

# **PS15/21 Changes to the Approved Persons Regime for Solvency II firms: Final rules (including feedback on CP14/25, CP15/5 and CP15/16), and consequentials relating to CP22/15 on strengthening accountability in banking**

August 2015





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In this Policy Statement we report on the main issues arising from the following FCA consultation papers:

CP14/25: Changes to the approved persons regime for Solvency II firms

CP15/5: Approach to non-executive directors in banking and Solvency II firms & Application of the presumption of responsibility to Senior Managers in banking firms

CP15/16: FCA and PRA: Changes to the approved persons regime for Solvency II firms: forms, consequential changes and transitional arrangements & FCA only: governance proposals and feedback to CP14/25

and publish final rules.

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## Abbreviations used in this document

<b>The Act</b>	Financial Services (Banking Reform) Act 2013
<b>APER</b>	Statements of Principle and Code of Practice for Approved Persons (Handbook)
<b>APR</b>	approved persons regime
<b>CBA</b>	Cost benefit analysis
<b>CEO</b>	Chief executive officer
<b>CFO</b>	Chief financial officer
<b>CF</b>	Controlled function
<b>COCON</b>	Code of Conduct sourcebook
<b>CP</b>	Consultation Paper
<b>CRO</b>	Chief risk officer
<b>EEA</b>	European Economic Area
<b>EIOPA</b>	European Insurance and Occupational Pensions Authority
<b>FCA</b>	Financial Conduct Authority
<b>FIT</b>	The Fit and Proper Test for Approved Persons (Handbook)
<b>FSMA</b>	Financial Services and Markets Act 2000
<b>ISPV</b>	Insurance Special Purpose Vehicle
<b>NED</b>	Non-executive director
<b>PS</b>	Policy Statement
<b>PRA</b>	Prudential Regulation Authority
<b>RAP</b>	Relevant Authorised Person
<b>SIF</b>	Significant Influence Function
<b>SIMF</b>	Senior Insurance Management Function
<b>SUP</b>	Supervision Manual (Handbook)
<b>SYSC</b>	Senior Management Arrangements, Systems and Controls (Handbook)

# 1. Overview

## Introduction

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- 1.1** In this paper we, the Financial Conduct Authority (FCA), set out final rules for the reformed accountability framework for individuals working in Solvency II firms.<sup>1</sup> These changes are an important part of our overall drive to raise standards of individual conduct across the financial services industry. These rules take into account provisions in the Financial Services (Banking Reform) Act 2013 ('the Act') that apply to insurers, changes that the PRA are making to their approval regime for these firms, and requirements in Solvency II around the governance of firms and the fitness and propriety of key function holders within them.
- 1.2** The paper covers:
- Changes to the scope of the FCA's approved persons regime. These will ensure robust oversight and continued enforcement powers over key individuals who can significantly impact our objectives, whilst maintaining a proportionate approach.
  - Changes to our fitness and propriety assessments of candidates for FCA regulated Significant Influence Function (SIF) roles to reflect the Solvency II framework and European Insurance and Occupational Pensions Authority (EIOPA) guidelines. These will support the implementation of the fitness and propriety requirements of Solvency II in a way that minimises the burden on firms, by avoiding them having to make further submissions to the PRA as the lead regulator for the transposition of these requirements.
  - New Conduct Rules for approved persons in Solvency II firms to encourage appropriate behaviour by staff, in particular through an enhanced focus on treating customers fairly and responsible delegation by senior staff.
  - Changes to governance arrangements, particularly to support enhanced accountability of senior staff in firms.
- 1.3** This publication also includes minor changes to the Handbook that result from reforms to the accountability regime for banks<sup>2</sup>, and details on transitional arrangements and form changes.
- 1.4** These rules follow on from four publications:
- Last November in CP14/25 we published our proposed changes to the approved persons regime for Solvency II firms. This CP considered the scope of our pre-approval regime for executive functions, changes to our assessment of the fitness and propriety of senior

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<sup>1</sup> Please see the FCA Handbook Glossary for the definition of Solvency II firm.

<sup>2</sup> In this CP 'banks' refers to deposit-takers and dual-regulated investment firms.

individuals, and the application of Conduct Rules to approved persons.<sup>3</sup>

- In February, in CP15/5, we consulted on plans to reduce the scope of our approvals regime in so far as it relates to non-executive directors (NEDs) in Solvency II firms, to focus on those whom we believe can most impact our objectives.<sup>4</sup>
- In March, in CP15/16, we proposed changes to our requirements relating to the governance of Solvency II firms, and details of transitional arrangements and new forms.<sup>5</sup>
- In July, in CP15/22, we published final rules setting out our changes to the accountability regime for deposit takers and large investment firms. Chapter 7 in this document sets out amendments to our rules that are consequential to this PS, and corresponding consequential changes for Solvency II firms.

### Who does this affect?

- 1.5** This paper will be of primary interest to all firms to whom the PRA have applied the Solvency II regime<sup>6</sup> (referred to in this paper as ‘Solvency II firms’) including Insurance Special Purpose Vehicles (ISPVs), the Society of Lloyd’s, managing agents and UK branches of foreign firms (FCA regulated branches of third-country firms and European Economic Area (EEA) firms), and approved persons within those firms. It is unlikely to be of practical relevance to approved persons of appointed representatives of these firms, which are outside the scope of these reforms.
- 1.6** The amendments to the Handbook described in Chapter 7 will also be of interest to firms regulated under the Financial Services and Markets Act 2000 (FSMA).

### Is this of interest to consumers?

- 1.7** This paper will primarily be of interest to firms and their approved persons. However, consumers may be interested in how the staff with whom they interact will be required to comply with the Conduct Rules.

### What does this paper cover?

- 1.8** This paper provides commentary on our final rules for the reformed approved persons regime for Solvency II firms, following on from the feedback that we provided in March.<sup>7</sup> It also

<sup>3</sup> CP14/25 *Changes to the approved persons regime for Solvency II firms* (November 2014): [www.fca.org.uk/your-fca/documents/consultation-papers/cp14-25](http://www.fca.org.uk/your-fca/documents/consultation-papers/cp14-25).

<sup>4</sup> CP15/5 *Approach to non-executive directors in banking and Solvency II firms & Application of the presumption of responsibility to Senior Managers in banking firms* (February 2015): [www.fca.org.uk/news/cp15-05-approach-to-neds](http://www.fca.org.uk/news/cp15-05-approach-to-neds).

<sup>5</sup> CP15/16 *Changes to the approved persons regime for Solvency II firms* (March 2015): [www.fca.org.uk/your-fca/documents/consultation-papers/cp15-16](http://www.fca.org.uk/your-fca/documents/consultation-papers/cp15-16).

<sup>6</sup> For the definition of such firms, please see PRA PS22/15 *Strengthening individual accountability in insurance: responses to CP26/14, CP7/15 and CP13/15*, available at <http://www.bankofengland.co.uk/pr/Pages/publications/insurance/allinsurancepolicypub.aspx>.

<sup>7</sup> In CP15/16 *Changes to the approved persons regime for Solvency II firms* (March 2015): <https://www.fca.org.uk/news/cp15-16-changes-to-the-approved-persons-regime-for-solvency-ii-firms>.

includes feedback on responses received to our February consultation on our approach to non-executive directors (NEDs) in Solvency II firms.

- 1.9** In addition, it includes feedback and final rules on minor Handbook changes that result from adjustments to the new accountability framework for banks as addressed in our December consultation. These changes affect the Handbook for all firms regulated under FSMA.<sup>8</sup>
- 1.10** In confirming our final rules, we have also sought to respond to challenges and questions about the practical steps that firms will need to take to implement the reformed regime. In particular, firms asked for information on how the PRA and FCA regimes would work together in practice. The following chapters give details of this interaction in authorisation processes, the enforcement of Conduct Rules, and in grandfathering.

## Context

- 1.11** In addition to provisions aimed at supporting the financial strength of firms, the Solvency II Directive includes provisions requiring firms to have a clear allocation of responsibilities, and to ensure key individuals are fit and proper to perform their roles. Our proposals support the fulfilment of these requirements, which in turn support our aim to ensure high standards of personal conduct and accountability in all areas of financial services.
- 1.12** In July 2014, the PRA and FCA issued a joint consultation on plans to apply provisions in FSMA introduced by the Act on the regulation of individuals in banks, which included a new set of Conduct Rules. The changes in the Act enable the regulators to introduce Conduct Rules for certain individuals in all FSMA-authorized firms. The Conduct Rules codify basic, common sense standards of good conduct and both the PRA and FCA consider that they are applicable beyond banking to those within the insurance and re-insurance sectors.
- 1.13** The PRA has consulted on its intention, for Solvency II firms, to focus its pre-approval processes on those functions it believes are most important in relation to its statutory objectives.<sup>9</sup> This means that the PRA will not require pre-approval for some executive and certain other functions. This triggers a decision for the FCA on whether these should become controlled functions (CFs) for the purposes of conduct regulation.
- 1.14** A separate consultation paper on Non-Directive Firms (NDFs)<sup>10</sup> is also being published alongside this paper, following our consultation in March.<sup>11</sup>

## Summary of feedback and our response

- 1.15** We provided some high-level feedback on responses received to our consultation in CP15/16 which this paper expands on. In particular, we set out our requirements on approved persons to retain information on their scope of responsibilities.

<sup>8</sup> CP14/31 *Strengthening accountability in banking: forms, consequential and transitional aspects*: <http://www.fca.org.uk/your-fca/documents/consultation-papers/cp14-31>

<sup>9</sup> [www.bankofengland.co.uk/pr/Pages/publications/cp/2014/cp2614.aspx](http://www.bankofengland.co.uk/pr/Pages/publications/cp/2014/cp2614.aspx).

<sup>10</sup> Firms that are not subject to PRA rules transposing the Solvency II directive.

<sup>11</sup> CP15/15 *Changes to the approved persons regime for insurers not subject to Solvency II* (March 2015): [www.fca.org.uk/news/cp15-15-changes-to-the-approved-persons-regime-for-insurers-not-subject-to-solvency-ii](http://www.fca.org.uk/news/cp15-15-changes-to-the-approved-persons-regime-for-insurers-not-subject-to-solvency-ii).

- 1.16** We also include feedback on responses received to our consultation paper on forms and transitional and consequential aspects of the regime, and our consultation on NEDs.

### Next steps

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- 1.17** If your firm is affected by these changes, you will need to ensure that you are ready for their coming into force, including having a Governance Map in place by 1 January 2016, and submitting a grandfathering notification<sup>12</sup> by 8 February 2016.
- 1.18** In Chapter 6 of this paper, we set out the arrangements for firms to transition to the reformed regime.

### Impact of changes on mutual societies

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- 1.19** Section 138K of FSMA requires us to state if our proposed rules have a significantly different impact on authorised persons who are mutual societies, in comparison with other authorised persons. In our consultation papers we requested comments or information from respondents on issues relating to mutual societies arising from our proposals.
- 1.20** Our initial assessment was that we did not believe our proposals gave rise to any issues. We received one response regarding potential increased staff and associated costs. We provide a detailed response to this under our chapters on Governance (Chapter 5) and Transition (Chapter 6), and in our cost benefit analysis (Annex 2).

### Equality and diversity considerations

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- 1.21** Under the Equality Act 2010 we are required to consider any potentially discriminatory impact on groups with protected characteristics (age, gender, disability, race or ethnicity, pregnancy and maternity, religion, sexual orientation and gender reassignment) and also the need to eliminate discrimination and advance equality of opportunity when carrying out our activities.
- 1.22** We published the outcomes of our initial equality impact assessments in our consultations and invited comments or information from respondents about the impacts our proposals may have on equality and diversity issues. Our initial assessment was that we did not believe our proposals gave rise to any equality and diversity issues and we did not receive any comments during the consultation process to contradict this view.

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<sup>12</sup> See SUP TP 7 and Form K at Appendix 1.

## 2. Scope of the regime

### Executive roles

- 2.1** In November, we consulted on changes to the scope of the FCA's approved persons regime for Solvency II firms, taking into account changes that the PRA had proposed to their regime. In summary, our position was to maintain the majority of current SIFs in the reformed regime, even if equivalent functions were no longer required by the PRA.<sup>13</sup> This was based on our conclusion that individuals performing each of these functions can significantly impact our statutory objectives.
- 2.2** Some firms were concerned that because the reformed regime would broaden the approvals regime beyond that of the PRA, the newly reformed regime would be more costly for firms to maintain overall, as well as being more complex.

### Our response

We do not intend to change the policy proposals set out in the November CP. Our proposals do not reduce the scope of our regime to align with the PRA, but nor do they broaden the regime beyond the existing scope of pre-approval. The difference in approach between the FCA and PRA reflects differences in risks posed by individuals and by firms to our statutory objectives. There will still be one point of entry for applications for approval for all CFs (whether PRA or FCA approved). The process for applying for approval for all SIMF and SIF functions will be very similar, whether regulated by the FCA or PRA, and will use the same form.<sup>14</sup>

Full details of which functions will require approval by each regulator in each type of Solvency II firm are set out in Chapter 6. Firms should note that the scope of the regime only impacts on SIFs – there are no changes to the scope of the Customer function (CF30).<sup>15</sup>

We have made a minor change to the definition of Solvency II firms (see Appendix 1) from that set out in the November CP. The changes make clear that third-country pure reinsurance firms are in scope, which aligns with the PRA approach to the application of Solvency II requirements.

<sup>13</sup> The PRA is introducing new Senior Insurance Management Functions (SIMFs), each of which are largely comparable with existing SIFs.

<sup>14</sup> The most significant difference is that the PRA will ask for criminal records checks to be completed and regulatory references to be sought for all SIMF applications.

<sup>15</sup> The introduction of Conduct Rules will, however, affect all approved persons in Solvency II firms (see Chapter 4, below).

## Regulation of NEDs

- 2.3** In February, we and the PRA consulted<sup>16</sup> on a position where the only NEDs that would require pre-approval as CFs by the PRA or FCA would be the Chairman, Senior Independent Director and the Chairs of the Risk, Audit, Remuneration and Nomination Committees.<sup>17</sup> This consultation has now closed and we have reviewed the feedback received.
- 2.4** Some respondents to the consultation expressed concern that removing other NEDs from regulation would not reflect the reality of governance in many firms where the entire Board take decisions, and that this may make it difficult to attract high quality NED candidates.

### Our response

While we acknowledge firms' concerns, we believe that it is important to implement a proportionate regime and focus regulatory resource on the individuals within a firm that can most directly impact our objectives, including those NEDs who chair important advisory Committees, so we will broadly maintain the position proposed in CP15/5.<sup>18</sup>

## Chairs of committees

- 2.5** Nomination Committee: Some firms were concerned that they would be required to establish a Nomination Committee. We also received feedback that it would be helpful to set out in rules our expectations around the terms of reference of the Nomination Committee.

### Our response

We want to make clear to firms that we are not introducing any new requirements on firms regarding whether or not they must have a Nomination Committee. However, where a firm has such a committee, its Chair will be subject to approval.<sup>19</sup>

More broadly, the UK Corporate Governance Code makes certain provisions for the operation of the Nomination Committee and we are not proposing to add to those provisions.

- 2.6** Inclusion of Chair of With-Profits Committee: some respondents thought we should consider whether the Chair or the With-Profits Committee should be included in the list of approved functions.

<sup>16</sup> CP15/5 *Approach to non-executive directors in banking and Solvency II firms & Application of the presumption of responsibility to Senior Managers in banking firms* (February 2015): [www.fca.org.uk/your-fca/documents/consultation-papers/cp15-05](http://www.fca.org.uk/your-fca/documents/consultation-papers/cp15-05).

<sup>17</sup> Of these functions, only the Chair of the Nomination Committee would be FCA only regulated.

<sup>18</sup> But see paragraph 2.6, below, on the Chair of the With-Profits Committee.

<sup>19</sup> If the individual is a NED they will hold a new FCA regulated function CF2a. If they are executive, they will hold either a PRA-regulated SIMF or an FCA regulated CF1.

### Our response

We agree that the work of this Committee is vital to key decisions that can significantly affect customer outcomes and therefore we have retained non-executives which are the Chair of the With-Profits Committee within the FCA pre-approval regime.<sup>20</sup>

## 2.7 CF10 / Solvency II compliance key function

There was some confusion in responses to our CPs about the existing FCA CF10 compliance role and its relationship to the new Solvency II compliance key function.

### Our response

The Solvency II compliance key function has a different scope to the existing CF10 function, and includes advising on compliance with provisions implementing the Directive, meaning it will largely have a prudential focus. It would not, for instance, cover issues such as the firm's compliance with PRIN 6 on treating customers fairly.

Our proposed changes do not affect the existing CF10 function<sup>21</sup>, which will still stand alongside the new Solvency II compliance key function.

For information on the PRA's approach to implementing the Directive's requirements around the Solvency II compliance key function, please see its PS 22/15.<sup>22</sup>

## Responsibilities

- 2.8** CF8 allocation of responsibilities: In CP15/16, we proposed that CF8 be dis-applied. The intention was for requirements within CF8 to remain, but to give firms more flexibility in allocating apportionment of responsibilities. We proposed that responsibility for the allocation of responsibilities must be given to a senior approved person<sup>23</sup>, and that responsibility for oversight of the establishment and maintenance of systems and controls must be allocated to the CEO or equivalent individual. We received no challenges to this proposal and will implement it as set out in the CP, though it will come into effect from 7 March 2016 and not 1 January 2016 as originally proposed. This is to align with the timetable for grandfathering individuals into the new regime.

<sup>20</sup> Again, if a NED they will be FCA only regulated as CF2b, otherwise they will hold a SIMF or CF1.

<sup>21</sup> Except in relation to the application of the new Conduct Rules which will apply to all approved persons in Solvency II firms.

<sup>22</sup> Available at <http://www.bankofengland.co.uk/prs/Pages/publications/insurance/allinsurancepolicypub.aspx>.

<sup>23</sup> This would be either a PRA SIMF or FCA SIF holder.

### Provisions around overlap of PRA and FCA functions

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- 2.9** In the rules which we consulted on in November, we proposed an overlap rule so that if an individual was to perform both an FCA governing function and was already approved to perform a PRA function (and satisfied certain other conditions), they would only need to have approval for the PRA function, and the FCA function would fall away. On further consideration, we have discussed with the PRA the desirability of their introducing rules to the effect that the FCA governing function does not fall away, but is absorbed within the PRA function. The PRA's Policy Statement PS22/15 sets out its decision to include the FCA functions that would otherwise fall away into the relevant PRA CF. We agree with the PRA that this will not place heavier administrative burdens on firms, but will mean that both at the approval gateway and on an ongoing basis, the firm and the regulator will need to consider both functions performed by the individual when considering their fitness and propriety.

## 3.

# Fitness and propriety of SIFs

### Information requirements

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- 3.1** In the November CP, we consulted on amending our current Approved Persons assessments to reflect the Solvency II framework, supplementing the information we request in line with EIOPA guidelines. Our March CP consulted on the specific changes we proposed to make to Form A to implement this.
- 3.2** In response to the March consultation, some firms were concerned that we were collecting information over and above what was required. There was also a desire for more clarity on some of the questions on conflicts of interest that have been introduced to support adherence with the EIOPA guidelines. Respondents additionally asked for clarity on the evidence firms would need to supply for their assessment of a candidate's fitness and propriety.

#### Our response

The additional information being collected in Form A as part of the assessment of fitness and propriety of SIF candidates is being requested in order to meet the EIOPA guidelines on information EIOPA would expect the regulators to use in conducting their assessment. This is identical to the information being requested by the PRA for their consideration of the fitness and propriety of individuals taking on their SIMF functions, on the basis that these will likely be Solvency II key functions. The information that the FCA collects in Form A for SIF applicants will allow the PRA to assess them as Solvency II key function holders. This avoids firms being asked for supplementary information by the PRA at a later stage.

We have also added a footnote to clarify our requirements on some of the information requested around conflicts of interest.

In assessing the suitability of candidates' fitness and propriety in advance of sending in an application for approval, firms should consult our published guidance<sup>24</sup> on this. This sets out the evidence that we expect firms to take into consideration in such assessments.

- 3.3** Firms were concerned that some of the information requested in Form A was overly intrusive and unnecessary, particularly around the disclosure of criminal investigations that the candidate or firm had been involved in. One firm thought that one part of a question required disclosure of involvement in investigations of possible insurance fraud by policyholders. Some also wanted

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<sup>24</sup> <https://fshandbook.info/FS/html/FCA/FIT>.

clarification on which parts of the form the firm should complete, and which the applicant should complete.

### Our response

We have considered this and decided to remove some of the information requested in Form A around the involvement of the candidate in criminal investigations. We are aware of respondents' particular concerns relating to questions around firms' involvement in criminal investigations, and will take them into account when we review the forms again alongside those for other firms subject to the approved persons regime.

We can clarify that it is not our intention that firms submit information regarding their involvement in investigating insurance fraud by policyholders. Whilst we consider that, when read as a whole, the question does not actually require this, we will look at the drafting of the question concerned as part of our review to see if it is possible to clarify its meaning.

Form A guidance notes state that the form should be completed by the firm (which is the applicant in the process) with assistance from the candidate where necessary. As is currently the case, both the firm and the candidate are required to declare that the information in the form is complete and accurate.

### Scope of Responsibilities documents

- 3.4** In CP15/16 we consulted on a form in which we proposed that firms would be required to submit Scope of Responsibilities information for new SIF applicants.<sup>25</sup> An updated version of this form is available at Appendix 1.
- 3.5** We received suggestions that the form could be included within Form A or Form E, or that we could instead rely on job descriptions or evidence from an appraisal interview.
- 3.6** In CP15/16, we said we would consider whether it would be appropriate for firms to send in information on the Scope of Responsibilities for current SIF holders as part of the process for grandfathering them into the reformed regime.

### Our response

We expect that Scope of Responsibilities documents will contain materially more detailed information on the areas of the business that a senior individual is accountable for than the firm's Governance Map (see Chapter 5, below), and will therefore be a valuable tool for supervisory and enforcement purposes.

As well as requiring firms to submit Scope of Responsibilities documents for all new candidates for SIF roles at the point of application for approval, we have decided that we will require firms to produce these documents for all SIF holders, including those who have grandfathered into the new regime, from 7 September 2016 at the latest (six months after commencement of the reformed regime). There is no requirement for firms to submit these documents

<sup>25</sup> At a minimum, making any amendments in line with their quarterly review of firm's Governance Map (see Chapter 5, below).

to us, but they must be made available to us on request. They must be signed on behalf of the firm and by the SIF holder to which they relate. Long term, they will need to be kept up-to-date but we do not expect this to be more frequently than is required for Governance Maps.

We also want to clarify that firms will be required to submit the Scope of Responsibilities form for SIFs as an attachment to Form E (for candidates moving between functions) as well as Form A (for new applicants or individuals taking on additional SIF/SIMF functions).

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### **Applications for approval at group level**

- 3.7** Some firms have questioned whether allocating SIFs in the reformed regime on a legal entity basis is appropriate for firms with a group structure, and have asked about the interaction between applications for the approval of the same individual but at different firms within the same group.

#### **Our response**

We believe that it remains appropriate to allocate and apply for approval to SIFs on a legal entity basis for a number of reasons.

Firstly, FSMA (as amended by the Banking Reform Act) requires firms to allocate their approved persons by reference to regulated activities carried on by a particular authorised person. Secondly, it is important to ensure that there is comprehensive coverage of individuals who can be held accountable for the management of each specific legal entity. Finally, an individual's fitness and propriety for a function in one legal entity within the group may not be transferable to that function if it was held at group level.

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### **Home state supervisors**

- 3.8** Firms have asked how the UK's regulators will interact with other EEA regulators in order to minimise burdens on firms.

#### **Our response**

In making a determination of fitness and propriety for a candidate to perform a SIF in an EEA authorised branch, the FCA will not assess fitness and propriety of these individuals, to the extent that this is a matter reserved to the Home State regulator. More generally, as is currently the case with the approved persons regime, the FCA will work with Home State regulators as necessary when assessing individuals, to minimise burdens on firms.

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## 4. Conduct Rules

- 4.1** In CP 14/25 we consulted on introducing new Conduct Rules for Approved Persons in Solvency II firms that mirror those we will introduce for banks and dual-regulated investment firms. The rules set out basic, common sense standards of good conduct that we believe are an important tool in ensuring key individuals in firms are clear about our expectations of their conduct. These build on existing Statements of Principle and Code of Practice for Approved Persons (APER) principles, and, in addition, emphasise the importance of treating customers fairly and of responsible delegation by holders of SIFs. These Rules are set out below:

### First tier – Individual conduct rules

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**Rule 1:** You must act with integrity.

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**Rule 2:** You must act with due skill, care and diligence.

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**Rule 3:** You must be open and cooperative with the FCA, the PRA and other regulators.

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**Rule 4:** You must pay due regard to the interests of customers and treat them fairly.

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**Rule 5:** You must observe proper standards of market conduct.

### Second tier – Significant Influence Function holder conduct rules

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**SIF1:** You must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively.

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**SIF2:** You must take reasonable steps to ensure that the business of the firm for which you are responsible complies with the relevant requirements and standards of the regulatory system.

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**SIF3:** You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively.

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**SIF4:** You must disclose appropriately any information of which the FCA or PRA would reasonably expect notice.

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- 4.2** We proposed that rules 1-5 should apply to all FCA and PRA approved persons in Solvency II firms, while rules SIF1-SIF4 should apply to FCA SIF holders in Solvency II firms, and to all PRA approved persons in such firms.<sup>26</sup> The PRA has consulted on a similar set of Conduct Rules,<sup>27</sup> which it will apply to all its approved persons and the majority of FCA SIFs.<sup>28</sup>

<sup>26</sup> Under the Act, the PRA may only designate controlled functions which it considers to be Senior Management Functions.

<sup>27</sup> See Appendix 1.4 of CP26/14: Senior insurance managers regime: a new regulatory framework for individuals (November 2014). [www.bankofengland.co.uk/pradocuments/publications/cp2014/cp2614.pdf](http://www.bankofengland.co.uk/pradocuments/publications/cp2014/cp2614.pdf).

<sup>28</sup> PRA Conduct Rules will apply to all FCA SIFs except CF10a, CF11, and CF29.

- 4.3** Respondents to the consultation were generally supportive, noting that these Conduct Rules, and the proposed scope of their application, were appropriate, so this PS confirms the position as consulted on.
- 4.4** We have made one minor change to the application of the Conduct Rules since consultation, to remove references to the 'employer' as this is more relevant to banks.

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### Guidance on Conduct Rules

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- 4.5** Some firms felt that the Conduct Rules guidance was too focused on banking and wanted more examples of how the Rules might apply in practice to individuals in insurance firms specifically. There was also concern that the use of a large number of defined terms which readers would have to look up in the glossary could cause confusion.

#### Our response

It is our intention that the Conduct Rules and related guidance should apply generally across both banking and insurance sectors given their intentionally high level nature.

We therefore consider that it would not be appropriate to give sector specific examples of relevant behaviour in guidance to the Rules.

However, we consider that there is some potential for confusion in the use of the defined term 'investment' in the guidance, which, as set out in the glossary, covers insurance products. To address this, we will add text within the guidance to the Conduct Rules to clarify the intended scope. This amendment is included in the revised Handbook text attached at Appendix 1.

