handbook is divided into blocks and each of these is subdivided into modules. It also contains a glossary of all the definitions used. The full Handbook is at [www.handbook.fca.org.uk/](http://www.handbook.fca.org.uk/)

## The Threshold Conditions

Throughout the application pack, you will see references to the Threshold Conditions (COND). These are the minimum requirements that a firm must satisfy to become and remain authorised. When we consider the applicant firm's application we will assess whether the firm is ready, willing and organised to satisfy, and continue to satisfy, the Threshold Conditions.

The Threshold Conditions are set out in full in COND 2 of the Handbook at:

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

## Schedule of supporting documents

During the course of the application, firms will be required to supply additional documents. Please see a comprehensive list below:

### **All firms**

- Regulatory business plan
- Wind-down plan
- Vulnerable customer policy
- Complaints handling policies comprising the below:
  - Complaints handling procedures
  - Complaints root cause identification procedure
  - Example Management Information (MI) for complaints root cause analysis and correction
- Compliance monitoring procedures comprising the below:
  - Compliance monitoring programme
  - Example MI to monitor ongoing compliance with FCA rules
- Financial projections comprising the below:
  - Opening balance sheet
  - Forecast closing balance sheet at the end of the first 12 months of trading post-authorisation
  - Monthly cash flow forecast for first 12 months of trading post-authorisation
  - Monthly profit and loss forecast for first 12 months of trading post-authorisation
- Latest annual accounts (if already trading)
- Up-to-date management accounts (if already trading and year-end date for most recent annual accounts is greater than 12 months)
- Companies House form (SH01) (if applicable and firm has already capitalised)
- Details of source of funding (if firm is not a limited company, sole trader or partnership)
- Details of subordinated loans (if applicable)
- Details of other external funding (if applicable)
- Detailed IT controls form (if applicable)
- Evidence of the firm's registration with the Information Commissioner's Office
- Staff organisation structure chart (if applicable)
- Controller forms
- Controller and close link structure chart (if applicable)

### **Sole Traders only**

- Statement of personal assets and liabilities
- Statement of business assets and liabilities

### **Partnerships (including limited partnerships and limited liability partnerships) only**

- Copy of partnership agreement deeds (if applicable)
- Copy of limited liability partnership agreement deeds (if applicable)
- Statement of personal assets and liabilities (one per partner)
- Statement of business assets and liabilities
- Members' capital agreement (if applicable)

**Funeral plan providers only**

- Asset adequacy review
- Copies of the firm's agreements with each of its insurance providers together with any related documents and agreements such as a service level agreement (if applicable)
- Copies of the trust deeds for each trust together with any related documents and agreements such as a service level agreement (if applicable)
- Latest Solvency Assessment Report (SAR) (if applicable):
  - This must be dated within last 12 months
  - If the firm's latest SAR was not produced within the last 12 months, it must provide one during the authorisation during the authorisation stage and its application cannot be deemed Complete until it has done so
- Terms of reference or instructions agreed with the appointed actuary for the conduct of the actuarial valuation report (if applicable)

# 1 Application contact details

## Contact for this application

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

This must be someone based in the UK and in the direct employment of the applicant firm.

The firm may wish to provide the contact details of a second individual if the main contact will not be available for a long period of time.

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

No additional notes

## Timings for this application

### 1.3 Is there a date by which you would like this application 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.

# 2 Firm details

## Firm details

### 2.1 Is the firm authorised by the FCA or PRA?

You must notify us if the applicant firm is currently authorised by us or the PRA.

## About the legal status of the applicant

### 2.2 What type of firm is the applicant?

The applicant firm must fall into one of the categories listed to apply for authorisation. The firm must tick the appropriate box to state the firm's legal status.

### 2.3 Date of incorporation or formation (dd/mm/yyyy)

This does not apply to sole traders.

### 2.4 Where was the applicant firm incorporated or formed?

This does not apply to sole traders.

### 2.5 Does the applicant firm have a registered number e.g. Companies House number?

No additional notes

### 2.6 You must confirm that all details given in this section match Companies House records

No additional notes

## Financial year end

### 2.7 Date of the applicant firm's financial year end (dd/mm)

Once the firm is authorised, this is the date we will use to determine the firm's deadlines for reporting.

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

## Firm address details

### 2.8 Principal place of business of applicant firm

Once the firm is authorised, this address will appear on the firm's public entry on the Financial Services Register.

Please note that for this purpose the principal place of business means the main place where work is done or business is carried on.

### **2.9 Registered Office Address (if applicable)**

This will not be displayed if you're a sole trader.  
This address must be in the UK.

### **2.10 Head Office Address**

This will not be displayed if you're a sole trader.  
This address must be in the UK.

### **2.11 Does the applicant firm have a website address?**

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

## **Complaint contact**

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

No additional notes

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

No additional notes

### **2.14 Details of auditor / reporting accountant**

If the applicant is not legally required to have an auditor / reporting accountant, this section can be left blank.

Any applicant firm that falls within the table in SUP 3.1.2R must have an auditor. The table also sets out which sections of SUP will be applicable to the applicant firm. You can find the table at:

[www.handbook.fca.org.uk/handbook/SUP/3/](http://www.handbook.fca.org.uk/handbook/SUP/3/)

Auditors can act as a source of information for us in our ongoing supervision of firms. They will report, where required, on the financial resources of the firm, the accuracy of its reports to us and a firm's compliance with particular rules and requirements – for example, the client asset rules.

If this section applies to you, SUP 3 and, in particular, SUP 3.3 – Appointment of Auditors will give you guidance on appointing auditors. Please note, in certain limited circumstances, we may ask you to verify information you have submitted or need to submit as part of the application. As part of the authorisation process we can require you to provide a report (on any aspect) by an auditor, reporting accountant, actuary or other qualified person approved by us. If we need this during the process, we'll discuss it with you at the earliest opportunity.

### **2.15 Details of professional adviser**

Some applicant firms seek professional help in completing the application (e.g. from a compliance consultant or lawyer). Questions 2.16 to 2.18 ask if

the applicant firm has had such help, and if so, requests details of the adviser.