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### Delegation of responsibilities

- 4.6** One respondent requested guidance on how the SIF rule on the delegation of responsibilities would apply in relation to external delegation of responsibilities.

#### Our response

We believe that it is clear from the guidance on this Conduct Rule how and when the resolution of an issue, or authority for dealing with a part of the business, may be delegated to individuals outside the business (some of the guidance specifically refers to such arrangements). Individuals who are delegating externally should refer to both regulators' rules on outsourcing, which reflect or refer to Solvency II requirements in this area.

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## 5. Governance

### Governance Maps

**5.1** In CP 15/16 we consulted on rules that would give the FCA powers in relation to the Governance Maps required by the PRA. The PRA's rules reflect EIOPA guidelines designed to ensure that firms have a transparent and appropriate allocation of responsibilities across senior management and other Solvency II key function holders.

**5.2** We believe that Governance Maps are an important tool for both firms and regulators. Accordingly, our proposals included rules to ensure that the Maps cover all senior individuals who are persons of interest to the FCA, and that we have powers of enforcement where firms do not clearly or appropriately allocate responsibilities that are of key interest to the conduct regulator. We received no challenge to these proposals and intend to implement them as proposed.

### Governance Maps for EEA branches

**5.3** As PRA rules do not require Governance Maps for EEA branches, the rules we consulted on likewise did not extend to EEA branches. As such, any rules we might make in this area would be standalone FCA-only rules. We will consider consulting on whether to extend our requirements to EEA branches once we have sight, from next year, of what other EEA states require in relation to documenting the allocation of responsibilities to key function holders. In the meantime, the existing record keeping requirements will apply to incoming EEA firms.

### Guidance on Governance Maps

**5.4** Some firms have requested further guidance on the completion of Governance Maps.

#### Our response

We believe that the PRA and FCA rules we are making together give sufficient clarity and flexibility to allow firms to produce a clear documentation of their management structure and allocation of responsibilities, whatever their specific business model or approach to governance. It is important that these maps accurately describe a firm's governance arrangements, but it is not our intention to dictate particular structures or arrangements through this rule. We believe our current rules and guidance strike an appropriate balance between clarity and flexibility.

### Record keeping requirements

**5.5** In CP15/16, we consulted on requiring Solvency II firms to keep records of Governance Maps and Scope of Responsibilities documents for ten years to enable the identification of historic accountabilities should problems come to light in an area of the firms' business some time after

they first arose. We did not receive any feedback on this issue and continue to believe that ten year retention is appropriate.

**Amendments to guidance in SYSC**

- 5.6** In light of changes being made to the PRA's rulebook to transpose Solvency II governance requirements, we consulted in CP15/16 on amendments to SYSC to give greater clarity where there was some overlap with the new PRA rules. Specifically, we made guidance in SYSC in March that where there was potential for inconsistency between the FCA's rules and those made by the PRA under Solvency II, we will interpret our rules in a way that avoids such inconsistency.
- 5.7** To give greater clarity in certain cases, we proposed adding specific guidance to highlight areas where we consider that provisions made under the Solvency II Directive may be particularly relevant, and dis-applying parts of SYSC guidance for Solvency II firms to reduce overlap with the PRA's rules.
- 5.8** We received minimal feedback on these proposals and will implement them as proposed, subject to a minor change where we will add in a reference to the EIOPA guidelines on systems and controls, which we propose be taken into account as appropriate.

## 6. Transition to the reformed regime

- 6.1** In this chapter, we discuss both arrangements for grandfathering individuals who are currently approved as SIF holders into the reformed regime and, more generally, other aspects of firms' preparations for the new regime.

### Timetable for implementation

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- 6.2** The timetable for the implementation of the regime is set out below:
- **1 January 2016** – firms must have Governance Maps in place
  - **1 January 2016** – firms will be able to send in new applications<sup>29</sup> for candidates for SIF functions who will be taking up their post after commencement of the reforms
  - **8 February 2016** – firms must have submitted a grandfathering notification form (See Form K at Appendix 1)
  - **7 March 2016** – reforms to the regime come into effect
    - Approved persons in firms will become subject to the new Conduct Rules. While insurers and reinsurers are not subject to section 64B of FSMA to ensure that their approved persons understand the new regime that applies to them, we would expect that insurers would need to do this in order to comply with the threshold condition in paragraph 3D to Schedule 6 of FSMA (see current guidance on this in COND 2.5.6G(7)).
    - Use of new application forms A and E becomes mandatory.<sup>30</sup>
  - **7 September 2016** – Scope of Responsibilities documents for all SIF holders (including those who have grandfathered to the new regime) to be available for FCA review, or earlier if the firm is otherwise required to produce one. These are not required to be submitted to the FCA at this time, but the FCA maintains the right to request that these be submitted to us at any time from their production or 7 September 2016 at the latest.

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<sup>29</sup> In pdf format.

<sup>30</sup> On Connect.

**Grandfathering SIF holders**

- 6.3** In CP15/16 we consulted on arrangements for grandfathering, as well as other operational issues. The dates for transitioning were set out by HM Treasury.
- 6.4** The key features of the transitional arrangements which we proposed in CP15/16, and which we confirm in this PS are:
- An individual who has been approved under the current approved persons regime and who is moving to an equivalent function under the reformed regime will not need to apply for a fresh approval. The requirements of the new regime, including Conduct Rules, will apply to these individuals from Commencement on 7 March 2016.
  - Firms will have to submit their grandfathering notifications for these individuals by 8 February 2016. This will be a joint exercise with the PRA. Firms will only need to send in one notification to cover persons approved by both regulators.
- 6.5** There are two key changes to note from the position we consulted on, namely:
- That, where a person will perform one of the new FCA functions but also one of the new PRA functions, a similar overlap rule will apply as that described in paragraph 2.9. We welcome the change to the PRA's rules which now proposes to 'absorb' the new FCA functions (other than CF28 and CF51) into the PRA's new functions where the FCA function would otherwise have been dis-applied. This ensures that considerations of fitness and propriety for both roles are required on an ongoing basis.
  - Where a person moves from PRA function CF1 to the new FCA function CF1, and where the person does not intend to hold another new PRA function, then the grandfathering form treats that as automatic notification unless a withdrawal Form C is submitted, and so further information is not required in relation to that change.
- 6.6** The form for submitting grandfathering notifications is attached at Appendix 1.
- 6.7** The tables below set out which existing functions are equivalent to the new functions in the reformed regime.

**UK-incorporated (non – ISPV) firm and UK branches of EEA firms<sup>31</sup>**

<b>Current APR<sup>32</sup></b>	<b>Reformed APR</b>	
<b>Current PRA / FCA controlled function</b>	<b>New PRA CF</b>	<b>FCA CFs</b>
PRA Director (CF1)	CFO (SIMF2) CRO (SIMF4) Head of Internal Audit (SIMF5) Chief Actuary (SIMF20) Underwriting Function (SIMF22) Underwriting Risk Oversight Officer (Lloyd's) (SIMF23) Group Entity Senior Manager (SIMF7)	CF1s not otherwise grandfathered to any PRA SIMF function in Column 2
PRA NED (CF2)	Chairman (SIMF9) Senior Independent Director (SIMF14) Chair of the Risk Committee (SIMF10) Chair of the Audit Committee (SIMF11) Chair of the Remuneration Committee (SIMF12) Group Entity Senior Manager (SIMF7)	Chair of the Nomination Committee (CF2a) not otherwise grandfathered to a CF2 equivalent PRA SIMF function in Column 2 Chair of the With-Profits Committee (CF2b) not otherwise grandfathered to a CF2 equivalent SIMF function in Column 2
PRA CEO (CF3)	CEO (SIMF1)	
PRA Director of an unincorporated association (CF5)	CFO (SIMF2) CRO (SIMF4) Head of Internal Audit (SIMF5) Group Entity Senior Manager function (SIMF7) Chief Actuary (SIMF20) Underwriting function (SIMF22) Chairman (SIMF9) Chair of the Risk Committee (SIMF10) Chair of the Audit Committee function (SIMF11) Chair of the Remuneration Committee (SIMF12) Senior Independent Director (SIMF14)	Executive CF5 not otherwise grandfathered to any PRA SIMF function in Column 2 Chair of the Nomination Committee (CF2a) not otherwise grandfathered to a CF2 equivalent PRA SIMF function in Column 2 Chair of the With-Profits Committee (CF2b) not otherwise grandfathered to a CF2 equivalent SIMF function in Column 2

<sup>31</sup> Not all FCA controlled functions apply to UK branches of incoming EEA firms and there is also a general override that dis-applies requirements where the matter is reserved to the home state. But, where they do apply, they will be subject to the reforms set out in Chapters 2 to 4 above, (in the same way as such individuals in UK Solvency II firms). In practice, however, we expect the general override will apply only to the extent that the person will be effectively running the firm or responsible for a Solvency II Directive key function.

<sup>32</sup> Functions CF4 (Partner) and CF6 (Small friendly society) are not applicable to Solvency II firms.

<b>Current APR</b>		<b>Reformed APR</b>
<b>Current PRA / FCA controlled function</b>	<b>New PRA CF</b>	<b>FCA CFs</b>
FCA Compliance Oversight (CF10)		Compliance Oversight (CF10)
FCA CASS Operational Oversight (CF10a)		CASS Operational Oversight (CF10a)
FCA Money Laundering Reporting (CF11)		Money Laundering Reporting (CF11)
PRA Actuarial function (CF12)	Chief Actuary (SIMF20)	
PRA With-profits Actuary (CF12a)	With-profits Actuary (SIMF21)	
PRA Lloyd's Actuary (CF12B)	Chief Actuary (SIMF20) Underwriting Risk Oversight Officer (Lloyds) (SIMF23)	
PRA Systems and Controls (CF28)	CFO (SIMF2) CRO (SIMF4) Head of Internal Audit (SIMF5)	
FCA Significant Management (CF29)	Underwriting Function (General Insurance Firms) (SIMF22) Group Entity Senior Manager (SIMF7) Chief Actuary (SIMF 20) Underwriting Risk Oversight Officer (Lloyds) (SIMF23)	CF29s not otherwise grandfathered to any PRA SIMF function in Column 2 <sup>33</sup>
FCA Customer function (CF30)		Customer function (CF30)

<sup>33</sup> By virtue of existing SUP 10A.9.11R (The significant management function does not include any of the activities described in any other FCA controlled function or PRA controlled function if that other controlled function applies to the firm).

<b>ISPV</b>		
<b>Current APR</b>		<b>Reformed APR</b>
<b>Current PRA/FCA Controlled function</b>	<b>New PRA CF</b>	<b>FCA CFs</b>
PRA Director (CF1)	CFO (SIMF2) Chief Actuary (SIMF20) Group Entity Senior Manager (SIMF7)	All CF1s not otherwise grandfathered to a PRA SIMF function in Column 2
PRA NED (CF2)	Chairman (SIMF9)	Chair of the Nomination Committee (CF2a) not otherwise grandfathered to a CF2 equivalent PRA SIMF function in Column 2 Chair of the With-Profits Committee (CF2b) not otherwise grandfathered to a CF2 equivalent PRA SIMF function in Column 2
PRA CEO (CF3)	CEO (SIMF1)	
FCA Compliance Oversight (CF10)		Compliance Oversight (CF10)
FCA CASS Operational Oversight (CF10a)		CASS Operational Oversight (CF10a)
FCA Money Laundering Reporting (CF11)		Money Laundering Reporting (CF11)
PRA Actuarial function (CF12)	Chief Actuary (SIMF20)	
PRA Systems and Controls (CF28)	CFO (SIMF2)	CF28s <sup>34</sup> not otherwise grandfathered to any PRA SIMF function in Column 2
FCA Significant Management (CF29)	Group Entity Senior Manager (SIMF7) Chief Actuary (SIMF20)	All CF29s not otherwise grandfathered to any PRA SIMF function in Column 2
FCA Customer function (CF30)		Customer function (CF30)

<sup>34</sup> Conduct perspective only.

**Third country branch<sup>35</sup>**

<b>Current APR</b>		<b>Reformed APR</b>
<b>Current PRA/FCA Controlled function</b>	<b>New PRA CF<sup>36</sup></b>	<b>FCA CFs<sup>37</sup></b>
PRA Director (CF1)	Head of Third Country Branch function (SIMF19) CFO (SIMF2) CRO (SIMF4) Head of Internal Audit (SIMF5) Chief Actuary (SIMF20) Underwriting function (SIMF22) Group Entity Senior Manager function (SIMF7)	Director (CF1) not otherwise grandfathered to any PRA SIMF function in Column 2
PRA NED (CF2)	Chairman (SIMF9) Senior Independent Director (SIMF14) Chair of the Risk Committee (SIMF10) Chair of the Audit Committee (SIMF11) Chair of the Remuneration Committee (SIMF12) Group Entity Senior Manager (SIMF7)	
PRA CEO (CF3)	Head of Third Country Branch function (SIMF19)	
FCA Compliance Oversight (CF10)		Compliance Oversight (CF10)
FCA CASS Operational Oversight (CF10a)		CASS Operational Oversight (CF10a)
FCA Money Laundering Reporting (CF11)		Money Laundering Reporting (CF11)
PRA Actuarial function (CF12)		Actuarial conduct function (third country) (CF51) not otherwise grandfathered to any PRA SIMF function in Column 2
PRA With-profits Actuary (CF12a)	With-profits Actuary (SIMF21)	
PRA Systems and Controls (CF28)	CFO (SIMF2) CRO (SIMF4) Head of internal audit (SIMF5)	Systems and Controls (CF28) not otherwise grandfathered to any PRA SIMF function in Column 2
FCA Significant Management (CF29)	Underwriting Function (SIMF22) Group Entity Senior Manager (SIMF7)	Significant Management (CF29) not otherwise grandfathered to any PRA SIMF function in Column 2
FCA Customer function (CF30)		Customer function (CF30)

<sup>35</sup> Branches of Non-EEA country authorised firms.

<sup>36</sup> Further individuals may be approved by the PRA under certain circumstances. See the PRA's CP26/14. [www.bankofengland.co.uk/pr/Pages/publications/cp/2014/cp2614.aspx](http://www.bankofengland.co.uk/pr/Pages/publications/cp/2014/cp2614.aspx).

<sup>37</sup> Functions only apply so far as is set out in SUP 10A.1.5 – SUP 10A.1.6: <http://fshandbook.info/FS/html/handbook/SUP/10A>.

### Grandfathering for small mutuals

- 6.8** One respondent gave the view that in mutuals, and particularly smaller mutuals, there could be a need to create new positions, as well as difficulties in grandfathering, due to differences between current and future requirements on staff. They considered that this could result in significant numbers of individuals requiring authorisation. They urged us to consider how to amend our processes, or to build in contingencies, to ensure we can provide full authorisation before the implementation date.

#### Our response

We are introducing no new required functions so we do not expect many firms to be in this position. As an individual can carry more than one SIF, we are not envisaging that the reformed regime will drive a need for additional appointments, or for a significant increase in the number of SIFs, for mutuals.

However, as set out above, we are making paper forms available from 1 January 2016 to enable firms to apply early for approval for any gaps that they anticipate arising in their SIF population after commencement.

We also recognise that some firms may need additional support in this process. Firms with an allocated supervisor should direct their queries to them. Other firms should call the FCA contact centre on 0300 500 0597 (or contact us through one of the other methods described at <http://www.fca.org.uk/site-info/contact>).

## 7.

# Consequential changes to the Handbook and other minor changes to our CP15/15 and CP14/25 proposals

- 7.1** Last December we consulted on forms, transitional and consequential aspects of the new accountability framework for individuals working in banks, building societies, and credit unions regime (CP14/31).<sup>38</sup> We provided feedback on the responses received in relation to the core forms and on transitional arrangements for the new regime in our July publication (CP15/22).
- 7.2** This paper includes our feedback and final rules on the consequential amendments needed to reflect the new regime and the changes in terminology that it will bring. There were no significant comments received in response to our December consultation on the proposed consequential amendments. As a result, we have proceeded to make those changes with minor amendments where necessary to reflect changes in the core policy (as set out in CP15/22), and to update changes made to Handbook text since December (for example, we have made some further changes to MIPRU 2, to reflect the changes made in relation to the Mortgage Credit Directive (PS15/9)).<sup>39</sup>
- 7.3** This paper also contains consequential amendments to rules affecting Solvency II firms that arise out of the rule changes summarised in this PS and CP 15/15, and attached at Appendix 1. These changes include disapplication of APER to approved persons in Solvency II firms as they will fall within COCON (though APER remains applicable in relation to appointed representatives of Solvency II firms), changes to COCON to reflect technical differences in the regimes for RAPs and Solvency II firms, and consequential changes to SUP 10A.
- 7.4** There are no other significant changes except to reflect changes to the underlying rules as published in July (mainly the changes to CASS) or to align existing approved persons text with the SUP 10C text (SUP 10A.14).
- 7.5** This paper does not finalise the consequential amendments needed to the Credit Unions sourcebook (CREDS).

<sup>38</sup> CP14/31 *Strengthening accountability in banking: forms, consequential and transitional aspects* (December 2014): [www.fca.org.uk/your-fca/documents/consultation-papers/cp14-31](http://www.fca.org.uk/your-fca/documents/consultation-papers/cp14-31).

<sup>39</sup> PS15/9 *Implementation of the Mortgage Credit Directive and the new regime for second charge mortgages, feedback to CP14/20 and final rules*(March 2015): [www.fca.org.uk/your-fca/documents/policy-statements/ps15-09](http://www.fca.org.uk/your-fca/documents/policy-statements/ps15-09).

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# Annex 1: List of non-confidential respondents to CP14/25, CP15/5 and CP15/16

## CP14/25

Association of Financial Mutuals

AXA UK Group

Bupa

Capita

Direct Line Insurance Group

Financial Services Consumer Panel Secretariat

Institute and Faculty of Actuaries

LICI UK

Lloyd's Market Association

Royal and Sun Alliance Insurance

The Institute of Chartered Accountants in England and Wales (ICAEW)

Virgin Money

Zurich UK Life

**CP15/5**

Association of British Insurers

DAC Beachcroft LLP

Friends Life

HSBC

International Underwriting Association of London

Investment Association

Lloyd's of London

LV

Peter Bloxham

Phoenix Group

Tom Riddell

**CP15/16**

Association of Financial Mutuals

Institute and Faculty of Actuaries

Investment & Life Assurance Group

Lloyd's Market Association

## Annex 2: Cost benefit analysis

1. The FCA is required to carry out and publish a cost benefit analysis (CBA) when proposing or making significant changes to draft rules (sections 138I and 138J FSMA).
2. We carried out a CBA of the proposed amendments when we consulted on them. We considered that the incremental costs on firms and the FCA would be minimal for our proposals which included:
  - Using the existing approved persons regime system for pre-approval of Solvency II functions as the proposal is to apply existing approved persons regime mechanisms to the existing CF population.
  - To maintain as FCA SIF CFs the executive functions where the PRA did not propose to introduce an equivalent SIMF function.
  - Aligning our regime for the regulation of NEDs with that being introduced in deposit takers and dual-regulated investment firms.
  - ‘Fit and proper’ requirements for insurers – similar to those already existing under the approved persons regime.
  - Applying conduct rules – the FCA conduct rules do not introduce broader requirements on Solvency II firms and only introduce one additional requirement on all approved persons, individual conduct rule 4 (‘rule 4’), and one additional requirement on FCA SIF holders, significant influence conduct rule 3 (‘SI3’). Both rule 4 and SI3 are aligned with existing guidance in APER.
  - Grandfathering of existing CFs to the new CFs using a dedicated grandfathering form. The alternative option which would require firms to re-apply for approval would be more burdensome and introduce greater costs.
  - A Scope of Responsibilities document – required for new applicants only, which should not introduce information requirements that the firm would not already hold.
3. We also identified that firms may incur minimal incremental costs from updating compliance manuals as appropriate.
4. We invited firms to produce further evidence regarding the incremental costs they may incur as a result of the changes set out in our consultations.
5. One respondent gave the view that in mutuals, and particularly smaller mutuals, there could be a need to create new positions, as well as difficulties in grandfathering due to differences between current and future requirements on staff. They considered that this could result in

significant numbers of individuals requiring approval. We are introducing no new required functions so we expect that there will only be minimal incremental costs incurred by firms.

6. We have made some significant amendments to our proposals since consulting, and, whilst it is not reasonably practicable to produce an estimate of costs and benefits, our CBA of these is set out below:
  - We will now retain within regulation any non-executives performing the role of Chair of the With-Profits Committee into regulation. This is an important function from the perspective of consumer outcomes. Maintaining the function within regulation will not add increased burdens compared to the current regime.
  - We will now require firms to have Scope of Responsibilities documents in place for all SIF holders by 7 September 2016. We do not consider this to add significant new burdens on firms, as it merely accelerates the process that our requirements for such documents to be prepared for all new SIF applicants would necessitate.

# Appendix 1: Final Handbook text (legal instrument)

**INDIVIDUAL ACCOUNTABILITY (SOLVENCY II AND CONSEQUENTIALS)  
INSTRUMENT 2015**

**Powers exercised**

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 59 (Approval for particular arrangements);
  - (2) section 60 (Applications for approval);
  - (3) section 61 (Determination of applications);
  - (4) section 64A (Rules of conduct);
  - (5) section 69 (Statement of policy);
  - (6) section 137A (The FCA’s general rules);
  - (7) section 137T (General supplementary powers);
  - (8) section 139A (Power of the FCA to give guidance); and
  - (9) articles 2, 5, 6, 7, 8, 13, 17, 19 and 20 of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force as follows:

Annex	Date comes into force
Part 1 of Annex J	19 August 2015
Part 1 of Annex A	1 January 2016
Part 1 of Annex B	1 January 2016
Part 1 of Annex F	1 January 2016
Part 2 of Annex H	21 March 2016
Part 2 of Annex G	7 March 2017
The remainder of this instrument	7 March 2016

**Amendments to the FCA Handbook**

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2) below:

(1)	(2)
Glossary of definitions	Annex A
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex B
Threshold Conditions (COND)	Annex C
Statements of Principle and Code of Practice for Approved Persons	Annex D

(1)	(2)
(APER)	
Training and Competence sourcebook (TC)	Annex E
General Provisions (GEN)	Annex F
Code of Conduct sourcebook (COCON)	Annex G
Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU)	Annex H
Client Assets sourcebook (CASS)	Annex I
Supervision manual (SUP)	Annex J
Dispute Resolution: Complaints sourcebook (DISP)	Annex K
Consumer Credit sourcebook (CONC)	Annex L
Fit and Proper test for Approved Persons (FIT)	Annex M

### **Amendments to the material outside the Handbook**

- E. The General guidance on Benchmark Submission and Administration (BENCH) is amended in accordance with Annex N to this instrument.
- F. The Financial Crime: a guide for firms (FC) is amended in accordance with Annex O to this instrument.
- G. The Perimeter Guidance Manual (PERG) is amended in accordance with Annex P to this instrument.

### **Citation**

- H. This instrument may be cited as the Individual Accountability (Solvency II and Consequentials) Instrument 2015.

By order of the Board of the Financial Conduct Authority  
10 August 2015

## Annex A

## Amendments to the Glossary of definitions

## Part 1: comes into force on 1 January 2016

Amend the following definitions as shown.

- material outsourcing* (1) (except in relation to a Solvency II firm) outsourcing services of such importance that weakness, or failure, of the services would cast serious doubt upon the firm's continuing satisfaction of the threshold conditions or compliance with the Principles.
- (2) (in relation to a Solvency II firm) outsourcing services of such importance that weakness, or failure, of the services would cast serious doubt upon the firm's continuing satisfaction of the threshold conditions or compliance with the Principles. This includes critical or important operational functions or activities to which article 49 of the Solvency II Directive applies.
- significant- influence function* ... a function that is likely to enable the *person* responsible for its performance to exercise a significant influence on the conduct of the *authorised person's* affairs, so far as relating to the activity. For the purposes of SYSC 2, COCON and DEPP, this also includes a PRA controlled function, as specified in the PRA Rulebook: Solvency II Firms: Insurance - Senior Insurance Management Functions.
- Solvency II firm* a *firm* which is any of:
- ...
- (b) a third-country insurance or reinsurance undertaking, namely an undertaking that would require authorisation as an insurance or reinsurance undertaking in accordance with article 14 of the *Solvency II Directive* if its head office was situated in the *EEA*;

## Part 2: comes into force on 7 March 2016

Insert the following new definitions in the appropriate alphabetical position.

- accountable higher management function* (in *APER*) any *accountable function* that is:
- (1) an *FCA controlled function* that is a *significant influence*

*function; or*

(2) a *PRA controlled function*.

*actuarial conduct function (third country)*

the part of the function of acting in the capacity of an actuary (as appointed by a *firm* under rule 7.1(2) of the *PRA Rulebook: Solvency II Firms: Third Country Branches*) that relates to compliance with *FCA* requirements and standards under the *regulatory system*, described more fully in *SUP 10A.7.14R*.

*chair of the with-profits committee function*

(for certain *Solvency II firms*) *FCA controlled function* CF 2b in Part 2 of the *table of FCA controlled functions*, described more fully in *SUP 10A.6.15BR*.

Amend the following definitions as shown.

*accountable significant-influence function*

~~(in the *FCA Handbook*) any *accountable function* that is a *significant-influence function*. [deleted]~~

*chair of the nomination committee function*

(1) ~~(for a *relevant authorised person*) *FCA controlled function* SMF13 in Part 1 of the table in *SUP 10C.4.3R* (Table of ~~*FCA controlled*~~ *FCA-designated senior management functions* for relevant authorised persons), described more fully in *SUP 10C.5.2R*;~~

(2) ~~(for certain *Solvency II firms*) the *FCA controlled function* CF2a in Part 2 of the *table of FCA controlled functions*, described more fully in *SUP 10A.6.15AR*.~~

*Code of Practice for Approved Persons*

(1) ~~(in the *FCA Handbook*) the provisions guidance in *APER 3* and *APER 4* indicated by an "E" in the margin or heading, the purpose of which is to help determine whether or not an *approved person's* conduct complies with the *Statements of Principle* and which are issued by the *FCA* under section 64(2) of the *Act* (~~Conduct: statements and codes~~).~~

*compliance oversight function*

(in the *FCA Handbook*):

(1) ~~(for *relevant authorised persons*) *FCA controlled function* SMF16 in Part 1 of the table in *SUP 10C.4.3R* (Table of ~~*FCA controlled*~~ *FCA-designated senior management functions* for relevant authorised persons) described more fully in *SUP 10C.6.1R*; and~~

...