**2.16 Please tick this box if the applicant wants us to copy all correspondence to the professional adviser**

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

**2.17 Please tick this box if the applicant plans to use this professional adviser following authorisation**

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

**2.18 Locum Details**

**Please tick this box if the applicant is dependent on a single key person.**

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

## Trading names

**2.19 Does the applicant firm intend to use any trading names as well as the name given on the front of this form?**

If the firm is authorised, it's important that we're informed of all trading names. This will help us, in the supervision of the firm, to be able to track the firm's financial promotions activity, i.e. adverts. It may also help us in the handling of any complaints against the firm.

More information about the Company, Limited Liability partnership and Business Names (Sensitive Words and Expressions) Regulations 2014 can be found at: <http://www.legislation.gov.uk/ukxi/2014/3140/contents/made>

# 3

## Scope of permission and fees

### Background

When applying for authorisation, the applicant firm is responsible for ensuring that the regulated activities and the corresponding client and investment types requested adequately cover the business the applicant firm intends to carry on.

If the applicant firm is authorised, the FCA will issue the firm with a Scope of Permission Notice.

The permission notice lists the regulated activities the applicant firm will be authorised to carry on. It will also contain what we refer to as 'requirements' and 'limitations'. In broad terms, limitations are restrictions placed on individual regulated activities and requirements will be placed on the firm's entire scope of permission requiring it to take or not to take specified actions. Getting the applicant firm's scope of permission right at the outset is fundamental. If the applicant firm carries on a regulated activity that is not set out in its permission notice it could be in breach of the Financial Services and Markets Act 2000 (FSMA) and subject to enforcement action.

### Wording of the Scope of Permission Notice

The Scope of Permission Notice will follow the wording in the Perimeter Guidance PERG 2 (Annex 2). You can find this at:

<https://www.handbook.fca.org.uk/handbook/PERG/2>

### Requested permission

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

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

<https://www.handbook.fca.org.uk/handbook/PERG/2/7>

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

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

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

**3.1 The applicant should make sure that it applies for permission to conduct the appropriate regulated activities for the business it wishes to carry on. Please consult the Perimeter Guidance Manual (PERG) before completing this section. Specific guidance concerning the regulated activities is in PERG 2.7.**

The regulated activities included in the firm's scope of permission will be limited to the provision of funeral plan contracts (as defined in our Glossary and in Articles 59 and 87 of the Regulated Activities Order) and rights to or interests in funeral plan contracts to retail clients only (as defined in [COBS 3.4.1R](#)).

### **Funeral plan providers**

As per Article 59 (2) of the Regulated Activities Order, a "funeral plan contract" is a contract under which:

- (a) a person ("the customer") makes one or more payments to another person ("the provider"); and
- (b) the provider undertakes to provide, or secure that another person provides, a funeral in the United Kingdom for the customer (or some other person who is living at the date when the contract is entered into) on his death;

As per Article 59 (2A) "provider" includes a person who has assumed the undertaking referred to in paragraph (2)(b) as a result of the novation, assignment or transfer by operation of law of an existing funeral plan contract.

#### **Entering as provider into a funeral plan contract**

This regulated activity is specified in Article 59 (1) of the Regulated Activities Order.

#### **Carrying out a funeral plan contract as provider**

This regulated activity is specified in Article 59 (1A) of the Regulated Activities Order.

#### **Advising on investments**

This regulated activity is specified in Article 53(1) of the Regulated Activities Order which in summary is: advising a person [...] if the advice is:

- (1) given to the person in their capacity as an investor or potential investor, or in his capacity as agent for an investor or a potential investor; and
- (2) advice on the merits of their doing any of the following (whether as principal or agent):
  - (a) buying, selling, subscribing for, exchanging, redeeming, holding or underwriting a particular investment which is a security, structured deposit or relevant investment (that is, any designated investment (other than a P2P agreement), funeral plan contract, pure protection contract, general insurance contract, right to or interests in a funeral plan contract or structured deposit); or
  - (b) exercising or not exercising any right conferred by such an investment to buy, sell, subscribe for, exchange or redeem such an investment,

but excluding the provision of non-personal recommendation advice where the person providing that advice is appropriately authorised (see article 53(1A) to (1D) of the Regulated Activities Order).

## **Funeral plan intermediaries**

### **Making arrangements with a view to transactions in investments**

This regulated activity is specified in Article 25(2) of the Regulated Activities Order, which in summary is: making arrangements with a view to a person who participates in the arrangements buying, entering into or subscribing for or underwriting investments (whether as principal or agent).

### **Arranging (bringing about) deals in investments**

This regulated activity is specified in Article 25(1) of the Regulated Activities Order, which is in summary: making arrangements for another person (whether as principal or agent) to buy, enter into or subscribe for or underwrite a particular investment.

### **Dealing in investments as agent**

The regulated activity is specified in article 21 of the Regulated Activities Order which is in summary: buying, selling, subscribing for or underwriting funeral plan contracts as agent.

### **Advising on investments**

This regulated activity is specified in Article 53(1) of the Regulated Activities Order which in summary is: advising a person [...] if the advice is:

(1) given to the person in their capacity as an investor or potential investor, or in his capacity as agent for an investor or a potential investor; and

(2) advice on the merits of their doing any of the following (whether as principal or agent):

(a) buying, selling, subscribing for, exchanging, redeeming, holding or underwriting a particular investment which is a security, structured deposit or relevant investment (that is, any designated investment (other than a P2P agreement), funeral plan contract, pure protection contract, general insurance contract, right to or interests in a funeral plan contract or structured deposit); or

(b) exercising or not exercising any right conferred by such an investment to buy, sell, subscribe for, exchange or redeem such an investment,

but excluding the provision of non-personal recommendation advice where the person providing that advice is appropriately authorised (see article 53(1A) to (1D) of the Regulated Activities Order).

## **Ancillary Business Notification**

**If the applicant will be a funeral plan intermediary, it must notify the FCA if this will be its main business or ancillary to its main business.**

Will the firm be undertaking its regulated activities ancillary to its main business?