*controlled function*

a function, relating to the carrying on of a *regulated activity* by a *firm*, which is specified by:

- (a) either the *FCA* in:
    - (i) (for *relevant authorised persons*) the tables in *SUP* 10C.4.3R (Table of ~~FCA-controlled~~ FCA-designated senior management functions for relevant authorised persons); or
    - ...
  - (b) the *PRA* in:
    - ...
    - (ii) ~~(for other firms) the table of PRA controlled functions;~~ (for Solvency II firms) the PRA Rulebook: Solvency II Firms: Insurance - Senior Insurance Management Functions;
    - (iii) (for other firms) the table of PRA controlled functions; or
    - ...
- customer-dealing function* ~~in accordance with section 59(7A) of the Act (Approval for particular arrangements)~~ in relation to the carrying on of a *regulated activity* by an *authorised person* ("A") a function that will involve the *person* performing it in dealing with:
- ...
- director* (1) ...
- (d) (in *SYSC* and *SUP* 40 ~~10A~~ (FCA Approved persons)) a *sole trader*;
- ...
- director function* (1) (in the *FCA Handbook*) *FCA controlled function* CF1 in Part 1 and, for a *Solvency II firm* only, Part 2 of the *table of FCA controlled functions*, described more fully in *SUP* 10A.6.7R and *SUP* 10A.6.8R.
- FCA controlled function* a *controlled function* which is specified by the *FCA* under section 59 of the *Act* (Approval for particular arrangements) in:
- (a) (for *relevant authorised persons*) the tables in *SUP* 10C.4.3R (Table of ~~FCA-controlled~~ FCA-designated senior management functions for relevant authorised persons); or
  - (b) ...

*FCA governing functions*

any of the following *FCA controlled functions*:

- (a) (for *relevant authorised persons*) *FCA controlled functions* SMF3 and SMF13 in Part 1 of the table in *SUP 10C.4.3R* (Table of ~~FCA-controlled~~ FCA-designated senior management functions for relevant authorised persons);
- (b) ~~(for other firms) FCA controlled functions 1 to 6 in Part 1 of the table of FCA controlled functions.~~ (for a *Solvency II firm*) FCA controlled functions CF1, CF2a, CF2b and CF5 in Part 2 of the table of FCA controlled functions; and
- (c) (for other firms and appointed representatives) FCA controlled functions 1 to 6 in Part 1 of the table of FCA controlled functions.

*FCA required functions*

any of the following *FCA controlled functions*:

- (a) (for *relevant authorised persons*) *FCA controlled functions* SMF16 and SMF17 in Part 1 of the table in *SUP 10C.4.3R* (Table of ~~FCA-controlled~~ FCA-designated senior management functions for relevant authorised persons); and
- (b) ...

*money laundering reporting function*

(in the *FCA Handbook*):

- (1) (for *relevant authorised persons*) *FCA controlled function* SMF17 in Part 1 of the table in *SUP 10C.4.3R* (Table of ~~FCA-controlled~~ FCA-designated senior management functions for relevant authorised persons), described more fully in *SUP 10C.6.2R*; and
- (2) ...

*other overall responsibility function*

*FCA controlled function* SMF18 in Part 1 of the table in *SUP 10C.4.3R* (Table of ~~FCA-controlled~~ FCA-designated senior management functions for relevant authorised persons), described more fully in *SUP 10C.7.1R*.

*PRA controlled function*

a *controlled function* which is specified by the *PRA* under section 59 of the Act (Approval for particular arrangements) in:

- ...
- (2) ~~(for other firms) the table of PRA controlled functions.~~ (for *Solvency II firms*) the PRA Rulebook: Solvency II Firms: Insurance - Senior Insurance Management Functions;
- (3) (for other firms) the table of PRA controlled functions.

- senior conduct rules staff member* (in *COCON*) a person who is:
- (a) an *SMF manager*; ~~or~~
  - (b) an *employee* of a *relevant authorised person* who performs the function of an *SMF manager* as specified in *COCON* 1.1.2R(1)(b); or
  - (c) an approved person performing a significant influence function (including a PRA controlled function) in a Solvency II firm.
- significant-influence function* (~~in accordance with section 59(7B) of the Act and~~ in relation to the carrying on of a *regulated activity* by an *authorised person*) a function that is likely to enable the *person* responsible for its performance to exercise a significant influence on the conduct of the *authorised person's* affairs, so far as relating to the activity.
- Statement of Principle* (1) (in the *FCA Handbook*) one of the ~~Statements of Principle issued~~ rules made by the *FCA* under section ~~64(1)~~ 64A(1)(a) of the *Act* (~~Conduct: Statements and codes~~) (Rules of conduct) with respect to the conduct of *approved persons* of certain firms and set out in *APER* 2.1A.
- The provisions of *APER* 1.1A marked with a "P" in the margin also form part of the *Statements of Principle*.
- systems and controls function* (1) (in the *FCA Handbook*) *FCA controlled function* CF28 in Part 1 and, for a Solvency II firm which is a third-country insurance or reinsurance undertaking or an insurance special purpose vehicle, Part 2 of the *table of FCA controlled functions*, described more fully in *SUP* 10A.8.1R and SUP 10A.8.1AR.

## Annex B

### Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

#### Part 1: Comes into force on 1 January 2016

##### 1.1A Application

...

1.1A.2G G The provisions in SYSC should be read in conjunction with *GEN 2.2.23R* to *GEN 2.2.25G*. In particular:

...

(3) For *Solvency II firms*, the *FCA* considers that the requirements and guidance in Chapters 2, 3, 12 to 18 and 21 of SYSC are not inconsistent with ~~either~~:

(a) the parts of the *PRA* Rulebook implementing the governance provisions in the *Solvency II Directive* (articles 40 to 49); ~~or~~

(b) the *Solvency II Regulation* (EU) 2015/35 of 10 October 2014 (articles 258 to 275), or

(c) *EIOPA* guidelines on systems of governance dated 28 January 2015.

In most cases, there is no direct overlap with those provisions because the SYSC requirements are directed at *FCA* conduct requirements not expressly covered by or under the *Solvency II Directive*. Where there is a direct overlap with SYSC rules and guidance, the *FCA* will take the *Solvency II Directive* derived requirements and guidelines into account and will interpret the SYSC rules and guidance in a way that avoids inconsistency.

...

## 2.2 Recording the apportionment

2.2.1 R ...

2.2.1A R SYSC 2.2.1R does not apply to a firm to whom PRA Rulebook: Solvency II firms: Insurance – Allocation of Responsibilities, 5.1 and 5.2 applies.

...

- 2.2.4 R (1) A Solvency II firm must have, and maintain, a governance map which satisfies the following conditions:
- (a) it complies with PRA Rulebook: Solvency II firms: Insurance – Allocation of Responsibilities, 5.1 and 5.2, as if those rules had been made by the FCA;
  - (b) it includes details relating to all persons carrying out a significant influence function within the firm not already included under (a);
  - (c) the details in (b) must give as much information as required by the PRA Rulebook: Solvency II firms: Insurance – Allocation of Responsibilities, 5.1 as if that rule applied in relation to the persons in (b) and as if that rule had been made by the FCA;
  - (d) where the FCA requires responsibilities to be allocated to a person carrying out a significant influence function, the governance map must clearly show the person allocated responsibilities; and
  - (e) the details in (b) and (d) must be updated in the same way as required by PRA Rulebook: Solvency II firms: Insurance – Allocation of Responsibilities, 5.2, as if that rule applied in relation to the persons in (b) and as if that rule had been made by the FCA.
- (2) A Solvency II firm must keep an up-to-date record of the scope of responsibilities for each approved person performing a significant influence function.
- (3) The scope of responsibilities record in (2), and each updated version, must:
- (a) have the form and content, subject to amendments to keep it up to date, as required to be provided to the FCA or PRA on the application of an approved person to perform a significant influence function; and
  - (b) be signed by the approved person and also an appropriate representative of the firm.
- (4) Where a firm amends its governance map to show changes in a person's responsibilities it must also ensure that:

(a) the *person* concerned is informed in writing of the changes; and

(b) the document recording the *person's* scope of responsibilities is amended to show the changes.

(5) Each version of the governance map and, separately, the document recording a *person's* scope of responsibilities must be retained for ten years from the date on which it was superseded by a more up-to-date record, and must be provided to the *FCA* on request.

(6) *SYSC 2.2.4R(1)* only applies to *firms* to whom *PRA Rulebook: Solvency II firms: Insurance – Allocation of Responsibilities, 5.1 and 5.2* applies.

2.2.5 G *Firms* are not expected to update a *person's* scope of responsibilities record in *SYSC 2.2.4R(2)* more frequently than the governance map in *SYSC 2.2.4R(1)*.

...

## 3.2 Areas covered by systems and controls

...

- 3.2.10 G (1) Depending on the nature scale and complexity of its business, it may be appropriate for a *firm* to have a separate risk assessment function ...
- (2) The organisation and responsibilities of a risk assessment function should be documented. The function should be adequately resourced and staffed by an appropriate number of competent staff who are sufficiently independent to perform their duties objectively.
- (3) The term 'risk assessment function' refers to the generally understood concept of risk assessment within a *firm*, that is the function of setting and controlling risk exposure ...
- (4) Paragraphs (1) and (3) do not apply to a *Solvency II firm* and (2) only applies as if the term 'risk assessment function' was replaced by 'risk management function'.
- (5) *Solvency II firms* are subject to requirements for an effective risk management system in *PRA Rulebook: Solvency II firms: Conditions Governing Business 3*.
- (6) Also, *PRA Rulebook: Solvency II firms: Insurance Senior Management Functions* makes the chief risk function a *PRA*

controlled function. The chief risk function is the function of having responsibility for overall management of the risk management system, as specified in PRA Rulebook: Solvency II firms: Conditions Governing Business 3.

(7) The FCA will take the requirements in (5) and (6) into account.

...

3.2.16 G ...

(3) Paragraph (1) does not apply to Solvency II firms.

(4) Solvency II firms are subject to a requirement in PRA Rulebook: Solvency II firms: Conditions Governing Business, rule 5 to have an effective internal audit function.

(5) Also, the PRA Rulebook: Solvency II firms: Insurance Senior Management Functions makes the chief internal audit function a PRA controlled function. The chief internal audit function is the function of having responsibility for management of the internal audit function specified in PRA Rulebook: Solvency II firms: Conditions Governing Business, rule 5.

(6) The FCA will take the requirements in (4) and (5) into account.

...

3.2.18 G ... Where tensions exist, these should be appropriately managed. See also Solvency II Regulation (EU) 2015/35 of 10 October 2014 (Article 275) and EIOPA Guidelines on system of governance dated 28 January 2015 (Guidelines 9 and 10).

3.2.19 G A firm, other than a Solvency II firm, should have in place appropriate arrangements, having regard to the nature, scale and complexity of its business, to ensure that it can continue to function and meet its regulatory obligations in the event of unforeseen interruption. These arrangements should be regularly updated and tested to ensure their effectiveness. Solvency II firms are subject to the business continuity requirements in PRA Rulebook: Solvency II firms: Conditions Governing Business, 2.6, and the FCA will take those requirements into account.

...

## 13 Operational risk: systems and controls for insurers

...

### 13.9 Outsourcing

...

- 13.9.9      G      (1)   Parts of the *guidance* in SYSC 13.9 do not apply to a *Solvency II firm*. They are SYSC 13.8.3G, SYSC 13.9.4G(1), (2), (4) and (5) and SYSC 13.9.5G(6).
- (2)   A *Solvency II firm* is subject to the outsourcing requirements in PRA Rulebook: Solvency II firms: Conditions Governing Business 7.
- (3)   The *Solvency II Regulation* (EU) 2015/35 of 10 October 2014 (article 274) also imposes specific requirements on *firms* which outsource, or propose to outsource, functions or insurance activities.
- (4)   *EIOPA* guidelines on systems of governance dated 28 January 2015 include guidelines on, or relating to, outsourcing.
- (5)   The *FCA* will take the requirements and guidelines in (2) to (4) into account when considering a *firm's* outsourcing arrangements.

...

## 14            **Risk management and associated systems and controls for insurers**

...

14.1.29A    ...

- 14.1.29B    G      (1)   SYSC 14.1.29G(6) does not apply to a *Solvency II firm*.
- (2)   SYSC 14.1.29G(7) does not apply to a *Solvency II firm*, but only in relation to references to the internal audit function. It does apply to a *Solvency II firm* in relation to references to the internal audit committee.
- (3)   For *Solvency II firms*, the *PRA* has made rules implementing the governance provisions of the *Solvency II Directive* relating to internal controls (article 46), see PRA Rulebook: Solvency II firms: Conditions Governing Business.
- (4)   The *Solvency II Regulation* (EU) 2015/35 of 10 October 2014 also imposes specific requirements (see articles 266, 267 and 270).
- (5)   The *FCA* will take the rules and requirements in (3) and (4) into account when considering a *Solvency II firm's* internal controls.

...

## 21            **Risk control: additional guidance**

## 21.1 Risk control: guidance on governance arrangements

Additional guidance on governance arrangements

- 21.1.1 G ...
- (3) ...
- (4) For *Solvency II firms*, the PRA Rulebook: Solvency II firms: Senior Insurance Management Functions makes the chief risk function a *PRA controlled function*.
- (5) The chief risk function is having responsibility for overall management of the risk management system specified in PRA Rulebook: Solvency II firms: Conditions Governing Business, rule 3.
- (6) *Solvency II firms* may read references to Chief Risk Officer in SYSC 21 as if it were a reference to the risk management function in the PRA Rulebook.
- ...

After SYSC TP 5 insert the following new section. The text is all new and is not underlined.

### SYSC TP 6 Transitional Provision 6

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provisions: coming into force
1.	SYSC 2.2.4	R	<p>Where this <i>rule</i> imposes requirements relating to a record of a <i>person's</i> scope of responsibilities, a <i>firm</i> is required to comply with these requirements from the following dates:</p> <p>(a) from 1 January 2016, to the extent that such a record already exists which satisfies SYSC 2.2.4R(3);</p> <p>(b) if (a) does not apply, from the date that a <i>firm</i> actually produces such a record, if before 7 September 2016; and</p> <p>(c) in any event, from 7</p>	From 1 January 2016 until 7 September 2016 or, if earlier, the date on which any such scope of responsibilities document is produced or <i>firms</i> are required to produce one.	1 January 2016

		September 2016.		
--	--	-----------------	--	--

## Sch 1 Record keeping requirements

...

Sch 1.2G

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
SYSC 2.2.1R	...			
<u>SYSC 2.2.4R</u>	<u>Governance map and scope of responsibilities for certain approved persons of Solvency II firms</u>	<u>As stated in rule</u>	<u>The records should be kept up to date, as stated in the rule</u>	<u>10 years from the date superseded.</u>
...				

### Part 2: comes into force on 7 March 2016

## 2 Senior management arrangements

### 2.1 Apportionment of Responsibilities

...

2.1.3 R A firm that is not a Solvency II firm must appropriately allocate to one or more individuals, in accordance with SYSC 2.1.4R, the functions of:

...

2.1.3A R A Solvency II firm must appropriately allocate:

- (1) to one or more approved persons performing a significant influence function, the function of dealing with the apportionment of responsibilities under SYSC 2.1.1R; and
- (2) to one or more individuals, in accordance with SYSC 2.1.4R, the function of overseeing the establishment and maintenance of systems and controls under SYSC 3.1.1R.

- 2.1.3B G (1) For Solvency II firms, it is the governing body that is ultimately responsible for compliance with regulatory requirements implementing or supplementing the Solvency II Directive. This does not preclude the governing body delegating to other persons within the firm the day-to-day tasks required for compliance, who then report to the governing body.
- (2) SYSC 1.1A.2G sets out the general principle that the FCA will apply provisions in SYSC to the extent of its powers and regulatory responsibilities. Where there is a direct overlap between SYSC rules and guidance and provisions implementing or supplementing the Solvency II Directive, either in PRA rules or the Solvency II Regulation (EU) 2015/35 of 10 October 2014 (in particular articles 258 and 268), the FCA will take the Solvency II Directive derived requirements into account and interpret the SYSC rules and guidance in a way that avoids inconsistency.

2.1.4 R Allocation of functions

This table belongs to SYSC 2.1.3R and SYSC 2.1.3AR(2)

1: Firm type	2: (a) For a <i>firm</i> that is not a <u>Solvency II firm</u> : Allocation of both functions must be to the following individual, if any (see Note):  (b) for a <u>Solvency II firm</u> , allocation of the oversight function must be to the following individual, if any (see Note):	3: Allocation to one or more individuals selected from this column is compulsory if there is no allocation to an individual in column 2, but is otherwise optional and additional:
...		

- 2.1.5 G SYSC 2.1.3R, SYSC 2.1.3AR and SYSC 2.1.4R give a *firm* some flexibility in the individuals to whom the functions may be allocated. ~~It~~ In a firm that is not a Solvency II firm, it will be common for both the functions to be allocated solely to the *firm's chief executive*. SYSC 2.1.6G contains further *guidance* on the requirements of SYSC 2.1.3R, SYSC 2.1.3AR(2) and SYSC 2.1.4R in a question and answer form.
- 2.1.6 G Frequently asked questions about allocation of functions in SYSC 2.1.3R and SYSC 2.1.3AR(2).

...

	Question	Answer
1	Does an individual to	An individual to whom a function is allocated under SYSC

	whom a function is allocated under SYSC 2.1.3R and SYSC 2.1.3AR(2) need to be an <i>approved person</i> ?	<p>2.1.3R will be performing the <i>apportionment and oversight function</i> (CF 8, see SUP 10A.7.1R) and an application must be made under section 59 of the <i>Act</i> for approval of the individual before the function is performed. There are exceptions from this in SUP 10A.1 (Approved persons - Application).</p> <p><u>An individual to whom a function is allocated under SYSC 2.1.3AR(2) will not be performing the <i>apportionment and oversight function</i>, as that function is disappplied for <i>Solvency II firms</i>. But that person will be performing a <i>PRA controlled function</i> by virtue of the allocation to a CEO, or equivalent, under SYSC 2.1.4R.</u></p>
...		
11	How does the requirement to allocate the functions in SYSC 2.1.3R or SYSC 2.1.3AR(2) apply to an <i>overseas firm</i> which is not an <i>incoming EEA firm</i> , <i>incoming Treaty firm</i> or <i>UCITS qualifier</i> ?	<p>...</p> <p>The <i>apportionment and oversight function</i> applies to such a <i>firm</i>, unless it <u>is a <i>Solvency II firm</i> or falls within a particular exception from the <i>approved persons</i> regime</u> (see Question 1).</p>
12	How does the requirement to allocate the functions in SYSC 2.1.3R or SYSC 2.1.3AR(2) apply to an <i>incoming EEA firm</i> or <i>incoming Treaty firm</i> ?	...
...		

## TP 6 Transitional Provision 6

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provisions: coming into force
...					

2.	<u>SYSC 2.1.3A</u>	<u>R</u>	<u>A firm is not required to allocate the function of dealing with the apportionment of responsibilities under SYSC 2.1.1R to one or more approved persons performing a significant influence function until 7 June 2016 or, if earlier, the first occasion before 7 June 2016 that the firm updates its governance map. Until any new allocation is made the existing allocation must continue.</u>	<u>From 7 March 2016 to 7 June 2016 or if earlier, the date on which the firm updates its governance map.</u>	<u>7 March 2016</u>
----	--------------------	----------	--	---	---------------------

#### 4.3A CRR firms

...

- 4.3A.2 R A CRR firm must ensure that the chairman of the firm's management body does not exercise simultaneously the PRA's Chief Executive function controlled function (SMF1) or chief executive function within the same firm, unless justified by the firm and authorised by the appropriate regulator FCA.

[Note: article 88(1)(e) of CRD]

...

#### 4.4 Apportionment of responsibilities

...

- 4.4.1A R This section applies to:
- (1) an authorised professional firm in respect of its non-mainstream regulated activities unless the firm is also conducting other regulated activities and has appointed approved persons to perform the FCA governing functions with equivalent responsibilities for the firm's non-mainstream regulated activities and other regulated activities;

...

...

- 4.4.6 G Frequently asked questions about allocation of functions in SYSC 4.4.5R

Question	Answer
----------	--------

1	Does an individual to whom a function is allocated under SYSC 4.4.5R need to be an <u>approved person or a certification employee</u> ?	<p>An individual to whom a function is allocated under SYSC 4.4.5R will be performing the <i>apportionment and oversight function</i> (CF 8, see SUP 10A.7.1R) and an application must be made under section 59 of the <i>Act</i> for approval of the individual before the function is performed. There are exceptions from this in SUP 10A.1 (Approved persons - Application).</p> <p><u>The <i>apportionment and oversight function</i> does not apply to a <i>relevant authorised person</i>. However, a <i>person performing the role in SYSC 4.4.5R</i> will fall into the certification regime in SYSC 5.2 (Certification Regime), unless the <i>person</i> performing it is an <i>approved person</i>. A <i>person performing the role in SYSC 4.4.5R</i> may be an <i>approved person</i> because of another role that they perform (such as being an executive <i>director</i>).</u></p>
...		

...

## 5.1 Skills, knowledge and expertise

...

- 5.1.5 G The requirements on *firms* with respect to *approved persons* are in Part V of the *Act* (Performance of regulated activities) and SUP 10A, ~~and SUP 10B~~ SUP 10C and in the corresponding parts of the *PRA's* Rulebook.

...

## 18.2 Practical measures

...

- 18.2.3 G The *FCA* would regard as a serious matter any evidence that a *firm* had acted to the detriment of a worker because ~~he~~ they had made a protected disclosure (see SYSC 18.2.1G(2)) about matters which are relevant to the functions of the *FCA* or *PRA*. Such evidence could call into question the fitness and propriety of the *firm* or relevant members of its staff, and could therefore, if relevant, affect the *firm's* continuing satisfaction of *threshold condition 5* (Suitability) or, for an *approved person or certification employee*, ~~his~~ their status as such.

...

**Sch 1 Record keeping requirements**

...

## Sch 1.2G

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
...				
<i>SYSC 3.2.20R</i>	...			
<u>SYSC 4.5.21G</u>	<u>Past versions of a firm's management responsibilities maps</u>	<u>Past versions of a firm's management responsibilities maps</u>	<u>SYSC 4.5.21G does not itself impose requirements but says that past versions of a firm's management responsibilities maps are an important part of its records</u>	<u>SYSC 4.5.21G does not itself impose requirements but says that past versions of a firm's management responsibilities maps are an important part of its records</u>
<u>SYSC 4.9.5R(2)</u>	<u>Steps taken to comply with SYSC 4.9.4R (Information to be made available to new manager)</u>	<u>Adequate</u>	<u>Adequate time</u>	<u>None specified.</u>
...				

...

**Sch 6 Rules that can be waived**

Sch 6.1A G As a result of section 138A of the *Act* (Modification or waiver of rules) the *FCA* has power to waive all its *rules*, other than rules made under section 64A (rules of conduct), 137O (Threshold condition code), section 247

(Trust scheme rules), section 248 (Scheme particular rules), section 261I (Contractual scheme rules) or section 261J (Contractual scheme particulars rules) of the *Act* ...

## Annex C

### Amendments to the Threshold Conditions sourcebook (COND)

In this Annex, underlining indicates new text and striking through indicates deleted text.

#### 2.5 Suitability

...

2.5.3 G (1) The emphasis of the *threshold conditions* set out in paragraphs 2E and 3D of Schedule 6 of the *Act* is on the suitability of the *firm* itself. The suitability of each *person* who performs a *controlled function* will be assessed by the *FCA* and/or the *PRA*, as appropriate, under the *approved persons* regime (in relation to an *FCA-approved person*, see ~~SUP 40~~ 10A (FCA Approved persons Persons), SUP 10C (FCA senior management regime for approved persons in relevant authorised persons) and *FIT*). In certain circumstances, however, the *FCA* may consider that the *firm* is not suitable because of doubts over the individual or collective suitability of *persons* connected with the *firm*.

...

...

2.5.6 G ...

(7) ...

(b) ensure that its *approved persons* ~~(whether or not employed by the *firm*)~~ and, in the case of relevant authorised persons, the rest of its *conduct rules staff* are aware of those requirements and standards under the *regulatory system* applicable to them, whether or not they are employed by the *firm*;

...

(d) determine that its *approved persons* and, in the case of relevant authorised persons, the rest of its *conduct rules staff* are adhering to those requirements and standards;

...

## Annex D

## Amendments to the Statements of Principle and Code of Practice for Approved Persons (APER)

In this Annex, underlining indicates new text and striking through indicates deleted text.

### 1.1A Application

Who?

1.1A.1 P ~~R~~ *APER applies to FCA-approved persons and PRA-approved persons who*  
fall under (1) or (2):

(1) *approved persons of firms that are not:*

(a) *relevant authorised persons; or*

(b) *Solvency II firms; or*

(2) *approved persons approved to perform a controlled function in SUP 10A.1.15R to SUP 10A.1.16BR (appointed representatives).*

1.1A.1A G (1) *APER does not apply to FCA-approved persons or PRA-approved persons of relevant authorised persons or Solvency II firms. COCON applies instead.*

(2) *However, APER applies to approved persons approved to perform a controlled function under SUP 10A.1.15R to SUP 10A.1.16BR (appointed representatives) even if the appointed representative's principal is a relevant authorised person or Solvency II firm.*

What?

1.1A.2 P ~~R~~ (1) *APER applies to the performance by an approved person of:*

...

1.1A.3 G ~~The functions described in APER 1.1A.2P APER 1.1A.2R are called *accountable functions.*~~

1.1A.4 G ~~The relevance of *MiFID* to the *Statements of Principle* will depend on the extent to which the corresponding requirement imposed on *firms* under *MiFID* is reserved to a *Home State regulator* or has been disappplied under *MiFID* (see APER 2.1A.2P and ~~FIT 1.2.4G~~ APER 2.1A.2R and FIT 1.2.4AG. See also *COBS 1 Annex 1, Part 2, 1.1R* (EEA territorial scope rule: compatibility with European law)).~~

...

1.1A.6 G *APER* 1.1A.7G gives examples of the effect of *APER* 1.1A.1P and *APER* 1.1A.2P *APER* 1.1A.1R and *APER* 1.1A.2R ...

1.1A.7 G Table: Examples of what activities *APER* covers

FCA approved	PRA approved	Coverage of <i>APER</i>
...		
<i>PRA-authorised person that is not a relevant authorised person or a Solvency II firm</i>		
...	...	...
(6) ...		
<i>PRA-authorised person that is a relevant authorised person or a Solvency II firm</i>		
(7) Yes, in relation to <i>firm A</i>	No	No. <i>APER</i> does not apply to <i>approved persons of relevant authorised persons or Solvency II firms. COCON applies instead.</i>
(8) No	Yes, in relation to <i>firm A</i>	The answer is the same as for scenario (7).
(9) Yes, in relation to <i>firm A</i>	Yes, in relation to <i>firm A</i>	The answer is the same as for scenario (7).

- 1.1A.8 G (1) A person may be an *approved person* in relation to more than one *firm*. When that is the case, *APER* applies in relation to all those *firms*.
- (2) *APER* does not apply if the *firm* is a *relevant authorised person* or a *Solvency II firm*, except for *approved persons* of an *appointed representative* of a *relevant authorised person* or a *Solvency II firm*.
- (3) If a person is an *approved person* of a *firm (A)* that is not a *relevant authorised person* or a *Solvency II firm* and also of another *firm (B)* that is either a *relevant authorised person* or a *Solvency II firm*, the result is:
- (a) *APER* applies to the *approved person* in relation to *firm A*;

and

(b) COCON applies to the *approved person* in relation to *firm B*.