No additional notes

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

#### **3.2 You must confirm that the applicant firm requests permission to carry on this activity.**

Under the permission regime, 'Agreeing to carry on a regulated activity' is a regulated activity in its own right. As a matter of course, an applicant firm will carry on this regulated activity (which is limited to agreeing to carry on only the other regulated activities specified in its Scope of Permission Notice).

### **Funeral plan providers**

#### **3.3 How are the applicant firm's funeral plan contracts backed?**

Select from the list as appropriate. The firm should select one option only. We expect that most firms will provide funeral plan contracts backed by only one mechanism. However, if the firm provides funeral plan contracts for which payments are made to contracts of insurance and also provides funeral plan contracts for which payments are held on trust, it should select 'Both'.

### **History of the applicant firm**

#### **3.4 Has the applicant firm ever been regulated by us or any other regulator before making this application?**

No additional notes

#### **3.5 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

#### **3.6 Has the applicant firm ever decided not to proceed, after making an application to a regulatory body for:**

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

No additional notes

#### **3.7 Has the applicant firm ever used a trading name which it has since ceased to use or which it will cease to use prior to authorisation?**

No additional notes

## Explanations

**3.8 If the answer to any of Questions 3.4 to 3.6 is Yes, please give a full explanation of the events in question on a separate sheet of paper.**

**Make sure this includes:**

- the question number the event refers to
- the date of the event
- any amounts involved
- the outcome
- an explanation of the circumstances

No additional notes

## Fees and levies

Firms fall into fee blocks according to their permissions. The rules on which activities fall into which fee blocks are in FEES 4 Annex 1A

<https://www.handbook.fca.org.uk/handbook/FEES/4/Annex1A.html>

The firm will be allocated to corresponding fee blocks for the Financial Ombudsman Service (FOS), unless the firm has declared itself to be exempt.

The firm will be billed on the information supplied here for the first fee year of being authorised. For firms that gain their authorisation between 1 January and 31 March, the data provided here will also be used for the following fee year.

**Please make sure the data submitted in this section is as accurate as possible as a poor estimate or forecast is unlikely to be grounds to revise fees at a later stage.** We will only accept changes to the data provided here in exceptional cases, for example where the business plan has been revised before the date of authorisation.

The rules about calculating fees in a firm's first and second year of authorisation are in FEES 4.2.7 <https://www.handbook.fca.org.uk/handbook/FEES/4/2.html>

When reporting monetary fee tariff data, firms should give a projected valuation covering the first 12 months from the date of authorisation measured according to the relevant tariff bases. Monetary figures must be in **GBP**. If the answer is 'nil' please write 'nil' – do not leave any boxes blank.

All authorised firms pay minimum fees towards the annual regulatory costs. Larger firms will pay a variable fee in proportion to the size of its tariff data. You can estimate your regulatory fees and levies using our fee calculator at <https://www.fca.org.uk/firms/calculate-your-annual-fee/fee-calculator>

Guidance notes for calculating the tariff data are available at <https://www.fca.org.uk/firms/fees/report-fee-tariff-data>. Links to the relevant parts of the Handbook are in the notes below.

Please contact the Customer Contact Centre on 0300 500 0597 if you need further clarification for this section.

## FCA fees

After authorisation, the applicant will be liable to pay periodic fees to the FCA. We'll use the figures the firm provides in this section to calculate its fee for its first year of trading following authorisation. Where possible the firm should endeavour to use true and accurate information when making its projections.

Annual eligible income represents the net amount retained by the firm in respect of funeral plan provision or funeral plan intermediation activities.

For the purposes of calculating annual income, net amount retained means all the commission, fees, etc. in respect of funeral plan provision or funeral plan intermediation activities that the *firm* has not rebated to customers or passed on to other *firms* (for example, where there is a commission chain). Items such as general business expenses (for example, employees' salaries and overheads) must not be deducted.

### 3.9 Fee Block A.23 – Funeral plan intermediaries and funeral plan providers

#### **What is the total income from regulated activities the applicant firm expects to receive for the first year of authorisation from its funeral plan contracts business?**

The applicant firm must state the expected regulated income arising from undertaking the regulated activities of entering into a funeral plan contract as provider, carrying out a funeral plan contract, making arrangements with a view to transactions in investment, arranging deals in investments and/or advising on investments in relation to the investment type of Funeral Plan Contracts only.

The applicant must be sure to not include income arising from its undertaking of regulated activities in relation to investment types other than funeral plan contracts.

#### **The Financial Ombudsman Services (FOS) General Levy**

Businesses that are covered by the FOS must pay a general levy to fund its operating costs and to deal with the forecast volume of complaints about relevant business activity. It is payable by all firms authorised or registered by the FCA and we raise and collect it on behalf of the FOS.

The FOS General levy is based on the amount of regulated business done with consumers eligible to refer their complaint to the FOS. As a result, the data reported under the FOS general levy can be lower than that reported under the FCA fees section.

### **3.10 What is the total eligible income from regulated activities the applicant firm expects to receive for the first year of authorisation from its funeral plan contracts business?**

No additional notes

#### **Financial Services Compensation Scheme (FSCS) Levy**

The FSCS levy only covers business that relates to a protected claim from an eligible claimant.

Newly authorised firms are not liable to contribute towards the FSCS specific and compensation costs in the first fee year. We'll only use the information here for

calculating the FSCS's levy in the second fee year when a firm obtains authorisation in the last quarter of the of the fee year.

**3.11 What is the total eligible income from regulated activities the applicant firm expects to receive for the first year of authorisation from its funeral plan contracts business?**

No additional notes

**Declaration of ongoing FCA fees liability**

**3.12 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.**

The rules in FEES 4.2.9 and FEES 4.3.13-14 describe the fee obligations of firms who are cancelling their permissions.

# 4 Funeral Plan Conduct of Business

## Background

**4.1 You must provide a regulatory business plan.** This must be tailored to the applicant's business and consider the matters described in the Threshold Conditions Handbook under COND 2.7 – Business Model, otherwise it may lead to delays in the authorisation process.

We need to know about the business the applicant firm intends to carry on so we can make sure it's authorised for the correct regulated activities, investment types and client types, and to assess the adequacy of its resources.

We see the regulatory business plan as an important regulatory tool for the applicant firm and us in measuring the applicant firm's business risk and control over any regulatory concerns. You can find further information about this in: <https://www.handbook.fca.org.uk/handbook/SYSC/3/2.html> (for firms that are not common platform firms) and SYSC 4 – 10 (for common platform firms).

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

- identify all regulated activities and any unregulated activities it intends to carry on
- identify all the likely business and regulatory risk factors
- explain how it will monitor and control these risks
- take into account any intended future developments

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

You can find further information about our requirements and expectations for business plans at:

<https://www.handbook.fca.org.uk/handbook/COND/2/4.html>

## Sales channels and revenue

### 4.2 Which sales channels does the applicant intend to use?

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

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

### 4.3 How will the applicant source its customers?

No additional notes

### 4.4 Is the applicant firm leaving a network?

We need to know this in case you're subject to a notice period. An applicant firm cannot be authorised by us and be an appointed representative at the same time.

## All business activities

### 4.5 Does the applicant, or any entity of the group of which the applicant is a member (if applicable), intend to carry on any unregulated business activities?

No additional notes

### 4.6 Does the applicant firm intend to generate income from any other activities?

No additional notes

### 4.7 Is the applicant currently taking over the business of any other firm or are there any plans for the applicant to do so?

No additional notes

### 4.8 Does the applicant intend to use third party lead generators?

No additional notes

### 4.9 How will the applicant firm be remunerated?

No additional notes

### 4.10 How does the firm communicate all the fees it charges to its customers?

No additional notes

### 4.11 How many clients does the applicant expect to have in relation to its regulated activities?

No additional notes

## Business Risks

### 4.12 What key business risks has the applicant identified and how does it intend to manage those risks?

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

#### External risks:

The applicant firm should:

- identify competitors and assess their reaction to the applicant firm's presence in the market, if applicable

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

#### **Internal risks:**

The applicant firm should:

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

#### **4.13 All firms must have a wind-down plan to facilitate an orderly wind-down of the business and minimise detriment to clients.**

No additional notes

#### **4.14 Will the applicant firm have any branches in the UK that will conduct regulated activities?**

No additional notes

### **Outsourcing with third parties**

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

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

#### **Fair treatment of customers**

The information required in this section is underpinned by our Principles (e.g. Principle 6, which states that a firm must pay due regard to the interests of its customers and treat them fairly). It is central to delivering our regulatory agenda as well as being a key part of our principles-based approach to regulation. We believe the fair treatment of customers should be a key part of a firm's business culture and operations.

The FCA website gives straightforward, easy-to-read information about the fair treatment of customers, including the consumer outcomes we are looking for and supporting publications (<https://www.fca.org.uk/firms/fair-treatment-customers>).

#### **4.16 How has the fair treatment of customers influenced the development of the applicant firm's business plan?**

No additional notes.

**4.17 How will the applicant firm's senior management make sure that:**

- **Fair treatment of customers, particularly vulnerable customers, is embedded in the culture of the firm, and**
- **It can demonstrate that the firm is consistently delivering fair outcomes to its customers**

No additional notes.

**4.18 What key risks has the senior management team of the applicant identified in its business model that might affect its ability to treat customers fairly?**

No additional notes.

**4.19 Please attach the applicant's vulnerable customer policy.**

No additional notes.

**4.20 Please attach a copy of the firm's complaints handling procedures.**

No additional notes.

**4.21 Please attach a copy of the document setting out the management controls in place to identify and correct root causes of complaints.**

No additional notes.

**4.22 Please attach an example of the MI the firm's senior management or governing body uses to monitor and direct the firm's compliance with the rules.**

No additional notes.

**4.23 Please attach an example of the MI the firm's senior management or governing body uses to monitor and direct the firm's compliance with the rules.**

No additional notes.

## **Products and target market**

**4.24 Please give an overview of all the funeral plan contracts, and/or related services the applicant intends to provide.**

No additional notes

**4.25 How will the applicant firm identify the target market for each funeral plan contract?**

No additional notes

**4.26 How will the applicant firm make sure that customers are only sold funeral plan contracts and services that are suitable for their individual needs?**

No additional notes

**4.27 Does the applicant firm provide advice in relation to the sale of funeral plan contracts?**

If the firm does provide advice, it must make sure that it has applied for the permission to undertake the regulated activity of Advising on investments (excluding pension transfers and opt outs). Please make sure your firm has selected this regulated activity from the Permission Profile in Question 3.1.

If the firm seeks to undertake this regulated activity, it must explain how its advisors are deemed competent and qualified to do so.

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

Firms will be required to complete questions specific to their firm type throughout the application. The firm types are as below:

**Funeral plan provider**

Firms that have applied for permission to undertake the regulated activities of entering as provider into a funeral plan and/or carrying out a funeral plan contract as provider will fall under this definition and must answer the questions relevant to this business type.

**Funeral plan intermediary**

Firms which have applied for permission to undertake the regulated activities of making arrangements with a view to transactions in investments, arranging (bringing about) deals in investments, dealing in investments as agent and/or advising on investments and have not applied to undertake funeral plan provider activities will fall under this definition and must answer the questions relevant to this business type.

**Funeral plan providers****How are the applicant firm's funeral plan contracts backed?**

Select from the list as appropriate. The firm should select one option only. We expect that most firms will provide funeral plan contracts backed by only one mechanism. However, if the firm provides funeral plan contracts for which payments are made to contracts of insurance and also provides funeral plan contracts for which payments are held on trust, it should select 'Both'.

**Insurance-backed plans****4.29 Which insurer provides the underlying insurance? Which regulatory body supervises the insurer? How did the firm select the insurer?**

Please give all relevant details for the insurer e.g. insurer name, address, firm reference number (if available) or other unique identifier. Please give these details for all the insurers the firm currently has contracts of insurance with.