- 1.1A.9 G (1) ~~APER 1.1A.2P~~ APER 1.1A refers to the *authorised person* in relation to which a *person* is an *approved person*. It also refers to an approved person of a firm.
- ...
- (3) Section 59(1) of the *Act* describes the first. It covers a *person* who performs a *controlled function* under an arrangement entered into by an *authorised person* ("A"). In this case, ~~APER 1.1A.2P~~ APER 1.1A refers to A.
- (4) Section 59(2) of the *Act* describes the second. It covers a *person* who performs a *controlled function* under an arrangement entered into by a contractor ("B") of an *authorised person* ("A"). In this case, ~~APER 1.1A.2P~~ APER 1.1A refers to A (and not B).

~~Rule in GEN about provisions shared between the FCA and PRA~~

- 1.1A.10 E ~~GEN 2.2.23R (Cutover: Application of provisions made by both the FCA and the PRA) does not apply to any provision of APER marked with an "E" in the margin. [deleted]~~
- 1.1A.11 G ~~GEN 2.2.23R does not apply to any of APER. It does not apply to any part of APER that is not shared as GEN 2.2.23R only applies to Handbook provisions made by both the FCA and the PRA. Hence GEN 2.2.23R does not apply to the Statements of Principle. APER 1.1A.10E means that GEN 2.2.23R does not apply to shared provisions marked with an "E" in the margin. GEN 2.2.23R does not apply to shared guidance in APER because the guidance is about material to which GEN 2.2.23R does not apply. [deleted]~~

## 1.2 Purpose

- 1.2.1A G The *Statements of Principle* contained in *APER 2* are ~~issued~~ rules made under section 64(1) ~~64A(1)(a)~~ of the *Act* (~~Conduct: statements and codes~~) (Rules of conduct). ~~The paragraphs of the application section in APER 1.1A labelled "P" also form part of the Statements of Principle.~~
- 1.2.2 G Section 64(2) of the *Act* states that if an *appropriate regulator* issues *Statements of Principle* it must also issue a code of practice for the purpose of helping to determine whether or not a *person's* conduct complies with the *Statements of Principle*. The guidance in APER 3 and APER 4 is guidance on the Statements of Principle and is called the Code of Practice for Approved Persons in APER 3 and APER 4 fulfils this requirement.

1.2.3 G The *Code of Practice for Approved Persons* sets out descriptions of conduct which, in the opinion of the *FCA*, do or do not comply with a *Statement of Principle* and, ~~in the case of *Statement of Principle 3*, conduct which tends to show compliance within that statement.~~ The *Code of Practice for Approved Persons* also sets out, in certain cases, factors which, in the opinion of the *FCA*, are to be taken into account in determining whether or not an *approved person's* conduct complies with a *Statement of Principle*. ~~The guidance set out in *APER 3* and *APER 4* does not form part of the *Code of Practice for Approved Persons*.~~

...

## 2.1A The Statements of Principle

2.1A.1 G ~~*APER 2.1A.3P*~~ *APER 2.1A.3R* sets out the *Statements of Principle* issued by the *FCA* to which *APER 1.2.1AG* refers and to which the provisions of the *Code of Practice for Approved Persons* ~~and guidance in *APER 3* and *APER 4* apply.~~ The paragraphs of *APER 1.1A* labelled "P" also form part of the *Statements of Principle*.

2.1A.2 P An *approved person* will not be subject to a *Statement of Principle* to the  
 R extent that it would be contrary to the UK's obligations under a *Single Market Directive* or the *auction regulation*.

2.1A.3 P **Statements of Principle issued under section 64A(1)(a) of the Act**  
 R

...
<p>Statement of Principle 5            An <i>approved person</i> performing an <i>accountable <del>significant influence</del> higher management function</i> must take reasonable steps to ensure that the business of the <i>firm</i> for which <del>he is</del> <u>they are</u> responsible in <del>his</del> <u>their</u> <i>accountable function</i> is organised so that it can be controlled effectively.</p>
<p>Statement of Principle 6            An <i>approved person</i> performing an <i>accountable <del>significant influence</del> higher management function</i> must exercise due skill, care and diligence in managing the business of the <i>firm</i> for which <del>he is</del> <u>they are</u> responsible in <del>his</del> <u>their</u> <i>accountable function</i>.</p>
<p>Statement of Principle 7            An <i>approved person</i> performing an <i>accountable <del>significant influence</del> higher management function</i> must take reasonable steps to ensure that the business of the <i>firm</i> for which <del>he is</del> <u>they are</u> responsible in <del>his</del> <u>their</u> <i>accountable function</i> complies with the relevant requirements and standards of the <i>regulatory system</i>.</p>

...

### 3 Code of Practice for Approved Persons: general

#### 3.1 Introduction

- 3.1.1A G ~~This~~ The purpose of the Code of Practice for Approved Persons is issued under section 64 of the Act (Conduct: statements and codes) for the purpose of helping is to help an *approved person* to determine whether or not that ~~an approved person's~~ *person's* conduct complies with a *Statement of Principle*. The code sets out descriptions of conduct which, in the *FCA's* opinion, do or do not comply with the relevant Statements of Principle. The code also sets out certain factors which, in the opinion of the *FCA*, are to be taken into account in determining whether an *approved person's* conduct complies with a particular *Statement of Principle*. ~~The description of conduct, the factors and related provisions are identified in the text by the letter 'E' as explained in chapter 6 of the Reader's Guide.~~
- 3.1.2 G The *Code of Practice for Approved Persons* ~~in issue at the time when any particular conduct takes place may be relied on so far as it tends to establish whether or not that conduct complies with a Statement of Principle~~ is general guidance. The status and effect of general guidance is described in the *Readers' Guide*. In particular, *guidance*:
- (1) represents the *FCA's* view and does not bind the courts or third parties;
  - (2) is not binding on *approved persons*, nor does it have 'evidential' effect ;
  - (3) need not be followed to achieve compliance with *the Statements of Principle*, nor is there any presumption that departing from *guidance* is indicative of a breach of the relevant *rule*;
  - (4) indicates that if a *person* acts in accordance with the *guidance* in *APER* in the circumstances contemplated by that *guidance*, then the *FCA* will proceed as if that *person* has complied with the aspects of the *rule* to which the *guidance* relates.
- 3.1.3 G ~~The significance of conduct identified in the Code of Practice for Approved Persons as tending to establish compliance with or a breach of a Statement of Principle will be assessed only after~~ In assessing compliance with, or a breach of, a *Statement of Principle*, the *FCA* will look at all the circumstances of a particular case ~~have been considered~~. Account will be taken of the context in which a course of conduct was undertaken, including the precise circumstances of the individual case, the characteristics of the particular *accountable function* and the behaviour to be expected in that function.

...

- 3.1.5 G In particular, in determining whether or not an *approved person's* conduct complies with a *Statement of Principle*, the ~~appropriate regulator~~ FCA will take into account the extent to which an *approved person* has acted in a way that is stated to be in breach of a *Statement of Principle*.
- 3.1.6 G ... The ~~appropriate regulator~~ FCA will amend the code if there is a risk that unacceptable practice may become prevalent, so as to make clear what conduct falls below the standards expected of *approved persons* by the *Statements of Principle*.
- 3.1.7A G *Statements of Principle* 1 to 4 apply to all *approved persons*. A person performing an *accountable significant-influence higher management function* is also subject to the additional requirements set out in *Statements of Principle* 5 to 7 in performing that *accountable function*. Those responsible under SYSC 2.1.3R or SYSC 4.4.5R (Apportionment of responsibilities) for the *firm's* apportionment obligation will be specifically subject to *Statement of Principle* 5 (and see, in particular, ~~APER 4.5.6E~~ APER 4.5.6G). In addition, it will be the responsibility of any such *approved person* to oversee that the *firm* has appropriate systems and controls under *Statement of Principle* 7 (and see, in particular, ~~APER 4.7.3E~~ APER 4.7.3G).
- 3.1.8A G In applying *Statements of Principle* 5 to 7, the nature, scale and complexity of the business under management and the role and responsibility of the individual performing an *accountable significant-influence higher management function* within the *firm* will be relevant in assessing whether an *approved person's* conduct was reasonable. For example, the smaller and less complex the business, the less detailed and extensive the systems of control need to be. The *FCA* will be of the opinion that an individual performing an *accountable significant-influence higher management function* may have breached *Statements of Principle* 5 to 7 only if ~~his~~ their conduct was below the standard which would be reasonable in all the circumstances. (See also ~~APER 3.3.1E(3) to APER 3.3.1E(5)~~ APER 3.3.1G(3) to APER 3.3.1G(5).)
- 3.1.9 G ... *Firms* regulated by the ~~appropriate regulator~~ FCA in this category will thus be subject to that code as well as to the requirements and standards of the *regulatory system*. In forming an opinion whether *approved persons* have complied with its requirements, the ~~appropriate regulator~~ FCA will give due credit for their following corresponding provisions in the *UK Corporate Governance Code* and related *guidance*.

## 3.2 Factors relating to all Statements of Principle

- 3.2.1 ~~E~~  
G In determining whether or not the particular conduct of an *approved person* within ~~his~~ their *accountable function* complies with the *Statements of Principle*, the following are factors which, in the opinion of the ~~appropriate regulator~~ FCA, are to be taken into account:

...

### 3.3 Factors relating to Statements of Principle 5 to 7

- 3.3.1 ~~E~~ In determining whether or not the conduct of an *approved person*  
G performing an *accountable significant influence higher management function* complies with *Statements of Principle 5 to 7*, the following are factors which, in the opinion of the *FCA*, are to be taken into account:

...

- (4) ~~his~~ their role and responsibility as an *approved person* performing an *accountable significant influence higher management function*;

## 4 Code of Practice for Approved Persons: specific

### 4.1 Statement of Principle 1

- 4.1.1A ~~G~~ The *Statement of Principle 1* (see ~~APER 2.1A.3P~~ APER 2.1A.3R) is in the following terms: “An *approved person* must act with integrity in carrying out his *accountable functions*.”

- 4.1.2 ~~G~~ In the opinion of the ~~appropriate regulator~~ FCA, conduct of the type described in ~~APER 4.1.3E, APER 4.1.5E, APER 4.1.6E, APER 4.1.8E, APER 4.1.10E, APER 4.1.12E, APER 4.1.13E, APER 4.1.14E or APER 4.1.15E~~ APER 4.1.3G, APER 4.1.5G, APER 4.1.6G, APER 4.1.8G, APER 4.1.10G, APER 4.1.12G, APER 4.1.13G, APER 4.1.14G or APER 4.1.15G does not comply with *Statement of Principle 1*.

- 4.1.3 ~~E~~ Deliberately misleading (or attempting to mislead) by act of omission:

G

...

falls within ~~APER 4.1.2E~~ APER 4.1.2G.

- 4.1.4 ~~E~~ Behaviour of the type referred to in ~~APER 4.1.3E~~ APER 4.1.3G includes ...

G

- 4.1.5 ~~E~~ Deliberately recommending an *investment* to a *customer*, or carrying out a discretionary *transaction* for a *customer* where the *approved person* knows that ~~he is~~ they are unable to justify its suitability for that *customer*, falls within ~~APER 4.1.2E~~ APER 4.1.2G.

G

- 4.1.6 ~~E~~ Deliberately failing to inform, without reasonable cause:

G

...

of the fact that their understanding of a material issue is incorrect, despite

being aware of their misunderstanding, falls within ~~APER 4.1.2E~~ APER 4.1.2G.

- 4.1.7 ~~E~~  
G Behaviour of the type referred to in ~~APER 4.1.6E~~ APER 4.1.6G includes ...
- 4.1.8 ~~E~~  
R Deliberately preparing inaccurate or inappropriate records or returns in connection with an *accountable function*, falls within ~~APER 4.1.2E~~ APER 4.1.2G.
- 4.1.9 ~~E~~  
G Behaviour of the type referred to in ~~APER 4.1.8E~~ APER 4.1.8G includes ...
- 4.1.10 ~~E~~  
G Deliberately misusing the assets or confidential information of a *client* or of ~~his~~ their *firm* falls within ~~APER 4.1.2E~~ APER 4.1.2G.
- 4.1.11 ~~E~~  
G Behaviour of the type referred to in ~~APER 4.1.10E~~ APER 4.1.10G includes ...
- 4.1.12 ~~E~~  
G Deliberately designing *transactions* so as to disguise breaches of requirements and standards of the *regulatory system* falls within APER 4.1.2G ~~APER 4.1.2E~~.
- 4.1.13 ~~E~~  
G Deliberately failing to disclose the existence of a conflict of interest in connection with dealings with a *client* falls within ~~APER 4.1.2E~~ APER 4.1.2G.
- 4.1.14 ~~E~~  
G Deliberately not paying due regard to the interest of a *customer* falls within ~~APER 4.1.2E~~ APER 4.1.2G.
- 4.1.15 ~~E~~  
G Deliberate acts, omissions or business practices that could be reasonably expected to cause consumer detriment fall within ~~APER 4.1.2E~~ APER 4.1.2G.

## 4.2 Statement of Principle 2

- 4.2.1A ~~G~~  
G The *Statement of Principle 2* (see ~~APER 2.1A.3P~~ APER 2.1A.3R) is in the following terms: “An *approved person* must act with due skill, care and diligence in carrying out his *accountable functions*.”
- 4.2.2 ~~E~~  
G In the opinion of the ~~appropriate regulator~~ FCA, conduct of the type described in ~~APER 4.2.3E, APER 4.2.5E, APER 4.2.6E, APER 4.2.8E, APER 4.2.10E or APER 4.2.14E~~ APER 4.2.3G, APER 4.2.5G, APER 4.2.6G, APER 4.2.8G, APER 4.2.10G, APER 4.2.11G or APER 4.2.14G does not comply with *Statement of Principle 2*.
- 4.2.2A ~~E~~  
G In the opinion of the *FCA*, conduct of the type described in described in ~~APER 4.2.13E~~ APER 4.2.13G does not comply with *Statement of Principle 2*.

- 4.2.3 ~~E~~  
G Failing to inform:  
...  
of material information in circumstances where ~~he was~~ they were aware, or ought to have been aware, of such information, and of the fact that ~~he~~ they should provide it, falls within ~~APER 4.2.2E~~ APER 4.2.2G.
- 4.2.4 ~~E~~  
G Behaviour of the type referred to in ~~APER 4.2.3E~~ APER 4.2.3G includes ...
- 4.2.5 ~~E~~  
G Recommending an *investment* to a *customer*, or carrying out a discretionary *transaction* for a *customer*, where ~~he~~ the approved person does not have reasonable grounds to believe that it is suitable for that *customer*, falls within ~~APER 4.2.2E~~ APER 4.2.2G.
- 4.2.6 ~~E~~  
G Undertaking, recommending or providing advice on *transactions* without a reasonable understanding of the risk exposure of the *transaction* to a *customer* falls within ~~APER 4.2.2E~~ APER 4.2.2G.
- 4.2.7 ~~E~~  
G *Behaviour* of the type referred to in ~~APER 4.2.6E~~ APER 4.2.6G includes ...
- 4.2.8 ~~E~~  
G Undertaking *transactions* without a reasonable understanding of the risk exposure of the *transaction* to the *firm* falls within ~~APER 4.2.2E~~ APER 4.2.2G.
- 4.2.9 ~~E~~  
G *Behaviour* of the type referred to in ~~APER 4.2.8E~~ APER 4.2.8G includes ...
- 4.2.10 ~~E~~  
G Failing without good reason to disclose the existence of a conflict of interest in connection with dealings with a *client* falls within ~~APER 4.2.2E~~ APER 4.2.2G.
- 4.2.11 ~~E~~  
G Failing to provide adequate control over a *client's* assets falls within ~~APER 4.2.2E~~ APER 4.2.2G.
- 4.2.12 ~~E~~  
G *Behaviour* of the type referred to in ~~APER 4.2.11E~~ APER 4.2.11G includes ...
- 4.2.13 ~~E~~  
G Continuing to perform a *controlled function* despite having failed to meet the standards of knowledge and skill set out in the Training and Competence sourcebook (TC) for that *controlled function* falls within ~~APER 4.2.2AE~~ APER 4.2.2AG.
- 4.2.14 ~~E~~  
G Failing to pay due regard to the interests of a *customer*, without good reason, falls within ~~APER 4.2.2E~~ APER 4.2.2G.

### 4.3 Statement of Principle 3

- 4.3.1 G The *Statement of Principle 3* (see ~~APER 2.1A.3P~~ APER 2.1A.3R) is in the following terms: “An *approved person* must observe proper standards of market conduct in carrying out his *accountable functions*.”
- ...
- 4.3.3 E ...  
G
- 4.3.4 E ~~Compliance~~ In the opinion of the *FCA*, compliance with the code or *rules*  
G described in ~~APER 4.3.3E~~ APER 4.3.3G will tend to show compliance with this *Statement of Principle*.
- 4.4 Statement of Principle 4**
- 4.4.1A G The *Statement of Principle 4* (see ~~APER 2.1A.3P~~ APER 2.1A.3R) is in the following terms: “An *approved person* must deal with the *FCA*, the *PRA* and other regulators in an open and cooperative way and must disclose appropriately any information of which the *FCA* or the *PRA* would reasonably expect notice.”
- 4.4.2A G For the purpose of this *Statement of Principle*, regulators in addition to the *FCA* and the *PRA* are those which have recognised jurisdiction in relation to *regulated activities* and a power to call for information from the *approved person* in connection with his their *accountable function* or (in the case of an individual performing an *accountable* ~~significant-influence~~ higher management function) in connection with the business for which ~~he is~~ they are responsible. This may include an exchange or an *overseas regulator*.
- 4.4.3 E In the opinion of the ~~appropriate regulator~~ *FCA*, conduct of the type  
G described in ~~APER 4.4.4E, APER 4.4.7E or APER 4.4.9E~~ APER 4.4.4G, APER 4.4.7G or APER 4.4.9G does not comply with *Statement of Principle 4*.
- 4.4.4 E Failing to report promptly in accordance with the *firm's* internal procedures  
G (or if none exist direct to the regulator concerned), information which it would be reasonable to assume would be of material significance to the regulator concerned, whether in response to questions or otherwise, falls within ~~APER 4.4.3E~~ APER 4.4.3G. ...
- 4.4.5 G ... However, if an *approved person* takes steps to influence the decision so as not to report to the regulator concerned or acts in a way that is intended to obstruct the reporting of the information to the regulator concerned, then the ~~appropriate regulator~~ *FCA* will, in respect of that information, view ~~him~~ that individual as being one of those within the *firm* who has taken on responsibility for deciding whether to report that matter to the regulator concerned.
- 4.4.6 E In determining whether or not an *approved person's* conduct under ~~APER~~

G ~~4.4.4E~~ APER 4.4.4G complies with *Statement of Principle 4*, the following are factors which, in the opinion of the ~~appropriate regulator~~ FCA, are to be taken into account:

- (1) the likely significance to the regulator concerned (as defined in ~~APER 4.4.4E~~ APER 4.4.4G) of the information which it was reasonable for the individual to assume;

...

4.4.7 ~~E~~ G Where the *approved person* is, or is one of the *approved persons* who is, responsible within the *firm* for reporting matters to the regulator concerned (as defined in ~~APER 4.4.4E~~ APER 4.4.4G), failing promptly to inform the regulator concerned of information of which ~~he is~~ they are aware and which it would be reasonable to assume would be of material significance to the regulator concerned, whether in response to questions or otherwise, falls within ~~APER 4.4.3E~~ APER 4.4.3G.

4.4.8 ~~E~~ G In determining whether or not an *approved person's* conduct under ~~APER 4.4.7E~~ APER 4.4.7G complies with *Statement of Principle 4*, the following are factors which, in the opinion of the ~~appropriate regulator~~ FCA, are to be taken into account:

- (1) the likely significance of the information to the regulator concerned (as defined in ~~APER 4.4.4E~~ APER 4.4.4G) which it was reasonable for the *approved person* to assume;
- (2) whether any decision not to inform the regulator concerned (as defined in ~~APER 4.4.4E~~ APER 4.4.4G) was taken after reasonable enquiry and analysis of the situation.

4.4.9 ~~E~~ G Failing without good reason to:

...

falls within ~~APER 4.4.3E~~ APER 4.4.3G.

## 4.5 Statement of Principle 5

4.5.1A ~~G~~ G The *Statement of Principle 5* (see ~~APER 2.1A.3P~~ APER 2.1A.3R) is in the following terms: "An *approved person* performing an *accountable significant-influence higher management function* must take reasonable steps to ensure that the business of the *firm* for which ~~he is~~ they are responsible in ~~his~~ their *accountable function* is organised so that it can be controlled effectively." ~~References in APER 4.5 to a significant influence function are to an accountable function to which Statement of Principle 5 applies.~~

4.5.2 ~~E~~ E In the opinion of the ~~appropriate regulator~~ FCA, conduct of the type described in ~~APER 4.5.3E, APER 4.5.4E, APER 4.5.6E or APER 4.5.8E~~

- G APER 4.5.3G, APER 4.5.4G, APER 4.5.6G or APER 4.5.8G does not comply with *Statement of Principle 5*.
- 4.5.3 E Failing to take reasonable steps to apportion responsibilities for all areas of the business under the *approved person's* control falls within ~~APER 4.5.2E~~ APER 4.5.2G (see *APER 4.5.11G*).
- 4.5.4 E Failing to take reasonable steps to apportion responsibilities clearly amounts to those to whom responsibilities have been delegated falls within ~~APER 4.5.2E~~ APER 4.5.2G (see *APER 4.5.11G*).
- 4.5.5 E Behaviour of the type referred to in ~~APER 4.5.4E~~ APER 4.5.4G includes ...  
G
- 4.5.6 E In the case of an *approved person* who is responsible under SYSC 2.1.3R(1) or SYSC 4.4.5R(1) for dealing with the appointment of responsibilities under SYSC 2.1.1R or SYSC 4.4.3R, failing to take reasonable care to maintain a clear and appropriate apportionment of significant responsibilities among the *firm's directors* and senior managers falls within ~~APER 4.5.2E~~ APER 4.5.2G.
- 4.5.7 E Behaviour of the type referred to in ~~APER 4.5.4E~~ APER 4.5.4G includes ...  
G
- 4.5.8 E Failing to take reasonable steps to ensure that suitable individuals are responsible for those aspects of the business under the control of the individual performing ~~a significant influence an~~ an accountable higher management function falls within ~~APER 4.5.2E~~ APER 4.5.2G (see *APER 4.5.14G*).
- 4.5.9 E Behaviour of the type referred to in ~~APER 4.5.4E~~ APER 4.5.4G includes...  
G
- 4.5.10 G Strategy and plans will often dictate the risk which the business is prepared to take on and high level controls will dictate how the business is to be run. If the strategy of the business is to enter high-risk areas, then the degree of control and strength of monitoring reasonably required within the business will be high. In organising the business for which ~~he is~~ they are responsible, the *approved person* performing ~~a significant influence an~~ an accountable higher management function should bear this in mind.

#### Apportionment of responsibilities

- 4.5.11 G ~~In order to~~ To comply with the obligations of *Statement of Principle 5* (having regard to ~~APER 4.5.3E and APER 4.5.4E~~ APER 4.5.3G and APER 4.5.4G), the *approved person* performing ~~a significant influence an~~ an accountable higher management function may find it helpful to review whether each area of the business for which ~~he is~~ they are responsible has been clearly assigned to a particular individual or individuals.

#### Reporting lines

- 4.5.12 G The organisation of the business and the responsibilities of those within it should be clearly defined (see ~~APER 4.5.5E(1)~~ APER 4.5.5G(1)) ...

Authorisation levels and job descriptions

- 4.5.13 G Where members of staff have particular levels of authorisation (see ~~APER 4.5.5E(2) and APER 4.5.5E(3)~~ APER 4.5.5G(2) and APER 4.5.5G(3)), these should be clearly set out and communicated to staff ...

Suitability of individuals

- 4.5.13A G The appropriate *approved person* performing ~~a significant influence~~ an accountable higher management function should take reasonable steps to satisfy ~~himself~~ themselves, on reasonable grounds, that each area of the business for which ~~he is~~ they are responsible has in place appropriate policies and procedures for reviewing the competence, knowledge, skills and performance of each individual member of staff.

- 4.5.14 G If an individual's performance is unsatisfactory, then the appropriate *approved person* (if any) performing ~~a significant influence~~ an accountable higher management function should review carefully whether to allow that individual to continue in position. In particular, if ~~he is~~ they are aware of concerns relating to the compliance with requirements and standards of the *regulatory system* (or internal controls) of the individual concerned, or of staff reporting to that individual, the *approved person* performing ~~a significant influence~~ an accountable higher management function should take care not to give undue weight to the financial performance of the individual or group concerned when considering whether any action should be taken.

An adequate investigation of the concerns should be undertaken (including, where appropriate, adherence to internal controls). The *approved person* performing ~~a significant influence~~ an accountable higher management function should satisfy ~~himself~~ themselves, on reasonable grounds, that the investigation is appropriate, the results are accurate and that the concerns do not pose an unacceptable risk to compliance with the requirements and standards of the *regulatory system* (see in particular *Statement of Principle 6* and ~~APER 4.5.8E and APER 4.5.9E(1) and APER 4.5.9E(2)~~, APER 4.5.8G, APER 4.5.9G(1) and APER 4.5.9G(2)).

Temporary vacancies

- 4.5.15 G In organising the business, the *approved person* performing ~~a significant influence~~ an accountable higher management function should pay attention to any temporary vacancies which exist (see ~~APER 4.5.9E(3)~~ APER 4.5.9G(3)). ~~He~~ They should take reasonable steps to ensure that suitable cover for responsibilities is arranged. This could include taking on temporary staff or external consultants. The *approved person* performing ~~a significant influence~~ an accountable higher management function should assess the risk that is posed to compliance with the requirements and standards of the *regulatory system* as a result of the vacancy, and the higher

the risk the greater the steps ~~he~~ they should take to fill the vacancy. It may be appropriate to limit or suspend the activity if appropriate cover for responsibilities cannot be arranged. To the extent that those vacancies are in respect of one of the *customer functions*, they may only be filled by *persons* approved for that function.