**Please provide copies of the firm's agreements with each of its insurance providers together with any related documents and agreements such as a service level agreement**

No additional notes

**4.30 When was the last actuarial review conducted? Who conducted it, what was the outcome and what steps has the firm taken to address any findings raised in the actuarial review? What processes and procedures has the firm implemented to satisfy itself, on an ongoing basis, that its insurance arrangements are sufficient to cover its funeral plan contract liabilities?**

No additional notes

**4.31 Please provide a detailed and comprehensive explanation of the insurance product structures the underlying insurers uses to back the firm's funeral plan contract offering?**

No additional notes

## Trust-backed plans

**4.32 What is the name of the underlying trust or trusts for the funeral plan contracts the applicant firm provides?**

No additional notes

**4.33 The applicant must provide details of each of its trusts and their trustees. Please do so using this template (<https://www.fca.org.uk/sites/default/files/publications/forms/funeral-plan-trustee-details-document-template.xlsx>) and attach**

No additional notes

**4.34 Please give the date of formation for each trust the firm uses and any significant changes to date, for example a change of trustee, change to terms and any other matters the firm believes the regulator should be aware**

No additional notes

**4.35 Please provide information on any other relationships that exist between the trustee(s) and the applicant or its distribution channels**

Please provide details of any relationships that exist between the trustees and the applicant

**4.36 Has the trust appointed a trust actuary?**

No additional notes

**4.37 Has the trust appointed an authorised investment manager?**

No additional notes

**4.38 Has the trust appointed an auditor of the trust accounts?**

No additional notes

**4.39 Has the appointed actuary for each trust(s) produced a Solvency Assessment Report (SAR) within the last 12 months?**

Without this document, your application cannot be deemed to be Complete.

**4.40 Please attach a copy of the latest SAR obtained from the appointed actuary for each trust**

You must obtain the most recent SAR for each of the trusts you use and provide a copy to us

**4.41 Please attach a copy of the terms of reference and/or the instructions agreed with the appointed actuary for the conduct of the actuarial valuation report**

No additional notes

**4.42 What is the longest-term funeral plan contract the firm currently provides?**

This refers to contracts available in the firm's current offering. Please provide information on both the firm's longest-term funeral plan contract by length of instalment plan and the longest-dated funeral its funeral plan contracts currently provide. Do not include products that the applicant no longer sells but continues to administer.

**4.43 Please attach a copy of the firm's funeral plan summary document to be issued to customers prior to the conclusion of a funeral plan contract**

This is a summary of a funeral plan contract in the format and containing the information in FPCOB 9 Annex 1.

**4.44 Please attach a copy of the firm's nominated representative document to be to a customer's nominated representative within five business days of the date of the conclusion of the funeral plan contract**

This is a document in the format and containing the information in FPCOB 9 Annex 2.

### **Appointed representatives**

**4.45 Does the applicant firm intend to appoint any appointed representative/s?**

You must notify us if your firm wishes to act as a Principal for an Appointed Representative.

### **Financial promotions**

**4.46 Does the applicant firm intend to approve any financial promotions in accordance with section 21 of the Financial Services and Markets Act 2000 on behalf of unauthorised persons?**

No additional notes

# 5 Financial Resources

## 5.1 All applicants must provide the following:

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

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

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

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

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

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

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

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

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

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

### **Please attach a copy of the firm's calculation of its core capital resources requirement**

No additional notes

### **Is the applicant currently trading?**

If the applicant firm is already trading, it must submit its most recent annual accounts as submitted to Companies House. If the year-end date for its most recent annual accounts is greater than 12 months, the firm must also submit up-to-date management accounts.

**Is the applicant part of a group?**

If the applicant is part of a group, it must attach the most recent consolidated group accounts.

**5.2 You must state the amounts of the different sources of the applicant firm's capital.**

No additional notes.

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

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

**Public Limited Company or Private Limited Company**

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

- Fully paid-up ordinary shares: These are ordinary shares that the applicant firm has been paid for in full. Ordinary shares are the most common type of share. They carry full voting and dividend rights and their owners are the owners of the company.
- Share premium account: This is a reserve of money set up in the applicant firm's accounts to account for the issue of new shares above their par value. i.e. if you issue some shares at £1 each, and you keep some back which you then sell at £1.50 each, you put the extra 50p into the share premium account.
- Preference shares: These are shares that pay a fixed dividend. Holders of preference shares receive their dividend before holders of ordinary shares. For our defined term, please see the Handbook Glossary entry from preference share at: <https://www.handbook.fca.org.uk/handbook/glossary/G1587.html>
- Audited reserves: These are past earnings that the applicant firm has retained, as verified by its auditors. For firms not required to appoint an auditor, under the Companies Act 2006, for their accounts, these will be unaudited.
- Verified interim net profits: These are the net profits made after the applicant firm's last annual financial statement, as verified by its auditor. For firms not required to appoint an auditor, under the Companies Act 2006, these will be interim profits which have not been verified by an auditor.
- Revaluation reserves: These are reserves kept to allow for the depreciation of any assets.
- Subordinated loans: These are loans that rank below other unsubordinated debt in the queue for repayment should the applicant firm be wound up. They can only count as part of its capital if they satisfy the conditions laid out in the relevant parts of the Handbook.

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

**Partnerships and sole traders**

- Only include your share of any assets and liabilities that are jointly owned by another party, such as your wife/husband.

- Current market value (not the price paid or nominal value) of quoted investments – only include readily realisable securities, unit trusts and other packaged products.
- Where applicable current market value (e.g. property) should be estimated.
- Guarantees – include the maximum liability of a personal guarantee given to a third party.

### **Limited Liability Partnership**

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

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

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

### **Other applicant firms**

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

## **Sources of external funding**

### **Subordinated loans**

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

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

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

### **Other funding**

#### **5.5 Does the firm have other external funding?**

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

## Core capital Resource Requirement

### 5.6 What type of firm is the applicant?

No additional notes

### 5.7 What is the applicant firm's resource requirement?

Where a firm has a Part 4A permission to carry on one or more regulated funeral plan provider activities, its core capital requirement is the higher of:

- (a) £20,000
- (b) 2.5% of the firm's annual income; or
- (c) The sum of:
  - 1) the number of undrawn funeral plan contracts backed by trust arrangements, multiplied by the median amount due to be paid from the trust fund(s) to the firm when the funeral is required, multiplied by 0.5%; and
  - 2) the number of undrawn funeral plan contracts backed by a whole of life insurance policy that have yet to be redeemed against a funeral, multiplied by the median death benefit payable under each funeral plan contract valued at the most recent accounting reference date, multiplied by 0.5%

Where a funeral plan provider also has Part 4A permission to carry on other regulated activities, the capital resources requirement is the higher of:

- (1) the core capital resources requirement; and
- (2) a capital resources requirement (however described) applied to the firm by any other rule or requirement

### 5.8 Has a review been conducted within the last 12 months of the adequacy of assets available to ensure that customers receive, when needed, the benefits and services they have purchased?

Without this document, your application cannot be deemed to be Complete.

### 5.9 What is the applicant firm's resource requirement?

Where a firm has a Part 4A permission to carry on one or more funeral plan intermediary activity and does not also carry on a regulated funeral plan provider activity, its core capital resources requirement is the higher of:

- (a) £10,000; or
- (b) 2.5% of the firm's annual income

### 5.10 You must confirm that the firm will meet and continue to meet its capital resource requirement on an ongoing basis and have projections available to prove so.

No additional notes

# 6 Disclosure of significant events

## Disclosure

### Significant events include, but are not limited to:

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

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

More information on disclosing significant events can be found in COND 1.3.3 G, on our website at:

<https://www.handbook.fca.org.uk/handbook/COND/1/3.html>

There is also further guidance on our website at:

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

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

# 7 Systems and controls

## IT systems

### 7.1 Will the applicant firm be using only commercial off-the-shelf computer products / packages e.g. Word, Sage accounting software?

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

#### Business transaction reporting

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

#### Accounting system

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

#### Other IT systems, e.g. Word, Excel

No additional notes.

**If no, you must provide a brief description of your proposed bespoke systems (this must include details of your IT systems, business transaction recording system and accounting system). You must also attach a copy of the detailed IT controls form. The form can be accessed using the following link:**

<https://www.fca.org.uk/publication/forms/detailed-it-controls-form.xlsm>

No additional notes

## Business continuity and disaster recovery

### 7.2 All firms are required to have business continuity and disaster recovery plans.

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

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

- loss or failure of internal and external resources such as people (either through illness or leaving the firm), systems and other assets;
- the loss or corruption of information (e.g. computer breakdown and loss of customer files); and

- external events (such as vandalism, terrorism and adverse weather).

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

It should show the strategy for:

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

The questions listed below should help you with this:

- What arrangements do you have in place to reduce the impact of a short, medium or long-term disruption to the following:
  - people, systems and other assets
  - the recovery priorities for the firm's operations
  - communication arrangements for internal and external concerned parties (e.g. the FCA and/or the PRA, clients and the press)
- How would the applicant firm set in motion its disaster recovery and business continuity plans?
- Does it have any processes in place to check and validate the integrity of information affected by the disruption?
- How will the applicant firm review, test and update its disaster recovery plan operations?

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

## IT Self assessment

### 7.3 Is the nature of the applicant's business such that it requires its IT systems in order to conduct regulated business?

No additional notes

### 7.4 Will there be financial consumer detriment if the IT system the applicant is relying on becomes unavailable?

No additional notes

### 7.5 Will the applicant's customers be able to transact business over the internet or through some other remote electronic medium?

No additional notes

## Regulatory returns - RegData

All regulated firms must supply regular regulatory returns by electronic means made available by us. To complete returns you must have access to a personal computer with an internet connection. You will need to register to be able to submit returns.

### 7.6 You must confirm that the applicant firm will complete and submit regulatory returns.

For more details please see the relevant [pages on our website](#).

### 7.7 Does the applicant firm agree to submit to us, at regular and stated intervals, financial information that can be used to help supervise

**and assess the firm on an ongoing basis as specified in the FCA Handbook?**

No additional notes

**7.8 Does the applicant firm agree to submit this information using RegData in a timely manner?**

No additional notes

### **Data protection**

Firms are required to comply with data protection regulations.

**7.9 You must confirm that the applicant firm has effective documented processes and procedures in place to make sure it complies with all relevant data protections regulations applicable to the firm**

No additional notes

**7.10 You must confirm that the applicant firm has in place systems and controls to make sure that it acquires and processes customer data in accordance with all relevant data protection regulations applicable to the firm**

No additional notes

**7.11 You must confirm that the applicant firm has in place systems and controls to make sure that it will regularly monitor and review its compliance with data protection regulations and take action to address findings**

No additional notes

**7.12 Please provide the applicant firm's Information Commissioner's Office (ICO) registration number**

No additional notes

**7.13 You must attach a screenshot of the firm's ICO registration details as displayed on the ICO register**

No additional notes

# 8 Compliance arrangements

## Compliance procedures

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

### 8.1 You must confirm that the applicant has documented compliance procedures in place.

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

You should not send the compliance procedures to us when submitting this application. However, they 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.

Set out below are the areas for which we would expect you to have adequate compliance procedures, depending on the activities that you propose to carry out:

- (a) the scope of the applicant firm's business
- (b) complaints handling
- (c) financial crime
- (d) skills, knowledge and expertise
- (e) business continuity
- (f) communication with clients
- (g) record keeping
- (h) notifications to the FCA
- (j) reporting requirements
- (k) compliance with conduct business rules in FPCOBS
- (l) sales of products and services
- (m) conflicts of interest
- (n) reliance on others
- (o) exclusion of liability
- (p) protecting customers' interests

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

- (a) charges and commission
- (b) claims handling
- (d) general provisions related to distance marketing
- (e) financial promotions
- (i) Systems and controls in relation to financial crime and money laundering

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

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

Common platform firms should, in particular, consider carefully the obligations in SYSC 6.1

(<https://www.handbook.fca.org.uk/handbook/SYSC/6/1/.html> ).