#### 4.6 Statement of Principle 6

- 4.6.1A G The *Statement of Principle 6* (see ~~APER 2.1A.3P~~ APER 2.1A.3R) is in the following terms: "An *approved person* performing an *accountable significant-influence higher management function* must exercise due skill, care and diligence in managing the business of the *firm* for which ~~he is~~ they are responsible in his *accountable function*." ~~References in APER 4.6 to a significant-influence function are to an accountable significant-influence function to which Statement of Principle 6 applies.~~
- 4.6.2 E In the opinion of the ~~appropriate regulator~~ FCA, conduct of the type described in ~~APER 4.6.3E, APER 4.6.5E, APER 4.6.6E or APER 4.6.8E~~ APER 4.6.3G, APER 4.6.5G, APER 4.6.6G or APER 4.6.8G does not comply with *Statement of Principle 6*.
- 4.6.3 E Failing to take reasonable steps to adequately inform ~~himself~~ themselves about the affairs of the business for which ~~he is~~ they are responsible falls within ~~APER 4.6.2E~~ APER 4.6.2G.
- 4.6.4 E Behaviour of the type referred to in ~~APER 4.6.3E~~ APER 4.6.3G includes ...  
G
- 4.6.5 E Delegating the authority for dealing with an issue or a part of the business to an individual or individuals (whether in-house or outside contractors) without reasonable grounds for believing that the delegate had the necessary capacity, competence, knowledge, seniority or skill to deal with the issue or to take authority for dealing with part of the business, falls within ~~APER 4.6.2E~~ APER 4.6.2G (see APER 4.6.13G).
- 4.6.6 E Failing to take reasonable step to maintain an appropriate level of understanding about an issue or part of the business that ~~he has~~ they have delegated to an individual or individuals (whether in-house or outside contractors) falls within ~~APER 4.6.2E~~ APER 4.6.2G (see APER 4.6.14G).
- 4.6.7 E Behaviour of the type referred to in ~~APER 4.6.6E~~ APER 4.6.6G includes ...  
G
- 4.6.8 E Failing to supervise and monitor adequately the individual or individuals (whether in-house or outside contractors) to whom responsibility for dealing with an issue or authority for dealing with a part of the business has been delegated falls within ~~APER 4.6.2E~~ APER 4.6.2G.
- 4.6.9 E Behaviour of the type referred to in ~~APER 4.6.8E~~ APER 4.6.8G includes ...

G

- 4.6.10 ~~E~~ G In determining whether or not the conduct of an *approved person* performing a ~~significant influence~~ an accountable higher management function under ~~APER 4.6.5E, APER 4.6.6E and APER 4.6.8E~~ APER 4.6.5G, APER 4.6.6G and APER 4.6.8G complies with *Statement of Principle 6*, the following are factors which, in the opinion of the ~~appropriate regulator~~ FCA, are to be taken into account:

...

- 4.6.11 G An *approved person* performing a ~~significant influence~~ an accountable higher management function will not always manage the business on a day-to-day basis ~~himself~~. The extent to which ~~he~~ the approved person does so will depend on a number of factors, including the nature, scale and complexity of the business and ~~his~~ their position within it. The larger and more complex the business, the greater the need for clear and effective delegation and reporting lines. The ~~appropriate regulator~~ FCA will look to the *approved person* performing a ~~significant influence~~ an accountable higher management function to take reasonable steps to ensure that systems are in place which result in issues being addressed at the appropriate level. When issues come to ~~his~~ their attention, ~~he~~ they should deal with them in an appropriate way.

Knowledge about the business

- 4.6.12 G (1) It is important for the *approved person* performing a ~~significant influence~~ an accountable higher management function to understand the business for which ~~he is~~ they are responsible (~~APER 4.6.4E~~ APER 4.6.4G). An *approved person* performing a ~~significant influence~~ an accountable higher management function is unlikely to be an expert in all aspects of a complex financial services business. However, ~~he~~ they should understand and inform ~~himself~~ themselves about the business sufficiently to understand the risks of its trading, credit or other business activities.
- (2) It is important for an *approved person* performing a ~~significant influence~~ an accountable higher management function to understand the risks of expanding the business into new areas and, before approving the expansion, ~~he~~ they should investigate and satisfy ~~himself~~ themselves, on reasonable grounds, about the risks, if any, to the business.
- ...
- (4) Where the *approved person* performing a ~~significant influence~~ an accountable higher management function is not an expert in a business area, ~~he~~ they should consider whether ~~he~~ they or those with whom ~~he works~~ they work have the necessary expertise to provide ~~him with~~ an adequate explanation of issues within that business area

...

## Delegation

- 4.6.13 G (1) An *approved person* performing a ~~significant influence~~ an accountable higher management function may delegate the investigation, resolution or management of an issue or authority for dealing with a part of the business to individuals who report to ~~him~~ them or to others.
- (2) The *approved person* performing a ~~significant influence~~ an accountable higher management function should have reasonable grounds for believing that the delegate has the competence, knowledge, skill and time to deal with the issue. ...
- (3) If an issue raises questions of law or interpretation, the *approved person* performing a ~~significant influence~~ an accountable higher management function may need to take legal advice. If appropriate legal expertise is not available in-house, ~~he~~ they may need to consider appointing an appropriate external adviser.
- (4) The ~~FCA and PRA recognise~~ recognises that the *approved person* performing a ~~significant influence~~ an accountable higher management function will have to exercise ~~his~~ their own judgment in deciding how issues are dealt with, and that in some cases that judgment will, with the benefit of hindsight, be shown to have been wrong. ~~He~~ The approved person will not be in breach of *Statement of Principle 6* unless ~~he fails~~ they fail to exercise due and reasonable consideration before ~~he delegates~~ they delegate the resolution of an issue or authority for dealing with a part of the business and fails to reach a reasonable conclusion. If ~~he~~ the approved person is in doubt about how to deal with an issue or the seriousness of a particular compliance problem, then, although ~~he~~ they cannot delegate to the ~~appropriate regulator~~ FCA the responsibility for dealing with the problem or issue, ~~he~~ they can speak to the ~~appropriate regulator~~ FCA to discuss ~~his~~ their approach (see ~~APER 4.6.5E~~ APER 4.6.5G).

## Continuing responsibilities where an issue has been delegated

- 4.6.14 G Although an *approved person* performing a ~~significant influence~~ an accountable higher management function may delegate the resolution of an issue, or authority for dealing with a part of the business, ~~he~~ they cannot delegate responsibility for it. It is ~~his~~ their responsibility to ensure that ~~he~~ they ~~receives~~ receive reports on progress and questions those reports where appropriate. For instance, if progress appears to be slow or if the issue is not being resolved satisfactorily, then the *approved person* performing a ~~significant influence~~ an accountable higher management function may need to challenge the explanations ~~he receives~~ they receive and take action ~~himself~~ themselves to resolve the problem. This may include increasing the resource applied to it, reassigning the resolution internally or obtaining external advice or assistance. Where an issue raises significant concerns, an *approved person* performing a ~~significant influence~~ an accountable higher

*management function* should act clearly and decisively. If appropriate, this may be by suspending members of staff or relieving them of all or part of their responsibilities (see ~~APER 4.6.5E~~ APER 4.6.5G).

#### 4.7 Statement of Principle 7

- 4.7.1A G The *Statement of Principle 7* (see ~~APER 2.1A.3P~~ APER 2.1A.3R) is in the following terms: "An *approved person* performing an *accountable significant influence higher management function* must take reasonable steps to ensure that the business of the *firm* for which ~~he is~~ they are responsible in ~~his~~ their *accountable function* complies with the relevant requirements and standards of the *regulatory system*." ~~References in APER 4.7 to a significant influence function are to an accountable significant influence function to which Statement of Principle 7 applies.~~
- 4.7.2 G In the opinion of the ~~appropriate regulator~~ FCA, conduct of the type described in ~~APER 4.7.3E, APER 4.7.4E, APER 4.7.5E or APER 4.7.7E~~ APER 4.7.3G, APER 4.7.4G, APER 4.7.5G, APER 4.7.7G, APER 4.7.9G, APER 4.7.10G or APER 4.7.11AG does not comply with *Statement of Principle 7*.
- 4.7.2A E ~~In the opinion of the FCA, conduct of the type described in APER 4.7.9E, APER 4.7.10E or APER 4.7.11AE does not comply with Statement of Principle 7. [deleted]~~
- 4.7.3 E Failing to take reasonable steps to implement (either personally or through a compliance department or other departments) adequate and appropriate systems of control to comply with the relevant requirements and standards of the *regulatory system* in respect of the *regulated activities* of the *firm* in question (as referred to in *Statement of Principle 7*) falls within ~~APER 4.7.2E~~ APER 4.7.2G. In the case of an *approved person* who is responsible, under SYSC 2.1.3R(2) or SYSC 4.4.5R(2), with overseeing the *firm's* obligation under SYSC 3.1.1R or SYSC 4.1.1R, failing to take reasonable care to oversee the establishment and maintenance of appropriate systems and controls falls within ~~APER 4.7.2E~~ APER 4.7.2G.
- 4.7.4 E Failing to take reasonable steps to monitor (either personally or through a compliance department or other departments) compliance with the relevant requirements and standards of the *regulatory system* in respect of the *regulated activities* of the *firm* in question (as referred to in *Statement of Principle 7*) falls within ~~APER 4.7.2E~~ APER 4.7.2G.
- 4.7.5 E Failing to take reasonable steps adequately to inform ~~himself~~ themselves about the reason why significant breaches (whether suspended or actual) of the relevant requirements and standards of the *regulatory system* in respect of the *regulated activities* of the *firm* in question (as referred to in *Statement of Principle 7*) may have arisen (taking account of the systems and procedures in place) falls within ~~APER 4.7.2E~~ APER 4.7.2G.

- 4.7.6 ~~E~~  
G Behaviour of the type referred to in ~~APER 4.7.5E~~ APER 4.7.5G includes...
- 4.7.7 ~~E~~  
G Failing to take reasonable steps to ensure that procedures and systems of control are reviewed and, if appropriate, improved, following the identification of significant breaches (whether suspended or actual) of the relevant requirements and standards of the *regulatory system* relating to the *regulated activities* of the *firm* in question (as referred to in *Statement of Principle 7*) falls within ~~APER 4.7.2E~~ APER 4.7.2G (see *APER 4.7.13G* and *APER 4.7.14G*).
- 4.7.8 ~~E~~  
G Behaviour of the type referred to in ~~APER 4.7.7E~~ APER 4.7.7G includes ...
- 4.7.9 ~~E~~  
G In the case of the *money laundering reporting officer*, failing to discharge the responsibilities imposed on ~~him~~ them by the *firm* in accordance with *SYSC 3.2.6IR* or *SYSC 6.3.9R* falls within ~~APER 4.7.2E~~ APER 4.7.2G.
- 4.7.10 ~~E~~  
G In the case of an *approved person* performing ~~a significant influence~~ an accountable higher management function responsible for compliance under *SYSC 3.2.8R*, *SYSC 6.1.4R* or *SYSC 6.1.4AR*, failing to take reasonable steps to ensure that appropriate compliance systems and procedures are in place falls within ~~APER 4.7.2E~~ APER 4.7.2G.
- 4.7.11 ~~G~~  
G The ~~appropriate regulator~~ FCA expects an *approved person* performing a ~~significant influence~~ an accountable higher management function to take reasonable steps both to ensure ~~his~~ their *firm's* compliance with the relevant requirements and standards of the *regulatory system* and to ensure that all staff are aware of the need for compliance.
- 4.7.11A ~~E~~  
G Where the *approved person* is a *proprietary trader* under *SUP 10A.9.10R*, failing to maintain and comply with appropriate systems and controls in relation to that activity falls within ~~APER 4.7.2AE~~ APER 4.7.2G.

#### Systems of control

- 4.7.12 ~~G~~  
G An *approved person* performing ~~a significant influence~~ an accountable higher management function need not ~~himself~~ themselves put in place the systems of control in ~~his~~ their business (~~APER 4.7.4E~~ APER 4.7.4G). ...

#### Possible breaches of regulatory requirements

- 4.7.13 ~~G~~  
G Where the *approved person* performing ~~a significant influence~~ an accountable higher management function becomes aware of actual or suspected problems that involve possible breaches of relevant requirements and standards of the *regulatory system* falling within ~~his~~ their area of responsibility, then ~~he~~ they should take reasonable steps to ensure that they are dealt with in a timely and appropriate manner (~~APER 4.7.7E~~ APER 4.7.7G). ...

#### Review and improvement of systems and procedures

4.7.14 G Where independent reviews of systems and procedures have been undertaken and result in recommendations for improvement, the *approved person* performing ~~a significant influence~~ an accountable higher management function should ensure that, unless there are good reasons not to, any reasonable recommendations are implemented in a timely manner (~~APER 4.7.10E~~ APER 4.7.10G). What is reasonable will depend on the nature of the inadequacy and the cost of the improvement. It will be reasonable for the *approved person* performing ~~a significant influence~~ an accountable higher management function to carry out a cost benefit analysis when assessing whether the recommendations are reasonable.

...

**Sch 2 Notification requirements**

...

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
<i>Statement of Principle 4</i> ( <del>APER 2.1A.3P</del> <u>2.1A.3R</u> )	Any information of which the <i>FCA</i> or <i>PRA</i> would reasonably expect notice.	Appropriate disclosure	Any information of which the <i>FCA</i> or <i>PRA</i> would reasonably expect notice.	Appropriate

...

**Sch 5 Rights of action for damages**

Sch 5.1 G ~~There are no rules in APER~~ There is no right of action under section 138D of the Act (Actions for damages) for breach of the rules in APER.

**Sch 6 Rules that can be waived**

Sch 6.1 G ~~There are no rules in APER~~ Section 138A (Modification or waiver of rules) does not apply to APER.

## Annex E

### Amendments to the Training and Competence sourcebook (TC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

#### 2.1 Assessing and maintaining competence

...

2.1.26 R A *firm* must ensure that a *retail investment adviser* confirms annually in writing that the *retail investment adviser* has, in the preceding 12 months:

(1) complied with *APER* or *COCON* (as applicable); and

...

2.1.31 R A *firm* must notify the *FCA* as soon as reasonably practicable after it becomes aware, or has information which reasonably suggests, that any of the following events has occurred or may have occurred in relation to any of its *retail investment advisers*, and the event is significant:

...

(3) a *retail investment adviser* has failed to comply with a *Statement of Principle* in carrying out ~~his~~ their controlled function or has failed to comply with *COCON* (as applicable); and

...

...

#### 2.2B Reporting requirements

...

Content of the report

2.2B.4 R The report must contain professional standards data as follows:

...

(2) the names and, where applicable, Individual Reference Numbers of the *firm's employees* who are *retail investment advisers*, including trainees;

...

...

## App 6.1 Accredited bodies

...	
12.	The <i>FCA</i> will expect an <i>accredited body</i> to have in place effective procedures for carrying out its verification activities. These should include:
(1)	verifying that each <i>retail investment adviser</i> who is a member of or subscriber to the <i>accredited body's</i> verification service has made an annual declaration in writing that the <i>retail investment adviser</i> has, in the preceding 12 months, complied with <i>APER</i> <u>or, for a relevant authorised person, complied with COCON</u> and completed the continuing professional development required under <i>TC 2.1.15R</i> ;
...	
...	
14.	The <i>FCA</i> will expect an <i>accredited body</i> to make it a contractual condition of membership (where a <i>retail investment adviser</i> is a member of the <i>accredited body</i> ) or of using its verification service (where a <i>retail investment adviser</i> is not a member of the <i>accredited body</i> ) that, as a minimum, the <i>accredited body</i> will not continue to verify a <i>retail investment adviser's</i> standards <del>and</del> . The <i>FCA</i> will also expect an <i>accredited body</i> to withdraw its statement of professional standing if <del>the accredited body</del> it is provided with false information in relation to a <i>retail investment adviser's</i> qualifications or continuing professional development or a false declaration in relation to a <i>retail investment adviser's</i> compliance with <i>APER</i> <u>or, for a relevant authorised person, compliance with COCON</u> . In this regard, an <i>accredited body</i> must have in place appropriate decision-making procedures with a suitable degree of independence and transparency.
...	
17.	The <i>FCA</i> will expect an <i>accredited body</i> to have a code of ethics and to ensure that its code of ethics and verification service terms and conditions do not contain any provisions that conflict with <i>APER</i> <u>or COCON</u> .

...

## Sch 2 Notification requirements

### Sch 2.1 G

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
--------------------	-----------------------	--------------------------	---------------	--------------

TC 2.1.31R	...	...	...	...
			(3) a <i>retail investment adviser</i> has failed to comply with a <i>Statement of Principle</i> in carrying out his <i>controlled function</i> <u>or, in the case of a <i>relevant authorised person</i>, has failed to comply with <i>COCON</i></u> ; and	
			...	
...				

## Annex F

### Amendments to the General Provisions sourcebook (GEN)

In this Annex, underlining indicates new text and striking through indicates deleted text.

#### Part 1: Comes into force on 1 January 2016

##### 2.2 Interpreting the Handbook

...

- 2.2.13 R (1) A reference in the *Handbook* to another provision in the *Handbook* is a reference to that provision as amended from time to time.
- (2) Unless a contrary intention appears, a reference in the *Handbook* to a provision in the PRA Rulebook is a reference to that provision as amended from time to time.

...

#### Part 2: Comes into force on 7 March 2016

##### 2.2 Interpreting the Handbook

...

- 2.2.4 G ...
- (2) Other provisions in the *Handbook*, although also identified by the status letter "E" in the margin or heading, are actually not *rules* but provisions in codes and *GEN 2.2.3R* does not apply to them. These code provisions are those provisions in ~~the *Code of Practice for Approved Persons (APER 3 and APER 4)*~~ and the *Code of Market Conduct (MAR 1)* with the status letter "E".

...

## Annex G

## Amendments to the Code of Conduct sourcebook (COCON)

## Part 1: comes into force on 7 March 2016

## 1.1 Application

...

To whom does it apply?

1.1.2 R (1) COCON applies to:

...

(d) ... apply to them; ~~and~~(e) .... but for SYSC 5.2.27R(1) (Scope: emergency appointments); and(f) [Not used](g) an FCA-approved person or PRA-approved person approved to perform a controlled function in a Solvency II firm.

(2) ...

(3) COCON does not apply to approved persons approved to perform a controlled function in SUP 10A.1.15R to SUP 10A.1.16BR (appointed representatives).

...

1.1.5 G ...

(2) The persons in COCON 1.1.2R(1)(a) and (b) are referred to as *senior conduct rules staff members*. An approved person performing a significant influence function (including a PRA controlled function) in a Solvency II firm is also a senior conduct rules staff member.

...

...

1.1.8 G ...

(2) For example, say that an individual (A) is an *approved person* for

*firm X* and is employed by *firm Y* in a role that does not involve a *controlled function*. Say that *firm X* is a *Solvency II firm* and that ~~*Firm firm*~~ *Y* is a *relevant authorised person*.

...

1.1.10 R *COCON* only applies to the conduct of *persons* other than *senior conduct rules staff members* if that conduct:

(1) is performed from an establishment maintained in the *United Kingdom* by:

(a) (for a *relevant authorised person*) that *person's* employer; or

(b) (for a *Solvency II firm*) the *firm* in relation to whom that *person* carries out *controlled functions*, ~~in the *United Kingdom*~~; or

...

1.1.13 G The purpose of this chapter is to set out *rules* for *conduct rules staff* and to provide *guidance* about those *rules* to *relevant authorised persons* about the ~~conduct *rules*~~ *firms* whose staff are subject to them.

...

## **1.2 Investments**

1.2.1 G *COCON* refers in a number of places to ‘*investments*’. The *Glossary* meaning of *investment* is wide and is not just limited to the ordinary dictionary meaning.

1.2.2 G Therefore, for example, an *approved person* performing *controlled functions* in a *Solvency II firm* should note that that term includes rights under a contract of insurance, meaning they should also take into account those parts of *COCON* which provide *guidance* on individual conduct rules that refer to ‘*investments*’.

1.2.3 G Where *guidance* refers to risks associated with *investments*, that will include risks applicable to rights under a contract of insurance including for example the risk of inadequate cover.

...

## **4.2 Specific guidance on senior manager conduct rules**

...

4.2.16 G The following is a non-exhaustive list of examples of conduct that would be in breach of *rule SC2*.

...

(8) For a *senior conduct rules staff member* who is responsible for the compliance function, failing to ensure that:

...

(e) the method of determining the remuneration complies, where applicable, with the *Remuneration Code* or, for a *Solvency II firm*, other relevant requirements in relation to remuneration.

...

4.2.26 G SC4 applies to *senior conduct rules staff members* in addition to *rule 3* in COCON 2.1.3R. Although, the *rules* have some overlap, they are different. *Rule 3* normally relates to responses from individuals to requests from the regulator, whereas *rule SC4* imposes a duty on a *senior conduct rules staff member* to disclose appropriately any information of which the *appropriate regulator* would reasonably expect, including making a disclosure in the absence of any request or enquiry from the *appropriate regulator*. ~~An SMF manager~~ A *senior conduct rules staff member* is likely to have access to greater amounts of information of potential regulatory importance and to have the expertise to recognise when this may be something of which the *appropriate regulator* would reasonably expect notice.

...

4.2.28 G (1) If a *senior conduct rules staff member* comes across a piece of information that is something in relation to which they think the *FCA* or *PRA* could reasonably expect notice, they should determine whether that information falls within the scope of their responsibilities:

(a) ~~(for an *SMF manager*);~~ by virtue of that *person's statement of responsibilities*; or

(b) (for an *approved person performing a significant influence function in a Solvency II firm*) including by reference to their scope of responsibilities document.

(2) If it does, then they should ensure that, if it is otherwise appropriate to do so, it is disclosed to the *appropriate regulator*. ...

...

**Part 2: Comes into force on 7 March 2017**

Amend the following text as shown.

[*Editor's note:* The amendments to COCON 1.1.2R(1)(e) and (f) supersede the amendments to those paragraphs as set out in Part 2 of Annex A of the Individual Accountability Instrument 2015 (FCA 2015/31).]

## 1 Application and purpose

...

To whom does it apply?

1.1.2 R (1) *COCON* applies to:

...

(e) .... but for *SYSC 5.2.27R(1)* (Scope: emergency appointments); ~~and~~

(f) ~~[Not used]~~ any other employee of a relevant authorised person, except:

(i) a non-executive director other than a senior conduct rules staff member; and

(ii) an employee whose role is listed under *COCON 1.1.2R(2)*; and

...

## Annex H

**Amendments to the Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU)**

In this Annex, underlining indicates new text and striking through indicates deleted text.

**Part 1: Comes into force on 7 March 2016**

**2.2 Allocation of the responsibility for insurance mediation activity**

...

- 2.2.2 R The *firm* may allocate the responsibility for its *insurance mediation activity* to an *approved person* (or *persons*) ~~performing who is:~~
- (1) (if the *firm* is not a *relevant authorised person*):
- (a) performing:
- (i) ~~a~~ an *FCA governing function*; or
- (ii) a *PRA governing function*;
- (other than a *person who is a* ~~the *non-executive director function*~~ of the *firm*); or
- (2) (b) performing the *apportionment and oversight function*; or
- (3) (c) performing the *significant management function* in so far as it relates to *dealing in investments as principal*, disregarding article 15 of the *Regulated Activities Order* (Absence of holding out etc) (or agreeing to do so) or an activity which is not *designated investment business*;
- (2) (if a *firm* is a *relevant authorised person*) a *director* of the *firm* who:
- (a) is not a *non-executive director*; and
- (b) is an *approved person* of that *firm*.
- 2.2.3 G (1) Typically a *firm* will appoint a ~~*person performing a governing function (other than the non-executive director function)*~~ *director* who is an *approved person* of that *firm* to direct its *insurance mediation activity*. A *firm* that is not a *relevant authorised person* may also appoint a *person performing another FCA governing function* or *PRA governing function*.

(1A) A firm should not appoint someone performing one of the FCA's or PRA's non-executive director controlled functions or any other non-executive director.

(1B) Where ~~this~~ responsibility for a firm's insurance mediation activity is allocated to a person performing ~~another~~ a controlled function ~~function that is not in paragraph (1), the person performing the apportionment and oversight function with responsibility for the apportionment of responsibilities~~ firm must ensure that the firm's insurance mediation activity is appropriately allocated. If the apportionment and oversight function applies to the firm, the person performing the apportionment and oversight function with responsibility for the apportionment of responsibilities should carry out the allocation.

(2) ...

(2A) Paragraph (2) does not apply to a relevant authorised person.

...

...

## Part 2: Comes into force on 21 March 2016

[Editor's note: The amendments in Part 2 replace the corresponding changes to MIPRU 2.2.2R and MIPRU 2.2.3G in the Mortgage Credit Directive Instrument 2015, other than the changes to MIPRU 2.2.3G(3).]

### 2.2 Allocation of the responsibility for insurance mediation activity

...

2.2.2 R The firm may allocate the responsibility for its insurance mediation activity or MCD credit intermediation activity to an approved person (or persons) who is:

...

2.2.3 G (1) Typically a firm will appoint a director who is an approved person of that firm to direct its insurance mediation activity or MCD credit intermediation activity. A firm that is not a relevant authorised person may also appoint a person performing another FCA governing function or PRA governing function.

(1A) ...

- (1B) Where responsibility for a *firm's insurance mediation activity* or *MCD credit intermediation activity* is allocated to a *person* performing a *controlled function* that is not in paragraph (1), the *firm* must ensure that the *firm's insurance mediation activity* or *MCD credit intermediation activity* is appropriately allocated. If the *apportionment and oversight function* applies to the *firm*, the *person* performing the *apportionment and oversight function* with responsibility for the apportionment of responsibilities should carry out the allocation.

...

## Annex I

## Amendments to the Client Assets sourcebook (CASS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

#### 1.4 Application: particular activities

...

- 1.4.11 G ...
- (2) ...
- (f) *SUP 10A.4.4R* (the *table of controlled functions*) and *SUP 10A.7.9R* (CASS operational oversight function (CF10a)); ~~and~~
- (fa) *SUP 10C.4.3R* (Table of FCA controlled functions for relevant authorised persons), *SYSC 5.2.30R* (Table: FCA-specified significant-harm functions) and *SYSC 5.2.32R* (CASS oversight and the certification regime); and
- ...

...

#### 1A.3 Responsibility for CASS operational oversight

- 1A.3.1 R (1) A CASS *small firm* must allocate to a *director* ~~performing a significant influence function~~ or a *senior manager* ~~performing a significant influence function~~ responsibility for:
- (1) (a) oversight of the *firm's* operational compliance with CASS; and
- (1) (b) reporting to the *firm's governing body* in respect of that oversight.
- (2) A CASS *small firm* that is not a *relevant authorised person* must make the allocation in (1) to a *director* or *senior manager* who is approved to perform a *significant influence function* for that *firm*.
- 1A.3.1-  
A G The material in CASS 1A.3.1BG about how CASS 1A.3 fits into the *FCA approved persons* regime for *relevant authorised persons* also applies to a CASS *small firm* and the function in CASS 1A.3.1R. However:
- (1) the function in CASS 1A.3.1R is not an *FCA specified significant-*

harm function; and

- (2) the person performing that function will not necessarily be subject to the employee certification regime described in SYSC 5.2 (Certification Regime).

**CF10a: the CASS operational oversight function The approved persons regime and the certification regime**

1A.3.1A R ...

- 1A.3.1B G (1) (a) CASS 1A.3.1AR describes the FCA controlled function known as the CASS operational oversight function (CF10a). The table of ~~controlled functions~~ FCA controlled functions in SUP ~~10.4.5R~~ 10A.4.4R together with SUP ~~10.7.9R~~ 10A.7.9R specify the CASS operational oversight function as a required function for a firm to which CASS 1A.3.1AR applies.
- (b) The CASS operational oversight function does not apply to a relevant authorised person.
- (2) (a) For a firm that is a relevant authorised person, the function in CASS 1A.3.1AR is not a separate controlled function and performing that function does not require approval as an approved person.
- (b) A relevant authorised person must allocate overall responsibility for the firm's compliance with CASS to one of its SMF managers (see SYSC 4.7.5R). That responsibility is an "FCA-prescribed senior management responsibility". The full list of FCA-prescribed senior management responsibilities is in the table in SYSC 4.7.7R.
- (c) A relevant authorised person may allocate the function in CASS 1A.3.1AR to the SMF manager in (b).
- (d) A relevant authorised person may allocate the CASS FCA-prescribed senior management responsibility described in (b) to an SMF manager who does not perform any other function coming within the FCA approved persons regime for relevant authorised persons. See SUP 10C.7 (Other overall responsibility function (SMF18)) for details.
- (e) A relevant authorised person may choose to allocate the function in CASS 1A.3.1AR to someone who is not an approved person and SMF manager. If so:
- (i) that person will be subject to the employee certification regime described in SYSC 5.2 (Certification Regime);

(ii) that person will be subject to supervision by the SMF manager in (b); and

(iii) the function in CASS 1A.3.1AR will be the CASS oversight FCA specified significant-harm function in SYSC 5.2.32R.

1A.3.1C R If, at the time a *firm* that is not a relevant authorised person becomes a *CASS medium firm* or a *CASS large firm* in accordance with CASS 1A.2.12R(1) or CASS 1A.2.12R(2), the *firm* is not able to comply with CASS 1A.3.1AR because it has no *director* or *senior manager* who is an *approved person* in respect of the *CASS operational oversight function*, the *firm* must:

...

- 1A.3.1D G (1) CASS 1A.3.1CR provides a grace period for a firm that is not a relevant authorised person to apply for someone to be approved to perform the CASS operational oversight function.
- (2) There is no equivalent to CASS 1A.3.1CR for a relevant authorised person, because a person does not need specific FCA approval before carrying out the function. This is explained in (3) to (5), below.
- (3) As explained in CASS 1A.3.1BG(2), the function in CASS 1A.3.1AR is not, by itself, a controlled function.
- (4) Therefore, if an approved person is to perform the function for a relevant authorised person, it can be allocated to any director or senior manager who is already an approved person who is suitable to carry it out.
- (5) If the function is to be carried out by a certification employee:
- (a) FCA approval is not needed because performance of a role that falls into the certification regime does not require FCA approval;
- (b) the firm should:
- (i) either issue them with a certificate under SYSC 5.2 (Certification regime) before the firm becomes a CASS medium firm or a CASS large firm; or
- (ii) give the function to a suitable approved person pending issue of the certificate.

...

### 11.3 Responsibility for CASS operational oversight

- 11.3.1 R (1) A CASS small debt management firm, other than a not-for-profit debt advice body, must allocate to a director or senior manager ~~performing a significant influence function~~ responsibility for:
- ~~(1)~~ (a) oversight of the firm's operational compliance with CASS 11;
  - ~~(2)~~ (b) reporting to the firm's governing body in respect of that oversight; and
  - ~~(3)~~ (c) completing and submitting a CCR005 return in accordance with SUP 16.12.29CR.
- (2) A firm that is not a relevant authorised person must make the allocation in (1) to a director or senior manager approved to perform a significant influence function in relation to that firm.
- 11.3.1A G CASS 11.3.3G(5) to (9) also apply to a CASS small debt management firm and the function in CASS 11.3.1R. However:
- (1) the function in CASS 11.3.1R is not an FCA specified significant-harm function; and
  - (2) the person performing that function will not necessarily be subject to the employee certification regime described in SYSC 5.2 (Certification Regime).
- ...
- 11.3.3 G (1) CASS 11.3.4R describes the FCA controlled function known as the CASS operational oversight function (CF10a) in relation to CASS large debt management firms, including not-for-profit debt advice bodies.
- (2) As a consequence of CASS 11.3.4R (in conjunction with SUP 10A.4.1R and SUP 10A.7.10R), in a CASS large debt management firm (including a not-for-profit debt advice body fitting into that category) the function described in CASS 11.3.4R is required to be discharged by a director or senior manager.
  - (3) In the case of a firm that is not a relevant authorised person, the director or senior manager in (2) should be who is an approved person under the approved persons regime provided for in SUP.
  - (4) However, the CASS operational oversight function does not apply to a relevant authorised person.
  - (5) For a firm that is a relevant authorised person, the function in CASS 11.3.4R is not a separate controlled function and performing that function does not require approval as an approved person.

- (6) A relevant authorised person must allocate overall responsibility for the firm’s compliance with CASS to one of its SMF managers (see SYSC 4.7.5R). That responsibility is an “FCA-prescribed senior management responsibility”. The full list of FCA-prescribed senior management responsibilities is in the table in SYSC 4.7.7R.
- (7) A relevant authorised person may allocate the function in CASS 11.3.4R to the SMF manager in (6).
- (8) A relevant authorised person may allocate the CASS FCA-prescribed senior management responsibility described in (6) to an SMF manager who does not perform any other function coming within the FCA approved persons regime for relevant authorised persons. See SUP 10C.7 (Other overall responsibility function (SMF18)) for details.
- (9) A relevant authorised person may choose to allocate the function in CASS 11.3.4R to someone who is not an approved person and SMF manager. If so:
- (a) that person will be subject to the employee certification regime described in SYSC 5.2 (Certification Regime);
  - (b) that person will be subject to supervision by the SMF manager in (6); and
  - (c) the function in CASS 11.3.4R will be the CASS oversight FCA specified significant-harm function in SYSC 5.2.32R.

...

- 11.3.5 R If, at the time a CASS debt management firm that is not a relevant authorised person becomes a CASS large debt management firm in accordance with CASS 11.2.8R, the firm is not able to comply with CASS 11.3.4R because it has no *director* or *senior manager* who is an *approved person* in respect of the CASS operational oversight function, the firm must:

...

- 11.3.5A G (1) CASS 11.3.5R provides a grace period for a firm that is not a relevant authorised person to apply for someone to be approved to perform the CASS operational oversight function.
- (2) There is no equivalent to CASS 11.3.5R for a relevant authorised person, because a person does not need specific FCA approval before carrying out the function. This is explained in (3) to (5), below.
- (3) As explained in CASS 11.3.3G, the function in CASS 11.3.5R is not, by itself, a controlled function.

- (4) Therefore, if an *approved person* is to perform the function for a *relevant authorised person*, it can be allocated to any *director* or *senior manager* who is already an *approved person* who is suitable to carry it out.
- (5) If the function is to be carried out by a *certification employee*:
- (a) *FCA* approval is not needed because performance of a role that falls into the certification regime does not require *FCA* approval;
- (b) the *firm* should:
- (i) either issue them with a certificate under *SYSC 5.2* (Certification regime) before the *firm* becomes a *CASS large debt management firm*; or
- (ii) give the function to a suitable *approved person* pending issue of the certificate.

...

## Annex J

### Amendments to the Supervision manual

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

#### **Part 1: Comes into force on 19 August 2015**

After SUP TP 6 insert the following new section. The text is all new and is not underlined.

#### **TP 7 Financial Services (Banking Reform) Act 2013: Approved persons in Solvency II firms**

Purpose of SUP TP 7

- 7.1.1 G *SUP* TP 7 has transitional and grandfathering provisions relating to the changes to the *approved persons* regime made by Part Four of the Financial Services (Banking Reform) Act 2013. The Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015:
- (1) requires all *Solvency II firms* before 8 February 2016 to give a notice to the *appropriate regulator* in respect of each *person* for whom that regulator has granted a pre-implementation approval in relation to the *firm*. The notice must specify the post-implementation functions that the *person* will perform on and after 7 March 2016, and each of these notified functions must be an equivalent function to a pre-implementation function which the person has approval to perform;
  - (2) allows the *FCA* to specify classes of persons in respect of whom a notice is not required to be given to the *FCA* and in *SUP* TP 7.2.1R the *FCA* specifies that class of persons;
  - (3) allows the *FCA* to make rules specifying the post-implementation *controlled functions* which are to be treated as equivalent to a pre-implementation *controlled function* for the purposes of that Order. In *SUP* TP 7.2.2R the *FCA* specifies the post-implementation *FCA* functions which are equivalent to *PRA* functions pre-implementation. The *PRA* has separately, in *PRA* Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6, specified equivalent post-implementation *PRA* functions; and
  - (4) provides that the pre-implementation approval has effect after 7 March 2016, without the need for re-application, if the notice in (1) is given before 7 March 2016 (whether or not that notice was given before 8 February 2016) and certain conditions in article 3 of the Order are met.

- 7.1.2 R *SUP* TP 7 applies to:
- (1) *Solvency II firms*; and
  - (2) *approved persons of Solvency II firms*.
- 7.1.3 G There is a glossary of terms in *SUP* TP 7.6.1. Those terms are not defined in the *Glossary*.

Grandfathering of approved persons: requirement to give notice and equivalence of old and new functions

- 7.2.1 R (1) A *Solvency II firm* is not required to give notice to the *FCA* for the purposes of article 2(1) of the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 in relation to any *approved person* for whom the *FCA* granted a pre-implementation approval in relation to that *firm* and whose role will not change post-implementation. Notice is deemed to be given for the purposes of article 2(3) and (4) unless the *firm* submits a Form C to the *FCA* (*SUP* 10A Annex 6R) in relation to *person's FCA* pre-implementation approval.
- (2) The exception to (1) is *approved persons*:
- (a) for whom the *FCA* granted a pre-implementation approval to perform the *significant management function* (CF29); and
  - (b) who are proposing to perform one of the *PRA* “senior insurance management functions” in column 2 of any of the rows relating to senior management functions (CF29) in the Table of Functions for Grandfathering in *PRA* Rulebook: *Solvency II firms: Senior Insurance Managers Regime Transitional Provisions*, rule 6,
- in relation to whom a *Solvency II firm* is required to give notice to the *FCA* for the purposes of article 2(1).

[**Note:** See article 2(2) of the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 (SI 2015/492)]

- 7.2.2 R Each pre-implementation controlled function in the first column of the table in *SUP* TP 7.2.3R is specified as an equivalent function to the *FCA controlled functions* listed in column two of the same row of that table. Each pre-implementation *FCA controlled function* which is not changing is equivalent to the *FCA controlled function* post-implementation.

[**Note:** See article 17(1)(a) of the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 (SI 2015/492)]

- 7.2.3 R Table: Old *PRA* controlled functions mapped onto new *FCA* ones

**Part 1: Solvency II firms other than insurance special purpose vehicles and third-country insurance and reinsurance undertakings**

<b>Current controlled function</b>	<b>New FCA controlled function</b>
PRA Director function (CF1)	FCA Director function (CF1) (see Note 1)
PRA Director of unincorporated association (CF5)	FCA Director of unincorporated association (CF5) (see Note 1)  Chair of the nomination committee function (CF 2a) (see Note 2)  Chair of the with-profits committee function (CF 2b) (see Note 2)
PRA Non-Executive Director function (CF2)	Chair of the nomination committee function (CF 2a) (see Note 2)
PRA Non-Executive Director function (CF2)	Chair of the with-profits committee function (CF 2b) (see Note 2)

**Note 1:** FCA controlled functions CF1 and CF5, above, apply only where the person is not otherwise grandfathered to perform any post-implementation PRA function, as set out in the Table of Equivalent Functions for Grandfathering in the PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6.

**Note 2:** FCA controlled functions CF2a and CF2b apply only where the person is not otherwise grandfathered to perform a post-implementation PRA function which is equivalent to the pre-implementation PRA CF2 function, as set out in the Table of Equivalent Functions for Grandfathering in the PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6.

**Part 2: Insurance special purpose vehicles**

<b>Current controlled function</b>	<b>New FCA controlled function</b>
PRA Director function (CF1)	FCA Director function (CF1) (see Note 1)
PRA Non-Executive Director function (CF2)	Chair of the nomination committee function (CF 2a) (see Note 2)
PRA Non-Executive Director function (CF2)	Chair of the with-profits committee function (CF 2b) (see Note 2)
PRA Systems and Controls function (CF 28)	FCA systems and controls function (CF 28) (conduct perspective only) (see Note 1)

**Note 1:** FCA controlled function CF1, above, applies only where the person is not otherwise grandfathered to perform any post-implementation PRA function, as set out in the Table of Equivalent Functions for Grandfathering in the PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6.

**Note 2:** FCA controlled functions CF2a and CF2b apply only where the person is not otherwise grandfathered to perform a post-implementation PRA function which is equivalent to the pre-implementation PRA CF2 function, as set out in the Table of Equivalent Functions for Grandfathering in the PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6.

**Note 3:** FCA controlled function CF28 applies only where the person is not otherwise grandfathered to perform any post-implementation PRA function, as set out in the Table of Equivalent Functions for Grandfathering in the PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6.

### **Part 3: Third-country insurance and reinsurance undertakings**

**Note 1:** FCA controlled function CF1, below, applies only where the person is not otherwise grandfathered to perform any post-implementation PRA function, as set out in the Table of Equivalent Functions for Grandfathering in the PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6.

**Note 2:** There are no CF2a or CF2b functions in third country undertakings.

**Note 3:** FCA controlled functions CF28 and CF51 apply only where the person is not otherwise grandfathered to perform any post-implementation PRA function, as set out in the Table of Equivalent Functions for Grandfathering in the PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6.

<b>Current controlled function</b>	<b>New FCA controlled function</b>
PRA Director function (CF1)	FCA Director function (CF1)
PRA Actuary function holder (CF 12)	Actuarial conduct function (third country) (CF 51) (conduct perspective only)
PRA Systems and Controls function (CF 28)	FCA systems and controls function (CF 28) (conduct perspective only)

7.2.4 G In TP 7.2.3R, where a *person* is grandfathered to perform a post-implementation *PRA controlled function*, as set out in the Table of Equivalent Functions for Grandfathering in PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6, (or in relation to FCA functions CF2a or 2b, a *PRA* function equivalent to the pre-implementation PRA CF2 function) then, if they would also be performing an *FCA* function referred to in column 2 of the Table in TP 7.2.3R, the *FCA* function is disapplied and instead absorbed into that *PRA* function. This absorption happens by virtue of its inclusion in *PRA*

Rulebook: Solvency II firms: Senior Insurance Managers Regime – Transitional Provisions 6, and the *firm* is required to identify the absorbed function on the person’s scope of responsibilities document described in SYSC 2.2.4R, when that record is produced. The exception to this is CF28 and CF51 *FCA* post-implementation functions which are not absorbed into *PRA controlled functions*.

#### Grandfathering of approved persons: forms

7.3.1 D This section (*SUP* TP 7.3) applies to a notification by a *firm* to the *FCA* under the articles of the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 listed in the table in *SUP* TP 7.3.2D.

7.3.2 D Table: Grandfathering notifications

Purpose of notification	Article of Order
(1) Notification of pre-implementation approval satisfying conditions in <i>SUP</i> TP 7.2.1R(2).	Article 2(1)
(2) Amendments to grandfathering notification in (1)	Article 6
(3) Notification of applications for approval	Article 11
(4) Amendment to grandfathering notification in (1) to add a new <i>candidate</i>	Article 14
(5) Any other amendment to grandfathering notification in (1)	Article 14

7.3.3 D (1) A *firm* must make any notification in row (1) and (3) of the table in *SUP* TP 7.3.2D in accordance with *SUP* 10A.16 (How to apply for approval and give notifications) as applicable to *insurers*.

(2) A *firm* must use the version of the grandfathering notification form made available online at [fca.org.uk](http://fca.org.uk) on the *FCA* and *PRA*’s *ONA* electronic system (known as Connect) and which is based on the version found in *SUP* TP 7.7.1D.

(3) If the online version is not yet available, a *firm* is not required to submit the notification form but, if it chooses to do so, it must use the version found in *SUP* TP 7.7.1D and submit it in accordance with *SUP* 15.7.4R to *SUP* 15.7.9G.

(4) A *firm* must make any notification in rows (2), (4) and (5) by updating the notification form online at [fca.org.uk](http://fca.org.uk) on the *FCA* and *PRA*’s *ONA* electronic system (known as Connect).

- (5) For *persons* falling under SUP TP 7.2.1R(1), a *firm* is treated as giving notification and relevant information for the purposes of article 5 of the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 unless it has notified the *FCA* that the person ceases to perform the relevant function using Form C. Likewise, *approved persons* in *firms* which are carrying out *PRA controlled function* CF1 pre-implementation and who will continue to carry out *FCA controlled function* CF1 post-implementation (and no *PRA controlled functions*), and there are no other changes to the functions they carry out, notification and relevant information in relation to the *FCA* CF1 function is deemed to have been given to the *FCA*, unless the *firm* has submitted a Form C.

- 7.3.4 G If a *firm* notifies an application for approval and that application is refused before the commencement date, the *firm* should update the notification under row (5) of the table in SUP TP 7.3.2D.
- 7.3.5 G If a *firm* gives a grandfathering notification for an *approved person* and that *approved person* leaves the *firm* or gives up performing some of their *controlled functions*, the *firm* should notify the *appropriate regulator* using Form C as well as under SUP TP 7.

#### Applications of approved persons to take effect from the 7 March 2016

- 7.4.1 D (1) A *firm* may apply for the *FCA*'s approval under section 59 of the *Act* (Approval for particular arrangements) for the performance of a *controlled function* which comes into force on 7 March 2016.
- (2) Any application must be made between the 1 January 2016 and the day before 7 March 2016.
- (3) Any such application is made on the basis that it is treated as being made on the 7 March 2016.
- (4) The application must be made using the version of Form A or Form E applicable from 7 March 2016 and in accordance with the other requirements to be in effect on that date.
- 7.4.2 G The Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 will not apply to an application under SUP TP 7.4.1D.
- 7.4.3 G A *firm* does not have to make an application under SUP TP 7.4.1D. It can make an application between the rule-making date and the 7 March 2016 under the *rules* and directions in force at the time of the application. The Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 will apply to such applications.

Application of ongoing requirements to documents submitted as part of grandfathering

- 7.5 R (1) The requirements of *SUP* 10A apply to approvals that are continued in force by the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015, as they do to applications made after the commencement date.
- (2) The requirements of *SUP* 10A apply to an application for approval that is grandfathered under the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 and has not been finally determined before the 7 March 2016, as they do to applications made after the commencement date.
- (3) This paragraph is subject to the other provisions of *SUP* TP 7.

7.6.1 Glossary of terms used in *SUP* TP 7

pre-implementation controlled functions	an <i>FCA controlled function</i> or a <i>PRA controlled function</i> in force immediately before the 7 March 2016
rule-making date	in accordance with The Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015, the date both regulators make rules under article 17 of the Order or, if made on different days, the last day on which the rules are made.
[ <b>Note:</b> References to <i>rules</i> in <i>SYSC</i> and <i>SUP</i> 10A are to those <i>rules</i> as they will be in force on the 7 March 2016.	

7.7.1 D Form K: Grandfathering notification

Insert the following form which is not marked as underlined.



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY



Application number  
(for FCA/PRA use only)

## Grandfathering Notification Form (Form K) Solvency II firms only

*FCA Handbook Reference: SUP TP7*

*PRA Rulebook Reference: PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime - Transitional Provisions*

**Please note:** for Solvency II firms this form does NOT need to be completed for approved persons who are currently only performing an FCA *controlled function* and it is intended will continue only to hold the same FCA *controlled function* following grandfathering (see SUP TP 7.2.1R). Also, information does NOT need to be provided in relation to the CF1 function where an individual is currently approved to perform *governing function* PRA CF1 and who will after 7 March 2016 perform *governing function* FCA CF1 but not any of the PRA SIMF functions (see PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime – Transitional Provisions) as FCA grandfathering will automatically convert the PRA CF1 to an FCA CF1.

If a firm intends that any individual will not perform any *controlled function* that they would be eligible to take up through grandfathering (including those functions where information is not required to be submitted in this form, as set out above) it should submit a Form C (notice of ceasing to perform *controlled functions*) accordingly.

Name of firm

Firm Reference Number (FRN)

Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS  
United Kingdom  
Telephone +44 (0) 300 500 0597  
E-mail [iva@fca.org.uk](mailto:iva@fca.org.uk)  
Website <http://www.fca.org.uk>  
Registered as a Limited Company in England and Wales  
No 1920623. Registered Office as above

Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA  
United Kingdom  
Telephone +44 (0) 203 461 7000  
Email [PRA-ApprovedPersons@bankofengland.co.uk](mailto:PRA-ApprovedPersons@bankofengland.co.uk)  
Website [www.bankofengland.co.uk/PRA](http://www.bankofengland.co.uk/PRA)  
Registered as a Limited Company in England and Wales No  
07854923. Registered Office: 8 Lothbury Road, London, EC2R  
7HH

**Contact Details****Section 1**

Contact for this notification

1.01 Title	
1.02 First Name	
1.03 Surname	
1.04 Job Title	
1.05 Business address	
1.06 Post code	
1.07 Phone number (including STD code)	
1.08 Email address	
1.09 Mobile No	
1.10 Fax No.	

**Grandfathering Notification** **Section 2**

**2.01** Provide details of each *approved* person who will, from 7 March 2016, perform any of the *controlled functions* set out in column 2 of the tables in FCA rule SUP TP 7.2.3R or in column 2 in the Table of Equivalent Functions for Grandfathering in *PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions*. Also provide details of which of those *controlled functions* are to be carried out by each such *approved person*. **If this is an update to a previous grandfathering notification please complete section 3.**

IRN	Name of individual
Current Controlled Function	Proposed Controlled Function(s)

IRN	Name of individual
Current Controlled Function	Proposed Controlled Function(s)

IRN	Name of individual
Current <i>Controlled Function</i>	Proposed <i>Controlled Function(s)</i>

**2.02** If you have submitted any applications for approval of individuals to perform one or more *controlled functions* that are currently subject to determination by the *FCA* and/or *PRA*, and any of these individuals who will from 7 March 2016 perform any of the *controlled functions* set out in column 2 of the tables in *FCA* rule *SUP TP 7.2.3R* or in column 2 in the Table of Equivalent Functions for Grandfathering in *PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions*, provide details of which of those *controlled functions* are to be carried out by each such *approved person*. **For the purpose of this section, you should assume that the *FCA* and/or *PRA* will approve the application that is subject to determination before the commencement date, and that the individual will therefore be eligible for grandfathering. If this is an update to a previous grandfathering notification please complete section 3.**

IRN [or application ref]	Name of individual
<i>Controlled Function</i> applied for	Proposed <i>Controlled Function(s)</i>

IRN [or application ref]	Name of individual
<i>Controlled Function</i> applied for	Proposed <i>Controlled Function(s)</i>

IRN [or application ref]	Name of individual
<i>Controlled Function</i> applied for	Proposed <i>Controlled Function(s)</i>


**2.03** If there are one or more individuals currently approved to perform PRA *controlled function* CF2 who will remain at the firm in the capacity of a *non-executive director* following commencement date, and such individuals are not listed above in section 2.01, please list them below

IRN	Name of individual

**2.04** If you have submitted any applications for approval of individuals to PRA *controlled function* CF2 under the approved persons regime that are currently subject to determination by the FCA and/or PRA, who will remain at the firm in the capacity of a *non-executive director* following commencement date, and such individuals are not listed above in section 2.02, please list them below.

IRN	Name of individual

**Update Notification** **Section 3**

**3.00** If you need to update a previous grandfathering notification, please provide details of updates to the *firm's* Grandfathering Notification Form below.

IRN	Name of individual
<i>Controlled Function</i>	<i>Proposed Controlled Function(s)</i>

**Details of change and reasons for such change.**

IRN	Name of individual
<i>Controlled Function</i>	<i>Proposed Controlled Function(s)</i>

**Details of change and reasons for such change.**

**Declarations and signatures****Section 4****Declaration**

In this declaration, the *firm* making the notification in relation to each individual is referred to as the “**applicant**”.

The applicant must ensure that it has the authority of each individual in relation to whom it is making a notification for grandfathering to a *controlled function* to cause the information contained in this form relating to such individual to be submitted, and that it has made each such individual aware of his/her prospective regulatory responsibilities as set out in the *FCA's Code of Conduct (COCON)* and/or the *PRA Rulebook: Solvency II firms: Insurance – Conduct Standards* (as applicable).

It is a criminal offence, knowingly or recklessly, to give the *FCA* and/or *PRA* information that is materially false, misleading or deceptive (see sections 398 and 400 Financial Services and Markets Act 2000).

The applicant must notify the *FCA* and/or *PRA* immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the *FCA* and/or *PRA* is reasonably likely to consider the information material).

For the purpose of complying with the Data Protection Act 1998, the personal information provided in this form will be used by the *FCA* and *PRA* to discharge their statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation and will not be disclosed for any other purpose without the permission of the applicant.

In addition to other regulatory responsibilities, *firms* and *approved persons* have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the *firm* and/or individuals.

The person signing on behalf of the applicant confirms that:

- he or she has read this declaration in full;
- he or she has confirmed that the information supplied is accurate and complete to the best of the his/her knowledge.

Name of the *applicant*

Name of *person* signing on behalf of the *applicant*

Position

Signature

Date

**Part 2: Comes into force on 7 March 2016**

**6.3 Applications for variation of permission and/or imposition, variation or cancellation of requirements**

...

- 6.3.8 G (1) Where a *firm* is submitting an application for variation of *Part 4A permission* which would lead to a change in the *controlled functions* of its *approved persons*, it should, at the same time and as appropriate:
- (a) make an application for an internal transfer of an *approved person*, Form E (Internal transfer), or make an application for an individual to perform additional *controlled functions*, the relevant Form A (Application); see: ~~*SUP 10.13.3D to SUP 10.13.5G*~~
    - (i) *SUP 10A.13.3D to SUP 10A.13.5G* (for a *firm* that is not a *relevant authorised person*);
    - (ii) *SUP 10C.10* (for a *relevant authorised person*); or
    - (iii) the corresponding *PRA* requirements;
  - (b) notify the *appropriate regulator* of any *approved person* who has ceased to perform a *controlled function* specified by that regulator, Form C (Ceasing to perform controlled functions); see: ~~*SUP 10.13.6R to SUP 10.13.13G*~~
    - (i) *SUP 10A.14* (for a *firm* that is not a *relevant authorised person*);
    - (ii) *SUP 10C.14* (for a *relevant authorised person*); or
    - (iii) the corresponding *PRA* requirements;
- (2) If the *firm* intends to recruit new individuals to perform *controlled functions*, it should apply for approval of the individuals as *approved persons* as soon as possible using Form A (Application); see:
- (a) ~~*SUP 10.12*~~ *10A.13* (for a *firm* that is not a *relevant authorised person*);
  - (b) *SUP 10C.10* (for a *relevant authorised person*); or
  - (c) the corresponding *PRA* requirements.

Relevant authorised person status

- 6.3.9 G ~~[deleted]~~ A variation of a firm’s Part 4A permission may mean that it becomes a relevant authorised person. This would have a number of significant consequences, which include:
- (1) the application of the special powers in relation to misconduct by approved persons (see DEPP 6.2.9-AG);
  - (2) the approved persons regime switches from SUP 10A to SUP 10C;
  - (3) COCON applies in place of APER;
  - (4) the certification regime described in SYSC 5.2 applies;
  - (5) the criminal offence in section 36 of the Financial Services (Banking Reform) Act 2013 (Offence relating to a decision causing a financial institution to fail) potentially applies, although that offence does not apply to every relevant authorised person; and
  - (6) SYSC 4.5 (Management responsibilities maps for relevant authorised persons), SYSC 4.7 (Senior management responsibilities for relevant authorised persons: allocation of responsibilities) and SYSC 4.9 (Handover procedures and material) apply.