## Compliance monitoring programme

### 8.2 Please attach a copy of your compliance monitoring programme document

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

The compliance monitoring programme must be relevant to, and tailored to reflect, the applicant firm's proposed business. Each applicant firm's compliance monitoring programme will therefore be unique to itself.

A compliance monitoring programme must describe the actions that the holder of the compliance oversight function and their staff will take to make sure that the applicant firm complies with our rules and guidance at all times.

In particular, it must describe:

- what checks will take place
- how often the checks will take place, as appropriate to the procedure being checked – this might be daily, weekly, monthly, quarterly, annually or another period specified by us,
- who will carry out the checks – this is the role of the person who will make the checks, such as the Compliance Officer, Training and Competence Officer or Money Laundering Reporting Officer, and
- what records of the checks will be kept to confirm they have taken place

### 8.3 The applicant must have in place procedures to counter the risks that it might be used by third parties to further financial crime. This includes any offence involving:

- **fraud or dishonesty,**
- **misconduct in, or misuse of information relating to, financial markets or**
- **handling the proceeds of crime (SYSC 3.2.6 and 6.3).**

This should summarise the applicant firm's anti-money laundering procedures, and may include the following:

- anti-money laundering controls (SYSC 6.3 gives details of the scope and application of the anti-money laundering regime)
- fraud (you could describe the procedures the applicant firm 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))

# 9 Personnel information

Applicant firms must be able to demonstrate that they have adequate quality, skills and experience at all levels.

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

It is the responsibility of the firm to make sure that no person performs a senior management function until the applicant firm has been authorised by us and we have approved the person to perform senior management function(s). If we grant approval, it is effective from the date of authorisation.

## What is an approved person?

This term refers to a person we've approved to perform a senior management function for an authorised firm or an appointed representative. To be approved and continued to be approved to perform a senior management function, a person must:

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

## What is a senior management function?

This means a function, relating to the carrying on of a regulated activity by the firm, that is specified in the table of FCA senior management functions. Some senior management functions are required for every firm; others will depend on the nature of your business. Senior management functions have their own unique identification number. You can find a full list of all the senior management functions and an explanation of each one at: [www.handbook.fca.org.uk/handbook/SUP/10C/](http://www.handbook.fca.org.uk/handbook/SUP/10C/)

You should review the description of each senior management function and identify those that apply to the applicant firm.

### 9.1 Is the applicant firm a sole trader?

No additional notes

## Senior Managers & Certification Regime (SM&CR)

### 9.2 What type of firm is the applicant?

No additional notes

### 9.3 Core firms for the SM&CR

No additional notes

### 9.4 Limited Scope firms for the SM&CR

Sole traders should review SUP 10C.4A.2G and identify whether the SMF29 applies.

**9.5 You must submit a 'Form A – Application to perform controlled functions including senior management functions' for each person who will be performing a senior management function that you have listed above. Form A is available [in the Handbook](#).**

You must also provide a Statement of Responsibilities with each Form A and attach it to your application in Connect. The Statement of Responsibility can be found [in the Handbook](#). Please complete one with each Form A and attach it to your application in Connect.

For more information on the Statement of Responsibilities, the firm should consult [SUP 10C.11](#) and [SYSC 24-26](#).

No additional notes

### **Staff organisational structure chart**

The applicant firm must show that it has an effective management structure and clear reporting lines to senior managers.

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

No additional notes

# 10 Owners and influencers

## 10.1 How many controllers do you have?

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

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

You must complete the information we ask for in the spaces provided or provide a structure chart so we can determine who the applicant firm's controllers are. The controller(s) will then need to complete the appropriate Appendix providing their own details. This is a requirement of the Act (Part XII Control over authorised persons).

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

You can use this link to access it:

<https://www.handbook.fca.org.uk/handbook/SUP/11/>

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

- (1) holds 20% or more of the shares in the applicant firm or its parent
- (2) is able to exercise significant influence over the management of the applicant firm through a controlling interest in the applicant firm or its parent
- (3) is entitled to control or exercise control of 20% or more of the voting power in the applicant firm or its parent
- (4) is able to exercise significant influence over the management of the applicant firm 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 5-person partnership where each partner has equal voting power, each partner will have 20% of the voting power and so will be a controller.
- (2) In a 5-person partnership where two senior partners each have 40% of the voting power (and the same level of significant influence) and the remaining 20% is equally split between the other 3 partners (meaning that each of them has less than 20% of the voting power and significant influence), only the 2 senior partners would be deemed controllers.

- (3) In a ten-person partnership where each partner has equal voting power, each partner will have 10% of the voting power and will not be deemed 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 20% 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 20% of the voting power. Applicant firms should have this in mind when considering whether a partner with less than 20% 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.

**10.2 If any of the controllers are corporate controllers and are applying for a controlled function then please provide details below**

No additional notes

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

No additional notes

## Controller forms

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

You do not need to submit an individual controller form for any individual controller who has also submitted a Form A to hold a Controlled function with the applicant firm.