...

- 6.3.25 G Information which may be required. See SUP 6.3.24G

Type of business	Information which may be required
All	...
	3. Organisation charts and details of individuals transferring or being recruited to perform new <i>controlled functions</i> (see SUP 40 10A and SUP 10C, and the corresponding PRA requirements for details of the application or transfer procedures under the <i>approved persons</i> regime).
...	

...

## 6.4 Applications for cancellation of permission

...

- 6.4.18 G (1) A firm which is applying for cancellation of Part 4A permission and which is not otherwise authorised by, or under, the Act should, at the same time, :

- (a) comply with:
  - (i) SUP 10.13.6R 10A.14.8R (for a *firm* that is not a *relevant authorised person*);
  - (ii) SUP 10C.14.5R (for a *relevant authorised person*); or
  - (iii) the corresponding PRA requirements; and
- (b) notify the *appropriate regulator* of persons ceasing to perform *controlled functions* specified by that regulator.

- (2) These forms should give the effective date of withdrawal, if known (see SUP 10 (Approved persons) 10A and SUP 10C (FCA's regimes for approved persons)).

...

## 10A FCA Approved Persons

### 10A.1 Application

#### General

- 10A.1.1 R This chapter applies to every:
  - (1) firm that is not a relevant authorised person; and
  - (2) relevant authorised person, but only to the extent required by SUP 10A.1.16BR (Appointed representatives).
- 10A.1.1A G SUP 10C deals with the approved persons regime for relevant authorised persons.
- 10A.1.2 G This chapter is also relevant to every *FCA-approved person*:
  - (1) of a firm that is not a relevant authorised person; and
  - (2) of any appointed representative, including of an appointed representative of a relevant authorised person.
- ...
- 10A.1.8 G (1) SUP 10A.1.7R reflects the provisions of section 59(8) of the Act and, in relation to an incoming Treaty firm and a UCITS qualifier, the Treaty and the UCITS Directive. ...  
 (2) For example, persons in Solvency II firms which are incoming EEA firms are not expected to be carrying out FCA functions to the extent

that the *person* will be regarded as effectively running the *firm* or responsible for a *Solvency II Directive* ‘key function’.

...

10A.1.16 R ...  
A

10A.1.16 R SUP 10A.1.15R and SUP 10A.1.16R apply to the appointed representative  
B of a relevant authorised person.

10A.1.16 G (1) References in this chapter to a firm include a relevant authorised  
C person, but only to the extent required by SUP 10A.1.16BR.

(2) References in SUP 10A.1.15R and SUP 10A.1.16R to FCA governing functions and other controlled functions are to controlled functions in this chapter, not in SUP 10C (FCA senior management regime for approved persons in relevant authorised persons).

10A.1.16 G (1) Under section 59(6A) of the Act, if the FCA is satisfied that, in  
D relation to the carrying on of a regulated activity by a relevant authorised person, a controlled function is a senior management function, the FCA must designate the function in its rules as a senior management function.

(2) Generally, the FCA does not think that a person performing a function in SUP 10A.1.16BR will have sufficient responsibility for managing the affairs of the appointed representative’s principal (as opposed to managing the affairs of the appointed representative itself) to perform a senior management function.

(3) Therefore:

(a) the FCA has not designated any of the functions in SUP 10A.1.16BR as a senior management function; and

(b) none of the functions in SUP 10A.1.16BR are designated senior management functions.

(4) SUP 10C.1.8G (Approved persons in relation to appointed representatives of relevant authorised persons) explains that it is unlikely that SUP 10C (FCA senior management regime for approved persons in relevant authorised persons) will apply to approved persons working in appointed representatives of relevant authorised persons in addition to this chapter.

...

#### 10A.4 Specification of functions

...

- 10A.4.2 R Part 1 of the table of *FCA controlled functions* applies in relation to an *FCA-authorised person*. It also applies in relation to an *appointed representative* for the purposes of SUP 10A.1.15 R to SUP 10A.1.16BR (Appointed representatives) whether its *principal* is an *FCA-authorised person* or a *PRA-authorised person*. Part 2 applies in relation to a *PRA-authorised person*.

...

- 10A.4.4 R FCA controlled functions

...

Part 2 (FCA controlled functions for PRA-authorised persons)		
(See Note 1)		
Type	CF	Description of FCA controlled function
<u>FCA governing functions*</u>	<u>1</u>	<u>Director function</u> (see Note 2)
	<u>2a</u>	<u>Chair of the nomination committee function</u> (see Note 2)
	<u>2b</u>	<u>Chair of the with-profits committee function</u> (see Note 2)
	<u>5</u>	<u>Director of an unincorporated association</u> (see Note 2)
<u>FCA required functions*</u>	8	<u>Apportionment and oversight function</u> (see Note 3)
	50	...
	<u>51</u>	<u>Actuarial conduct function (third country)</u> (see Note 4)
<u>Systems and controls function*</u>	<u>28</u>	<u>Systems and control function</u> (see Note 5)
...		
*FCA significant-influence functions		
<b>Note 1:</b> Part 2 of this table does not apply to <i>appointed representatives</i> of <i>PRA-authorised persons</i> . Part 1 applies instead. (See SUP 10A.4.2R.)		

**Note 2:** *Solvency II firms only.*

**Note 3:** Not applicable to a *Solvency II firm*

**Note 4:** Third country insurance or reinsurance undertakings which are *Solvency II firms only.*

**Note 5:** Only *Solvency II firms* that are:

(a) third-country insurance or reinsurance undertakings; or

(b) ISPVs.

...

## 10A.5 Significant-influence functions

...

10A.5.3 **G** ~~Section 59(7B) of the Act says that a~~ **A** *significant-influence function*, in relation to the carrying on of a *regulated activity* by a *firm*, means a function that is likely to enable the *person* responsible for its performance to exercise a significant influence on the conduct of the *firm's* affairs, so far as relating to the activity.

10A.5.4 **G** ~~SUP 10A.5.2R gives effect to section 59(5)(b) of the Act. [deleted]~~

...

## 10A.6 FCA governing functions

...

10A.6.1 **G** (1) Every *firm* will have one or more *persons* responsible for directing its affairs. These *persons* will be performing the *FCA governing functions* and will be required to be *FCA-approved persons* unless the application provisions in SUP 10A.1, or the particular description of an *FCA controlled function*, provide otherwise. For example, each *director* of a *company* incorporated under the Companies Acts will perform an *FCA governing function*. However, if the *firm* is a *PRA-authorized person*, the *governing functions* do not apply. Instead, those *persons* will be performing the *PRA governing functions* and will be required to be *PRA-approved person* instead.

(2) The exception to this is a *Solvency II firm*. For a *Solvency II firm*, the *FCA governing functions* CF1, CF2a, CF2b and CF5 may apply if the *person* carrying out the function is not approved to carry out a *PRA controlled function* or the other conditions in SUP 10A.11.12R (minimising overlap with the PRA approved persons regime) are not

satisfied.

- (3) For a *Solvency II firm*, if the person is approved to carry out a *PRA controlled function* and the conditions in *SUP 10A.11.12R* are satisfied, the relevant *FCA function* is instead absorbed into the *PRA controlled function* that the person is approved for (by virtue of its inclusion in *PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime, 2.5*).

10.6.2 G ...

- 10A.6.2A G (1) As explained in more detail in the rest of this section, a number of *FCA governing functions* do not apply to a *PRA-authorised person*.
- (2) However, (1) does not apply to an *FCA governing function* under *SUP 10A.1.15R* to *SUP 10A.1.16BR* (*Appointed representatives*). The *FCA governing functions* continue to apply for *appointed representatives of a PRA-authorised person*.
- (3) For example, the *chief executive function* does not apply to a *PRA-authorised person*. A *PRA controlled function* applies instead.
- (4) However, the *chief executive function* may apply to someone who is the chief executive of an *appointed representative of a PRA-authorised person*.
- (5) See *SUP 10A.1.15R* to *SUP 10A.1.16BR* and *SUP 10A.4.2R* for the main rules that deal with what *controlled functions* apply to *appointed representatives*.

...

- 10A.6.5 G ~~A *firm* carrying on *insurance mediation activity*, other than a *sole trader*, must allocate to a director or senior manager the responsibility for the firm's insurance mediation activity (*MIPRU 2.2.1R*). *MIPRU 2.2.2R(1)* provides that the *firm* may allocate this responsibility to one or more of the *persons* performing an *FCA governing function* (other than the *non-executive director function*). See *MIPRU 2.2* for how the *FCA's approved persons* regime is adjusted for a *firm* carrying on *insurance mediation activity*.~~

- 10A.6.6 G ~~Where a *person* performing a *governing function* is also responsible for the *firm's insurance mediation activity*, the words "(insurance mediation)" will be inserted after the relevant *FCA controlled function* (see *MIPRU 2.2.5G*).  
[deleted]~~

...

- 10A.6.11 G (1) The *director function* does not apply in relation to a *PRA-authorised person*. *PRA* approval is required instead.
- (2) The exception to this is a *Solvency II firm*. For a *Solvency II firm*,

the FCA director function may apply if the person carrying out the function is not approved to carry out a PRA controlled function or the other conditions in SUP 10A.11.12R (minimising overlap with the PRA approved persons regime) are not satisfied.

10A.6.11 R For the purposes of SUP 10A.6.7R and SUP 10A.6.8R (the director  
A function), ‘director’ includes an executive member of a committee to which the Council of the Society directly delegates authority to carry out the Society’s regulatory functions.

...

Chair of the nomination committee (CF2a) and chair of the with-profits committee functions (CF2b) (Solvency II firms only)

10A.6.15 R (1) For a Solvency II firm only, if the firm has a nomination committee,  
A the chair of the nomination committee function is the function of acting in the capacity of a non-executive chairman of that committee.

(2) The chair of the nomination committee function does not apply to a Solvency II firm that is a third-country insurance or reinsurance undertaking.

10A.6.15 R (1) For a Solvency II firm only, if the firm has a with-profits committee,  
B the chair of the with-profits committee function is the function of acting in the capacity of a non-executive chairman of the committee.

(2) The chair of the with-profits committee function does not apply to a Solvency II firm that is a third-country insurance or reinsurance undertaking.

10A.6.15 G (1) For a Solvency II firm, the chair of the nomination committee  
C function and the chair of the with-profits committee function may not apply if the person carrying out the function is approved to carry out a PRA controlled function and the conditions in SUP 10A.11.12R (minimising overlap with the PRA approved persons regime) are satisfied.

(2) In that case, the relevant FCA function is instead absorbed into the PRA controlled function that the person is approved for (by virtue of its inclusion in PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime, 2.5).

...

10A.6.29 R If a firm is an unincorporated association, the director of unincorporated  
association function is the function of acting in the capacity of a director of the unincorporated association. In a Solvency II firm the function does not include acting in the capacity of a non-executive director.

10A.6.30 G The director of unincorporated association function does not apply in  
relation to a PRA-authorised person. PRA approval is required instead. The

exception to this is a *Solvency II firm*, see SUP 10A.6.1G(3) above.

...

## 10A.7 FCA required functions

Apportionment and oversight function (CF 8)

10A.7.1 R (1) The *apportionment and oversight function* is the function of acting in the capacity of a *director* or *senior manager* responsible for ~~either or both~~ of the apportionment function and/or the oversight function set out in SYSC 2.1.3R or SYSC 4.4.5R.

(2) The *apportionment and oversight function* does not apply to a *Solvency II firm*.

10A.7.2 G In requiring someone to apportion responsibility, neither a *common platform firm* nor a *Solvency II firm* should not apply for that *person* or *persons* to be FCA-approved to perform the *apportionment and oversight function* (see SUP 10A.7.1R, SYSC 2.1.3R and SYSC 1 Annex 1).

10A.7.13 R ...

Actuarial conduct function in *Solvency II* third-country insurance or reinsurance undertakings

10A.7.14 R The *actuarial conduct function (third country)* is that part of the function of acting in the capacity of an actuary appointed (by a *Solvency II firm* which is a third-country insurance or reinsurance undertaking) under rule 7.1(2) of the *PRA Rulebook: Solvency II Firms: Third Country Branches* that relates to compliance with FCA requirements and standards under the *regulatory system*.

...

## 10A.8 Systems and controls functions

10A.8.1 R ...

10A.8.1A R For a *Solvency II firm* which is an *insurance special purpose vehicle* or a third-country insurance or reinsurance undertaking, the *systems and controls function* is modified as follows:

(1) it does not include any of the activities described in any *PRA controlled function* if that *controlled function* applies to the *firm*;

- (2) it does not include activities allocated to and carried on by another person who is a PRA approved person; and
- (3) it only includes that part of the function that relates to compliance with FCA requirements and standards under the regulatory system.

...

- 10A.8.3 G (1) The systems and controls function does not apply in relation to a PRA-authorised person. PRA approval is required instead.
- (2) The exception is a Solvency II firm which is an insurance special purpose vehicle or a third-country insurance or reinsurance undertaking. For such firms, FCA approval may be required but only to the extent that the activities are not already covered by a PRA controlled function that applies to the firm or are not activities allocated to and carried on by another person who is a PRA approved person.
- (3) Also, for firms in (2), the function is expressly limited to that part of the function that relates to compliance with FCA requirements and standards under the regulatory system.
- (4) For firms in (2), references in SUP 10A.8.1R to SYSC should also be read as including references to comparable provisions in the PRA Rulebook: Solvency II Firms: Third Country Branches and Solvency II Regulations, as appropriate.

...

## 10A.9 Significant management functions

...

- 10A.9.1 R SUP 10A.9 applies only to a firm which:
- (1) under SYSC 2.1.1R, chapters 2, 3 and 5 of the PRA Rulebook: Solvency II Firms: Insurance – Allocation of Responsibilities or SYSC 4.1.1R, apportions a significant responsibility, within the description of the significant management function, to a senior manager of a significant business unit; or

...

## 10A.10 Customer-dealing functions

...

10A.10.5 **G** ~~Section 59(7A) of the Act (Approval for particular arrangements)~~ says that **R** ~~the~~ The customer-dealing function, in relation to the carrying on of a *regulated activity* by a *firm* ("A"), means a function that will involve the *person* performing it in dealing with:

...

...

**10A.11 Minimising overlap with the PRA approved persons regime**

...

10A.11.6 **G** The *FCA* and *PRA* have coordinated their *approved persons* regime to reduce the amount of overlap. These arrangements do not relate to ~~significant influence~~ the customer-dealing functions only.

10A.11.7 **G** The *FCA* is under a duty under section 59A of the *Act* (Specifying functions as controlled functions: supplementary) to exercise the power to specify any ~~significant influence~~ senior management function as an *FCA controlled function* in a way that it considers will minimise the likelihood that approvals fall to be given by both the *FCA* and the *PRA* in respect of the performance by a person of ~~significant influence~~ senior management functions in relation to the same *PRA-authorised person*.

10A.11.8 **G** (1) ~~SUP 10A.11~~ For a firm (other than a Solvency II firm), SUP 10A.11.11R disapplies the *apportionment and oversight function* for a *person* who is the subject of an application for approval to perform a *PRA governing function*, subject to certain conditions set out in *SUP 10A.11.11R*. ...

(2) For a Solvency II firm only, SUP 10A.11.12R disapplies the *FCA governing functions* for a *person* who is approved to perform a *PRA controlled function*, subject to the conditions in *SUP 10A.11.12R*.

(3) The FCA functions disapplied in accordance with the governing functions overlap rule for Solvency II firms (SUP 10A.11.12R) are absorbed into the relevant PRA controlled function by virtue of their inclusion in PRA Rulebook: Solvency II firms: Senior Insurance Managers Functions, 2.5.

10A.11.9 **G** ~~SUP 10A.11.10G~~ gives some examples of how ~~SUP 10A.11~~ SUP 10A.11.11R works. It does not cover how SUP 10A.11.12R works.

10A.11.10 **G** Table: Examples of how the need for dual FCA and PRA approval in relation to PRA-*authorised persons* is reduced

Example	Whether FCA	Whether PRA	Comments
---------	-------------	-------------	----------

	approval required	approval required	
...			
(6) ...			
<b>Note:</b> This table does not apply to <i>Solvency II firms</i>			

The main ~~rule~~ rules

10A.11.11 R A person (referred to as A in this *rule*) is not performing the *apportionment and oversight function* in relation to a *PRA-authorised person that is not a Solvency II firm* (referred to as B in this *rule*), at a particular time, if:

...

(4) ~~at the time of the PRA approval referred to in (1), A had not started to perform what would otherwise have been the *apportionment and oversight function* (the FCA function) and, as part of the application for the PRA approval referred to in (1), B notified the PRA that A would start to perform what would otherwise have been the FCA function~~ *apportionment and oversight function* at or around the time of the PRA approval in (1); and

(5) A started to perform what would otherwise have been the *apportionment and oversight function* at or around the time of the PRA approval in (1) and has continued to perform it up to the time in question.

10A.11.12 R A person (referred to as “A” in this *rule*) is not performing an *FCA governing function* (referred to as the ‘particular’ *FCA governing function* in this *rule*) in relation to a *Solvency II firm* (referred to as “B” in this *rule*), at a particular time, if:

(1) A has been approved by the PRA to perform any PRA controlled function in relation to B;

(2) throughout the whole of the period between the time of the PRA approval in (1) and the time in question, A has been the subject of a current PRA approved person approval to perform a PRA controlled function in relation to B;

(3) at the time of the PRA approval in (1), A was not subject to a current FCA approved person approval to perform the particular FCA controlled function in relation to B;

(4) as part of the application for the PRA approval in (1), B notified the PRA that A would start to perform what would otherwise have been the particular FCA governing function (referred to as the “potential”

FCA governing function in this rule) at or around the time of the PRA approval in (1); and

- (5) A started to perform the potential FCA governing function at or around the time of the PRA approval in (1) and has continued to perform it up to the time in question.

...

### 10A.13 Application for approval and withdrawing an application for approval

...

- 10A.13.19 R A firm applying to withdraw notifying the FCA of its withdrawal of an application for approval must notify the FCA, using Form B, in the form set out in SUP 10A Annex 5R.

...

### 10A.14 Changes to an FCA-approved person's details

...

- 10A.14.4 D ...

- (2) A firm must not use Form E if:

- (a) the *approved person* has never before been approved to perform for any firm:

(i) an FCA controlled function that is a significant-influence function for any firm; or

(ii) an FCA-designated senior management function; or

(iii) a PRA controlled function; or

- (b) the *approved person* has not been subject to a *current approved person approval* from the FCA or PRA to perform:

(i) an FCA controlled function that is a significant-influence function; or

(ii) an FCA-designated senior management function; or

(iii) a PRA controlled function;

in relation to any firm for more than six months; or

- (c) any of the following apply (where applicable):
- (i) a notification referred to in SUP 10C.10.9D(4)(b) or (c) (notification obligations under the Act applying to relevant authorised persons) has been made or should be made; or
  - (ii) any of the circumstances in SUP 10A.14.10R (Qualified Form C) apply;
- in relation to any:
- (iii) controlled functions which that person is ceasing to perform (as referred to in (1)); or
  - (iv) any controlled function that they are continuing to perform for that firm or a firm in the same group.

- (3) A firm must not use Form E if a notification has been made or should be made under:
- (a) SUP 10A.14.17R (Changes in fitness to be notified under Form D); or
  - (b) SUP 10C.14.18R (the corresponding requirement for relevant authorised persons); or
  - (c) SUP ~~10B.12.18~~ 10B.12.18R (the equivalent PRA rule equivalent to (a)) or the corresponding PRA requirements for relevant authorised persons;

(whichever is applicable) in relation to any *controlled functions* that that *person* is ceasing to perform (as referred to in (1)) or any *controlled function* that he is continuing to perform in relation to that *firm* or a *firm* in the same group.

...

10A.14.8 R (1) A firm must submit to the FCA a completed Form C, in the form set out in SUP 10A Annex 6R, no later than seven business days after an FCA-approved person ceases to perform an FCA controlled function. This does not apply if the firm has already notified the FCA of the proposal to do that using Form E in accordance with this chapter or has notified the PRA of the proposal to do that using the PRA's Form E in accordance with SUP 10B of the PRA's Handbook.

- (2) If:
- (a) the firm is also making an application for approval for that approved person to perform a controlled function within the same firm or group; and

- (b) ceasing to perform the *FCA controlled function* in (1) has triggered a requirement to make that application for approval:
- (i) to the *FCA* using Form E (rather than a Form A) under *SUP 10A* or *SUP 10C*; or
- (ii) to the *PRA* using the *PRA's* Form E in accordance with the corresponding *PRA* requirements;
- it must make the notification under (1) using that Form E.

...

#### Ongoing alerts for retail adviser complaints

- 10A.14.24 R (1) ~~A *firm* must notify the *FCA*, in the form set out in *SUP 10 Annex 9R*, where:~~
- (a) ~~in any twelve-month period, it has upheld three *complaints* about matters relating to activities carried out by any one *employee* when acting as a *retail investment adviser*; or~~
- (b) ~~it has upheld a *complaint* about matters relating to activities carried out by any one *employee* when acting as a *retail investment adviser*, where the redress paid exceeds £50,000. [deleted]~~
- (2) (a) ~~Notifications made under (1)(a) must be made by the end of the period of 20 *business days*, beginning on the day in which the *firm* has upheld the third complaint.~~
- (b) ~~Notifications made under (1)(b) must be made by the end of the period of 20 *business days*, beginning on the day in which the *firm* has upheld the complaint. [deleted]~~
- 10A.14.25 G ~~For the purpose of *SUP 10A.14.24R*:~~
- (1) ~~when calculating the number of *complaints* in *SUP 10A.14.24R(1)(a)*, the *firm* should exclude complaints previously notified to the *FCA* under this *rule*;~~
- (2) ~~redress, under *SUP 10A.14.24R(1)(b)*, should be interpreted to include an amount paid, or cost borne, by the *firm*, where a cash value can be readily identified, and should include:~~
- (a) ~~amounts paid for distress and inconvenience;~~
- (b) ~~a free transfer out to another provider which transfer would normally be paid for;~~
- (c) ~~goodwill payments and goodwill gestures;~~

- (d) ~~interest on delayed settlements;~~
  - (e) ~~waiver of an excess on an insurance policy; and~~
  - (f) ~~payments to put the consumer back into the position the consumer should have been in had the act or omission not occurred; and~~
- (3) ~~if a *firm* reports on the amount of redress paid under SUP 10A.14.24R(1)(b), the redress should not include repayments or refunds of premiums which had been taken in error (for example where a *firm* had been taking, by direct debit, twice the actual premium amount due under a policy); the refund of the overcharge would not count as redress.~~

~~[Note: See DISP 1.10.2AR for the duty to notify *complaints* under the *complaints reporting rules*] [deleted]~~

10A.14.26 R ~~Notifications under SUP 10A.14.24R must be made electronically using a method of notification prescribed by the FCA. [deleted]~~

...

**10A**            **Frequently asked questions**  
**Annex**  
**1G**

	<b>Question</b>	<b>Answer</b>
	<b><u>Type of firm</u></b>	
-1	<u>Does this chapter apply to all types of firm? If not, where can I find the equivalent material?</u>	<u>No, SUP 10A does not apply to relevant authorised persons (broadly speaking, banks, credit unions, building societies and investment firms that are PRA-authorised persons). The requirements for these firms can be found in SUP 10C. However, this chapter does cover approved persons in appointed representatives of such firms.</u>
	<b>Requirements of the regime</b>	
...		

...

**10A**            **Approved person regime: summary of forms and their use for applications**  
**Annex**        **for approval to perform an FCA-controlled function**  
**2G**

Function	Form	Submission
...		
<i>Candidate is to perform an FCA significant-influence function and either has current approval to perform an FCA <u>controlled function that is a significant-influence function, an FCA-designated senior management function</u> or a PRA controlled function, or has had such an approval within the previous six months.</i>	...	...
...		
<i>Candidate is seeking to perform a significant-influence function <del>for the first time</del> and either:  (1) <u>has never had approval from the FCA or PRA to perform an FCA controlled function that is a significant-influence function, an FCA designated senior management function or a PRA controlled function</u> or  (2) <u>ceased to have approval from the FCA or PRA to perform such function more than six months ago.</u></i>	...	...
<i>Firm <del>applying for</del> <u>withdrawing</u> an outstanding application to perform an FCA controlled function <del>to be withdrawn.</del></i>	...	...
...		

...

**10A Annex 4D Form A: Application to perform controlled functions under the approved person regime**

This annex consists of one or more forms. Note that there are separate forms for Solvency II firms and other firms. It also includes the scope of responsibilities form which must be included as an attachment to Form A in certain cases. ...

Long Form A for Solvency II firms:

Insert the following new form which is not underlined:



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY



Application number  
(for FCA/PRA use only)

The FCA and PRA have produced notes which will assist both the applicant and the *candidate* in answering the questions in this form. Please read these notes, which are available on both FCA and PRA websites at:

<http://fshandbook.info/FS/html/FCA/SUP/10A/Annex4>

<http://www.bankofengland.co.uk/PRA>

Both the applicant and the *candidate* will be treated by the FCA and PRA as having taken these notes into consideration when completing this form.