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

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

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

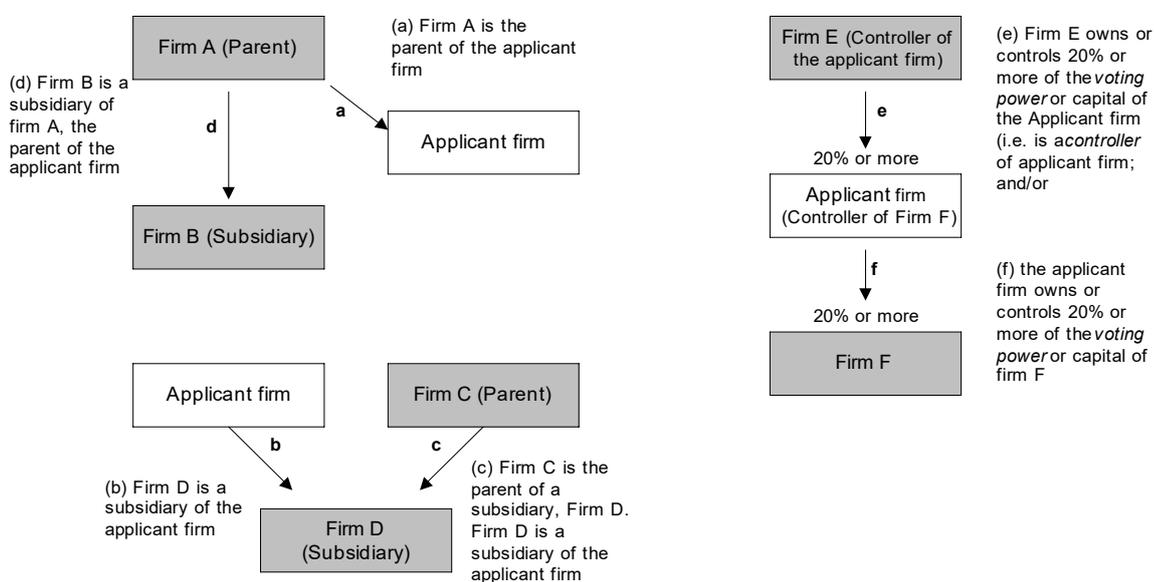
## Close links

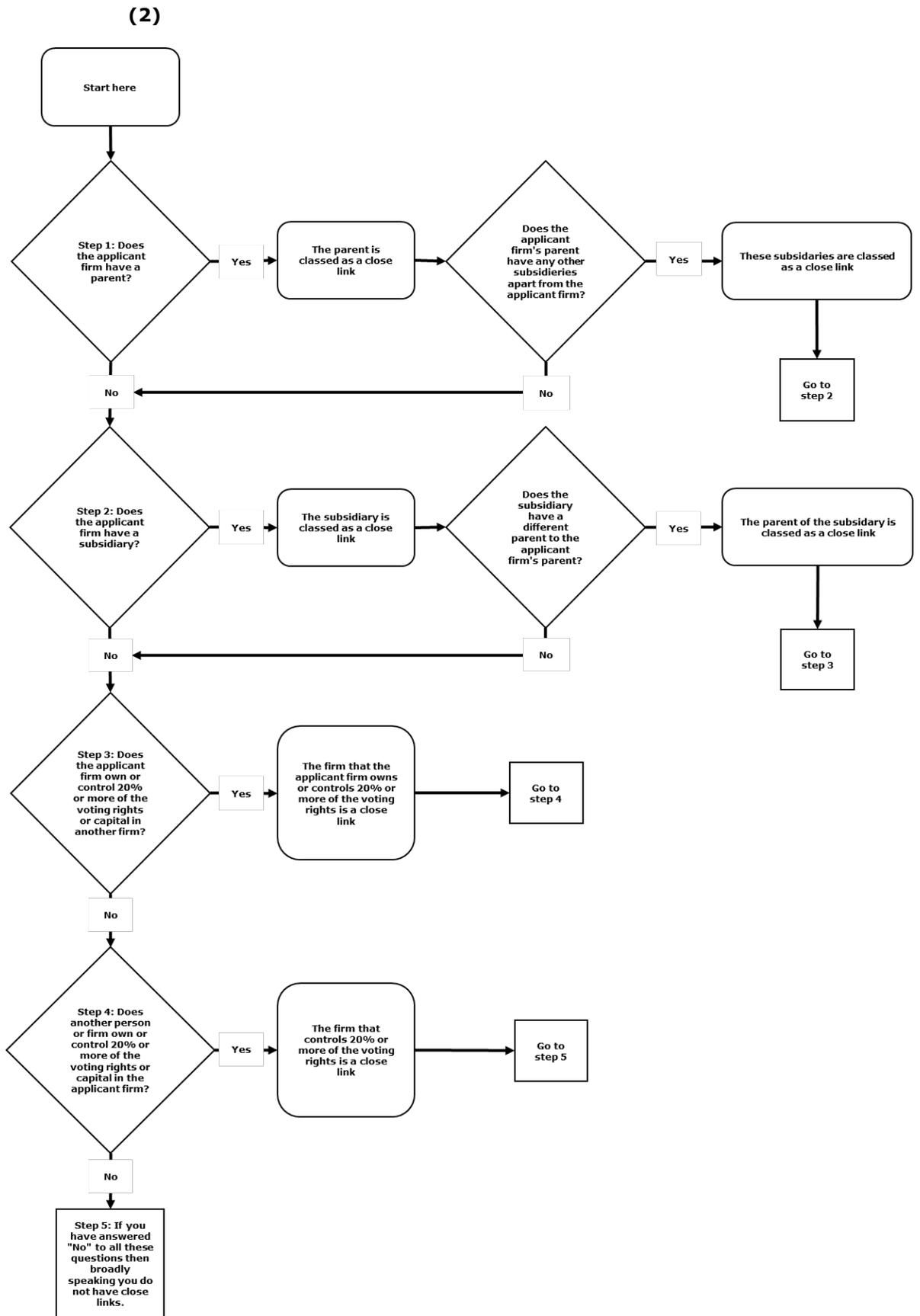
### 10.5 Does the applicant firm have close links other than the controllers stated above?

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

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

#### (1)





For further guidance on close links please see:

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

**10.6 You must provide a structure chart to show the nature of the relationship between the applicant firm and each close link (please include the business type of the close link).**

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)
- (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 (please see Question 1.3 of this appendix) for any close links falling into category e (please see diagram (1)).

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

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

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

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

# 11

## Supporting documents

**11.1 Please attach and list below any other documents you have provided.**

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

**11.2 Please provide any details on supporting documents if necessary.**

No additional notes

### Other information

**11.3 Is there anything else you would like to tell us or should tell us about this application?**

No additional notes

# 12 Paying the application fee

No additional notes

# 13 Declaration

## **Declaration**

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 by the firm.