## Long Form A – Solvency II firms only

### Application to perform controlled functions

FCA Handbook Reference: SUP 10A Annex 4D

PRA Rulebook Reference: Solvency II firms: Senior Insurance Managers Regime - Applications and Notifications

Name of *candidate*  
(to be completed by applicant firm)

Name of *firm*  
(as entered in 2.01)

*Firm* reference number  
(as entered in 2.02)

Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS  
United Kingdom  
Telephone +44 (0) 300 500 0597  
E-mail [iva@fca.org.uk](mailto:iva@fca.org.uk)  
Website <http://www.fca.org.uk>  
Registered as a Limited Company in England and Wales No  
1920623. Registered Office as above

Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA  
United Kingdom  
Telephone +44 (0) 203 461 7000  
E-mail PRA-  
[ApprovedPersons@bankofengland.co.uk](mailto:ApprovedPersons@bankofengland.co.uk)  
Website [www.bankofengland.co.uk/PRA](http://www.bankofengland.co.uk/PRA)  
Registered as a Limited Company in England and Wales  
No 07854923. Registered Office: 8 Lothbury Road, London,  
EC2R 7HH

## Personal identification details

## Section 1

- 1.01 a** *Candidate* Individual Reference Number (IRN)
- b** OR name of previous regulatory body
- c** AND previous reference number (if applicable)
- 1.02** Title (e.g. Mr, Mrs, Ms, etc)
- 1.03** Surname
- 1.04** ALL forenames
- 1.05** Name commonly known by
- 1.06** Date of birth (dd/mm/yyyy)
- 1.07** National Insurance number
- 1.08** Previous name
- 1.09** Date of name change
- 1.10 a** Nationality
- b** Passport number (if National Insurance number not available)
- 1.11** Place of birth
- 1.12** Phone number



I have supplied further information related to this page in Section 6

YES

NO

**1.12 a** Private address

**b** Postcode

**c** Dates resident at this address (mm/yyyy) FromTo

PRESENT

**(If address has changed in the last three years, please provide addresses for the previous three years.)**

**1.13 a** Previous address 1

**b** Postcode

**c** Dates resident at this address (mm/yyyy) FromTo

**1.14 a** Previous address 2

**b** Postcode

**c** Dates resident at this address (mm/yyyy) FromTo



I have supplied further information related to this page in Section 6

YES

NO

**Firm identification details****Section 2**

2.01 Name of *firm* making the application

2.02 *Firm* Reference Number (FRN)

2.03 a Who should the *FCA/PRA* contact at the *firm* in relation to this application?

b Position

c Telephone

d Fax

e E-mail



I have supplied further information related to this page in Section 6

YES

NO

**New arrangements and controlled functions** **Section 3**

**3.01** Nature of the arrangement between the candidate and the applicant.

<i>a</i>	<i>Employee</i>	<input type="checkbox"/>
<i>b</i>	<i>Group employee</i>	<input type="checkbox"/>
	Name of group	<div style="background-color: #cccccc; width: 100%; height: 1.2em;"></div>
<i>c</i>	Contract for services	<input type="checkbox"/>
<i>d</i>	<i>Partner</i>	<input type="checkbox"/>
<i>e</i>	Other	<input type="checkbox"/>
	Give details	<div style="background-color: #cccccc; width: 100%; height: 1.2em;"></div>

Proposed date of appointment

Length of appointment (if applicable)

**3.02** For applications from a single *firm*, please tick the boxes that correspond to the *controlled functions* to be performed. If the *controlled functions* are to be performed for more than one *firm*, please go to question **3.04**

Function	Description of a <i>controlled function</i>	Tick (if applicable)	Effective Date
SIMF 1	Chief Executive officer		
SIMF 2	Chief Finance function		
SIMF 4	Chief Risk officer		
SIMF 5	Head of Internal Audit		
SIMF 7	Group Entity Senior Manager		
SIMF 9	Chairman		
SIMF 10	Chair of the Risk Committee		
SIMF 11	Chair of the Audit Committee		
SIMF 12	Chair of the Remuneration Committee		
SIMF 14	Senior Independent Director		
SIMF 19	Head of Third Country Branch function		
SIMF 20	Chief Actuary		
SIMF21	With-profits Actuary		
SIMF22	Underwriting function		
SIMF23	Underwriting Risk Oversight Officer (Lloyd's)		
CF 1	Director		
CF 2a	Chair of the Nominations Committee		
CF 2b	Chair of the With-Profits Committee		
CF 5	Director of unincorporated association function		
CF 10	Compliance Oversight		
CF 10a	CASS Operational Oversight		
CF 11	Money Laundering Reporting		
CF 28	Systems and Controls		
CF 29	Significant Management		
CF 30	Customer Function		
CF 51	Actuarial conduct function (third country)		

**3.03** Job title

**Insurance mediation**

Will the *candidate* be responsible for Insurance mediation at the *firm*?

YES  NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than *controlled functions* CF2a and CF2b) (MIPRU 2.2.2))

**3.04 Complete this section only if the application is on behalf of more than one firm.**

List all *firms* within the *group* (including the *firm* entered in 2.01) for which the *candidate* requires approval and the requested *controlled function* for that *firm*.

	<b>Firm Reference Number</b>	<b>Name of firm</b>	<b>Controlled function</b>	<b>Job title</b>	<b>Effective date</b>
<b>a</b>					
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					



I have supplied further information related to this page in Section 6

YES

NO

**Employment history in the last 5 years** **Section 4**

N.B.: ALL gaps must be accounted for

**4.01 Employment details (1)**

<b>a</b>	Period (mm/yyyy)	From	<input type="text"/>	To	<input type="text"/>																		
<b>b</b>	Nature of employment	<table border="0" style="width: 100%;"> <tr> <td style="width: 5%;"><i>a</i></td> <td style="width: 85%;">Employed</td> <td style="width: 10%;"><input type="checkbox"/></td> </tr> <tr> <td><i>b</i></td> <td>Self-employed</td> <td><input type="checkbox"/></td> </tr> <tr> <td><i>c</i></td> <td>Not employed</td> <td><input type="checkbox"/></td> </tr> <tr> <td><i>d</i></td> <td>Full-time education</td> <td><input type="checkbox"/></td> </tr> </table>				<i>a</i>	Employed	<input type="checkbox"/>	<i>b</i>	Self-employed	<input type="checkbox"/>	<i>c</i>	Not employed	<input type="checkbox"/>	<i>d</i>	Full-time education	<input type="checkbox"/>						
<i>a</i>	Employed	<input type="checkbox"/>																					
<i>b</i>	Self-employed	<input type="checkbox"/>																					
<i>c</i>	Not employed	<input type="checkbox"/>																					
<i>d</i>	Full-time education	<input type="checkbox"/>																					
	If c or d is ticked, please give details	<input style="width: 100%;" type="text"/>																					
<b>c</b>	Name of employer	<input style="width: 100%;" type="text"/>																					
<b>d</b>	Nature of business	<input style="width: 100%;" type="text"/>																					
<b>e</b>	Previous / other names of employer	<input style="width: 100%;" type="text"/>																					
<b>f</b>	Last known address of employer	<input style="width: 100%;" type="text"/>																					
<b>g</b>	Is/was employer regulated by a regulatory body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	Name of regulatory body and country																			
				<input style="width: 100%;" type="text"/>																			
<b>h</b>	Is/was employer an <i>appointed representative/tied agent</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	If yes, of which <i>firm</i> ?																			
				<input style="width: 100%;" type="text"/>																			
<b>i</b>	Position held	<input style="width: 100%;" type="text"/>																					
<b>j</b>	Responsibilities	<input style="width: 100%;" type="text"/>																					
<b>k</b>	Reason for leaving:	<table border="0" style="width: 100%;"> <tr> <td style="width: 5%;"><i>a</i></td> <td style="width: 85%;">Resignation</td> <td style="width: 10%;"><input type="checkbox"/></td> </tr> <tr> <td><i>b</i></td> <td>Redundancy</td> <td><input type="checkbox"/></td> </tr> <tr> <td><i>c</i></td> <td>Retirement</td> <td><input type="checkbox"/></td> </tr> <tr> <td><i>d</i></td> <td>Termination/dismissal</td> <td><input type="checkbox"/></td> </tr> <tr> <td><i>e</i></td> <td>End of contract</td> <td><input type="checkbox"/></td> </tr> <tr> <td><i>f</i></td> <td>Other</td> <td><input type="checkbox"/></td> </tr> </table>				<i>a</i>	Resignation	<input type="checkbox"/>	<i>b</i>	Redundancy	<input type="checkbox"/>	<i>c</i>	Retirement	<input type="checkbox"/>	<i>d</i>	Termination/dismissal	<input type="checkbox"/>	<i>e</i>	End of contract	<input type="checkbox"/>	<i>f</i>	Other	<input type="checkbox"/>
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<i>b</i>	Redundancy	<input type="checkbox"/>																					
<i>c</i>	Retirement	<input type="checkbox"/>																					
<i>d</i>	Termination/dismissal	<input type="checkbox"/>																					
<i>e</i>	End of contract	<input type="checkbox"/>																					
<i>f</i>	Other	<input type="checkbox"/>																					

Specify

**4.02 Employment details (2)**

<b>a</b>	Period (mm/yyyy)	From	<input type="text"/>	To	<input type="text"/>																		
<b>b</b>	Nature of employment	<table border="0" style="width: 100%;"> <tr> <td style="width: 5%;"><i>a</i></td> <td style="width: 85%;">Employed</td> <td style="width: 10%;"><input type="checkbox"/></td> </tr> <tr> <td><i>b</i></td> <td>Self-employed</td> <td><input type="checkbox"/></td> </tr> <tr> <td><i>c</i></td> <td>Not employed</td> <td><input type="checkbox"/></td> </tr> <tr> <td><i>d</i></td> <td>Full-time education</td> <td><input type="checkbox"/></td> </tr> </table>				<i>a</i>	Employed	<input type="checkbox"/>	<i>b</i>	Self-employed	<input type="checkbox"/>	<i>c</i>	Not employed	<input type="checkbox"/>	<i>d</i>	Full-time education	<input type="checkbox"/>						
<i>a</i>	Employed	<input type="checkbox"/>																					
<i>b</i>	Self-employed	<input type="checkbox"/>																					
<i>c</i>	Not employed	<input type="checkbox"/>																					
<i>d</i>	Full-time education	<input type="checkbox"/>																					
	If c or d is ticked, please give details	<input type="text"/>																					
<b>c</b>	Name of employer	<input type="text"/>																					
<b>d</b>	Nature of business	<input type="text"/>																					
<b>e</b>	Previous / other names of employer	<input type="text"/>																					
<b>f</b>	Last known address of employer	<input type="text"/>																					
<b>g</b>	Is/was employer regulated by a regulatory body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	Name of regulatory body and country																			
				<input type="text"/>																			
<b>h</b>	Is/was employer an <i>appointed representative/tied agent</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	If yes, of which <i>firm</i> ?																			
				<input type="text"/>																			
<b>i</b>	Position held	<input type="text"/>																					
<b>j</b>	Responsibilities	<input type="text"/>																					
<b>k</b>	Reason for leaving:	<table border="0" style="width: 100%;"> <tr> <td style="width: 5%;"><i>a</i></td> <td style="width: 85%;">Resignation</td> <td style="width: 10%;"><input type="checkbox"/></td> </tr> <tr> <td><i>b</i></td> <td>Redundancy</td> <td><input type="checkbox"/></td> </tr> <tr> <td><i>c</i></td> <td>Retirement</td> <td><input type="checkbox"/></td> </tr> <tr> <td><i>d</i></td> <td>Termination/dismissal</td> <td><input type="checkbox"/></td> </tr> <tr> <td><i>e</i></td> <td>End of contract</td> <td><input type="checkbox"/></td> </tr> <tr> <td><i>f</i></td> <td>Other</td> <td><input type="checkbox"/></td> </tr> </table>				<i>a</i>	Resignation	<input type="checkbox"/>	<i>b</i>	Redundancy	<input type="checkbox"/>	<i>c</i>	Retirement	<input type="checkbox"/>	<i>d</i>	Termination/dismissal	<input type="checkbox"/>	<i>e</i>	End of contract	<input type="checkbox"/>	<i>f</i>	Other	<input type="checkbox"/>
<i>a</i>	Resignation	<input type="checkbox"/>																					
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<i>d</i>	Termination/dismissal	<input type="checkbox"/>																					
<i>e</i>	End of contract	<input type="checkbox"/>																					
<i>f</i>	Other	<input type="checkbox"/>																					
	Specify	<input type="text"/>																					

➔ I have supplied further information related to this page in Section 6 YES  NO

## Fitness and Propriety

## Section 5

### Disclosure Note:

We require firms to disclose all relevant information relating to a *candidate's* fitness and propriety. If there is any doubt about the relevance of the information, the information should be disclosed. The *FCA/PRA* takes non-disclosure very seriously and may consider it to be evidence of dishonesty and/or lack of integrity. In all circumstances, disclosures should be full, frank and unambiguous; if in doubt, disclose. In the event that a *candidate* discloses adverse information to the applicant firm (or the applicant firm knows of adverse information by some other means) the applicant *firm* has a duty to disclose that information candidly to the *FCA/PRA* and explain why the applicant *firm* considers this does not affect the *candidate's* fitness and propriety (this paragraph should be read in conjunction with the information on disclosure in the guidance notes corresponding to this form). Questions 5.03.4 5.04.11 and 5.05.2 – 5.05.4, do not have to be answered for *candidates* for *controlled function* CF30 only.

### 5.01 Criminal Proceedings

When answering the questions in this section *candidate* should include matters whether in the UK or overseas. By virtue of the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975, if the *candidate* is subject to the law of England and Wales, *candidate* must disclose spent convictions and cautions (other than a protected conviction or caution).

<p><b>5.01.1a</b></p> <p>Has the <i>candidate</i> <b>ever</b> been convicted of any criminal offence (whether spent or not and whether or not in the <i>United Kingdom</i>):</p> <p style="margin-left: 40px;">i. involving fraud, theft, false accounting, offences against the administration of public justice (such as perjury, perverting the course of justice and intimidation of witnesses or jurors), serious tax offences or other dishonesty or</p> <p style="margin-left: 40px;">ii. relating to <i>companies, building societies, industrial and provident societies, credit unions, friendly societies, insurance, banking or other financial services, insolvency, consumer credit or consumer protection, money laundering, market manipulations or insider dealing?</i></p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
<p><b>b</b></p> <p>Is the <i>candidate</i>, or has the <i>candidate</i> ever been, the subject of any criminal proceedings, whether in the UK or elsewhere?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
<p><b>c</b></p> <p>Has the <i>candidate</i> <b>ever</b> been given a caution in relation to any criminal offence?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
<p><b>5.01.2</b></p> <p>Has the <i>candidate</i> any convictions for any offences other than those in 5.01.1 above (excluding traffic offences that did not result in a ban from driving or did not involve driving without insurance)?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
<p><b>5.01.3</b></p> <p>Has the <i>candidate</i> ever been ordered to produce documents pursuant to any criminal investigation or been the subject of a search (with or without a warrant) pursuant to any criminal investigation?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>



I have supplied further information related to this page in Section 6 YES  NO

**5.01.4** Has any *firm* at which the *candidate* holds or has held a position of influence ever:

(Please check the guidance notes for the meaning of 'position of influence' in the context of the questions in this part of the form.)

- a** Been convicted of any criminal offence? YES  NO
- b** Been the subject of any criminal proceeding which has not resulted in a conviction? YES  NO
- c** Been ordered to produce documents in relation to any criminal investigation or been the subject of a search (with or without a warrant) in relation to any criminal investigation? YES  NO



I have supplied further information related to this page in Section 6 YES  NO

## 5.02 Civil Proceedings

5.02.1	<p>Has the <i>candidate</i>, <b>ever been the subject of a judgement debt or award against the <i>candidate</i></b>?</p> <p>Please give a full explanation of the events in questions, ensuring that it adheres to the Disclosure Note at the beginning of this form.</p> <p><i>Candidate</i> should include all County Court Judgement(s) (CCJs) made against the <i>candidate</i>, whether satisfied or not); and</p> <p>i) the sum and date of all judgements debts, awards or CCJs (whether satisfied or not); and</p> <p>ii) the total number of all judgment debts, awards or CCJs ordered.</p>	<p>YES <input type="checkbox"/>      NO <input type="checkbox"/></p>
5.02.2	<p>Has the <i>candidate</i> ever been party to any civil proceedings which resulted in any order against the <i>candidate</i> (other than a judgement debt or award referred to in 5.02.1 above)? (<i>candidate</i> should include, for example, injunctions and employment tribunal proceedings.)</p>	<p>YES <input type="checkbox"/>      NO <input type="checkbox"/></p>
5.02.3	<p>Is the <i>candidate</i> aware of:</p>	
<b>a</b>	<p>Any proceedings that have begun, or anyone's intention to begin proceedings against the <i>candidate</i>, for a CCJ or another judgement debt?</p>	<p>YES <input type="checkbox"/>      NO <input type="checkbox"/></p>
<b>b</b>	<p>More than one set of proceedings, or anyone's intention to begin more than one set of proceedings, that may lead to a CCJ or other judgement debt?</p>	<p>YES <input type="checkbox"/>      NO <input type="checkbox"/></p>
<b>c</b>	<p>Anybody's intention to claim more than £1,000 of CCJs or judgement debts in total from the <i>candidate</i>?</p>	<p>YES <input type="checkbox"/>      NO <input type="checkbox"/></p>
5.02.4	<p>Does the <i>candidate</i> have any <b>current</b> judgment debts (including CCJs) made under a court order still outstanding, whether in full or in part?</p>	<p>YES <input type="checkbox"/>      NO <input type="checkbox"/></p>
5.02.5	<p>Has the <i>candidate</i> <b>ever</b> failed to satisfy any such judgment debts (including CCJs) made under a court order still outstanding, whether in full or part, within one year of the order being made?</p>	<p>YES <input type="checkbox"/>      NO <input type="checkbox"/></p>



I have supplied further information related to this page in Section 6    YES       NO

<b>5.02.6</b>	Has the <i>candidate</i> ever:	
<b>a</b>	Filed for the <i>candidate</i> 's own bankruptcy or had a bankruptcy petition served on the <i>candidate</i> ?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>b</b>	Been adjudged bankrupt?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>c</b>	Been the subject of a bankruptcy restrictions order (including an interim bankruptcy restrictions order) or offered a bankruptcy restrictions undertaking?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>d</b>	Made any arrangements with the <i>candidate</i> 's creditors, for example a deed of arrangement or an individual voluntary arrangement (or in Scotland a trust deed)?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>e</b>	Had assets sequestrated?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>f</b>	Been involved in any proceedings relating to the above matters even if such proceedings did not result in the making of any kind of order against the <i>candidate</i> or result in any kind of agreement with the <i>candidate</i> ?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.02.7</b>	Does the <i>candidate</i> , or any undertaking under their management, have any outstanding financial obligations arising from <i>regulated activities</i> , which have been carried out in the past? (whether or not in the UK or overseas)?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.02.8</b>	Has the <i>candidate</i> ever been adjudged by a court or tribunal (whether criminal, civil or administrative) for any fraud, misfeasance, negligence, wrongful trading or other misconduct?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.02.9</b>	Is the <i>candidate</i> currently:	
<b>a</b>	Party to any civil proceedings? (including those covered in 5.02.7 above)	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>b</b>	Aware of anybody's intention to begin civil proceedings against the <i>candidate</i> ? ( <i>candidate</i> should include any ongoing disputes whether or not such dispute is likely to result in any order against the <i>candidate</i> .)	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.02.10</b>	Has any <i>firm</i> at which the <i>candidate</i> holds or has held a position of influence ever been:	
<b>a</b>	Adjudged by a court civilly liable for any fraud, misfeasance, wrongful trading or other misconduct?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>b</b>	The subject of a judgement debt or award against the <i>firm</i> ? ( <i>candidate</i> should include all CCJs) made against the <i>firm</i> , whether satisfied or not.	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>c</b>	Party to any other civil proceedings which resulted in an order against the <i>firm</i> other than in relation to matters covered in 5.02.10a and 5.02.10b above?	YES <input type="checkbox"/> NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6

YES  NO

**5.02.11** Is any *firm* at which the *candidate* currently holds or has held, within the last 12 months from the date of the submission of this form, a position of influence currently:

**a** a party to civil proceedings?

YES  NO

**b** aware of anyone's intention to begin civil proceedings against them?

YES  NO

**5.02.12** Has any company, partnership or unincorporated association of which the *candidate* is or has been a controller, director, senior manager, partner or company secretary, in the United Kingdom or elsewhere, at any time during their involvement, or within one year of such an involvement, been put into liquidation, wound up, ceased trading, had a receiver or administrator appointed or entered into any voluntary arrangement with its creditors?

YES  NO



I have supplied further information related to this page in Section 6

YES  NO

**5.03 Business and Employment Matters**

<b>5.03.1</b>	Has the <i>candidate</i> ever been:	
<b>a</b>	Disqualified from acting as a director or similar position (one where the <i>candidate</i> acts in a management capacity or conducts the affairs of any company, partnership or unincorporated association)?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>b</b>	The subject of any proceedings of a disciplinary nature (whether or not the proceedings resulted in any finding against the <i>candidate</i> )?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>c</b>	The subject of any investigation which has led or might lead to disciplinary proceedings?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>d</b>	Notified of any potential proceedings of a disciplinary nature against the <i>candidate</i> ?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>e</b>	The subject of an investigation into allegations of misconduct or malpractice in connection with any business activity? (this question covers internal investigation by an authorised <i>firm</i> , as well as investigation by a regulatory body, at any time.)	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.03.2</b>	Has the <i>candidate</i> ever been refused entry to, or been dismissed, suspended or requested to resign from, any professional, vocation, office or employment, or from any fiduciary office or position of trust whether or not remunerated?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.03.3</b>	Does the <i>candidate</i> have any material written complaints made against the <i>candidate</i> by the <i>candidate</i> 's clients or former clients in the last five years which the <i>candidate</i> has accepted, or which are awaiting determination, or have been upheld – by an ombudsman or complaints scheme?	YES <input type="checkbox"/> NO <input type="checkbox"/>
<b>5.03.4</b>	Has the <i>candidate</i> ever participated in an arbitration board?	YES <input type="checkbox"/> NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6 YES  NO

## 5.04 Regulatory Matters

**5.04.1** In relation to activities regulated by the *FCA* and/or *PRA* or any other regulatory body (see note section 5), has:

- The *candidate*, or
- Any company, partnership or unincorporated associate of which the *candidate* is or has been a controller, director, senior manager, partner or company secretary, during the *candidate's* association with the entity and for a period of three years after the *candidate* ceased to be associated with it, ever –

<b>a</b>	Been refused, had revoked, restricted, been suspended from or terminated, any licence, authorisations, registration, notification, membership or any other permission granted by any such body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>b</b>	Been criticised, censured, disciplined, suspended, expelled, fined or been the subject of any other disciplinary or interventional action by any such body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>c</b>	Received a warning (whether public or private) that such disciplinary or interventional action may be taken against the <i>candidate</i> or the <i>firm</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>d</b>	Been the subject of an investigation by any regulatory body, whether or not such an investigation resulted in a finding against the <i>candidate</i> or the <i>firm</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>e</b>	Been required or requested to produce documents or any other information to any regulatory body in connection with such an investigation (whether against the <i>firm</i> or otherwise)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>f</b>	Been investigated or been involved in an investigation by an inspector appointed under companies or any other legislation, or required to produce documents to the Secretary of State, or any other authority, under any such legislation?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>g</b>	Ceased operating or resigned whilst under investigation by any such body or been required to cease operating or resign by any regulatory body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>h</b>	Decided, after making an application for any licence, authorisation, registration, notification, membership or any permission granted by any such body, not to proceed with it?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>i</b>	Been the subject of any civil action related to any regulated activity which has resulted in a finding by a court?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>j</b>	Provided payment services or distributed or redeemed e-money on behalf of a regulated firm or itself under any contractual agreement where that agreement was terminated by the regulated <i>firm</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>k</b>	Been convicted of any criminal offence, censured, disciplined or publicly criticised by any inquiry, by the Takeover Panel or any governmental or statutory authority or any other regulatory body (other than as indicated in this group of questions).	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>l</b>	Been on a board of directors in an operating undertaking that has not been granted a release from liability?	YES <input type="checkbox"/>	NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6

YES

NO

**5.04.2** In relation to activities regulated by the *FCA/PRA* or any other regulatory body, has the *candidate* or any *firm* at which the *candidate* holds or has held a position of influence at any time during and within one year of the *candidate's* association with the *firm* ever:

- |          |   |  |
|----------|---|--|
| <b>a</b> | Been found to have carried on activities for which authorisation or registration by the <i>FCA/PRA</i> or any other regulatory body is required without the requisite authorisations?   | YES <input type="checkbox"/> NO <input type="checkbox"/> |
| <b>b</b> | Been investigated for the possible carrying on of activities requiring authorisation or registration by the <i>FCA/PRA</i> or any other regulatory body without the requisite authorisation whether or not such investigation resulted in a finding against the <i>candidate</i> ?                      | YES <input type="checkbox"/> NO <input type="checkbox"/> |
| <b>c</b> | Been found to have performed a <i>controlled function</i> (or an equivalent function requiring approval by the <i>FCA/PRA</i> or any other regulatory body) without the requisite approval?   | YES <input type="checkbox"/> NO <input type="checkbox"/> |
| <b>d</b> | Been investigated for the possible performance of a <i>controlled function</i> (or an equivalent function requiring approval by the <i>FCA/PRA</i> or any other regulatory body) without the requisite approval, whether or not such investigation resulted in a finding against the <i>candidate</i> ? | YES <input type="checkbox"/> NO <input type="checkbox"/> |
| <b>e</b> | Been found to have failed to comply with an obligation under the Electronic Money Regulations 2011 or Payment Services Regulations 2009 to notify the <i>FCA/PRA</i> of the identity of a person acting in a position of influence over its electronic money or payment services business?              | YES <input type="checkbox"/> NO <input type="checkbox"/> |
| <b>f</b> | Been the subject of disqualification direction under section 59 of the Financial Services Act 1986 or a prohibition order under section 56 FSMA, or received a warning notice proposing that such a direction or order be made, or received a private warning?  | YES <input type="checkbox"/> NO <input type="checkbox"/> |



I have supplied further information related to this page in Section 6 YES  NO

**5.05 Other Matters**

**5.05.1** Is the *candidate*, in the role to which the application relates, aware of:

any business interests, employment obligations, or any other circumstance which may conflict with the performance of the *controlled functions* for which approval is now being sought?

YES  NO

Does the candidate have, or know of, any:

**5.05.2**

**a** Qualifying ownership or any other form of substantial influence in the *firm* or group, or any other companies

If yes, please provide:

1. Company name and registration number
2. Nature and scope of the operations
3. The registered office of the company
4. Possession in percentage

YES  NO

**b** Close relatives with ownership shares in the *firm* or group

YES  NO

**c** Close relatives with any other financial relations in the *firm* or group

YES  NO

**d** Any other commitments that may give rise to a conflict of interest

YES  NO

If 'yes' to any of the above, please provide explanations of the circumstances and how the individual intends to mitigate this

**5.05.3** Are the *candidate* or the *firm* aware of any other information relevant to this notification that we might reasonably expect from the *candidate*?

YES  NO

**5.05.4** Has the *firm* undertaken a criminal records check in accordance with the requirements of the *PRA*?

Please note that a *firm* is required to obtain the fullest information that it is lawfully able to obtain about the *candidate* under Part V of the Police Act 1997 (Certificates of Criminal records, etc) and related subordinated legislation of the *UK* or any part of the *UK* before making the application. (Applications and Notifications in the *PRA Rulebook*)

YES  NO

If yes, please enter date the check was undertaken

Date (dd/mm/yy):

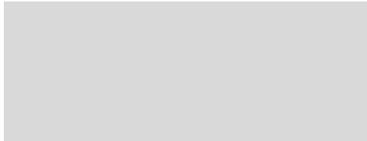
*Note: if date is more than 3 months prior to current date or 3 months prior to date of application submission or the check has not been undertaken, please provide details why in section 6.*

**5.05.5**

For PRA functions only: Has / Have a reference or references been obtained from current and previous employer(s) in accordance with the requirements of the PRA as set out in 2.5 in Insurance- Fitness and Propriety

If No, please provide details why the reference or references has/have not been obtained.

*Please note that for candidates for PRA controlled functions, a firm is required to take reasonable steps to obtain appropriate references from any current or previous employer of the candidate, or at any organisation at which the candidate is or was a non-executive director during the last 5 years (see Insurance- Fitness and Propriety 2.5 in the PRA Rulebook).*



YES  NO



I have supplied further information related to this page in Section 6

YES

NO

## Supplementary information for SIMF and SIF functions

## Section 6

- 6.00
- If there is any other information the *candidate* or the *firm* considers to be relevant to the application, it must be included here.
  - Please provide full details of
    - why the *candidate* is competent and capable to carry out the *controlled function(s)* applied for
    - why the appointment complements the *firm's* business strategy, activity and market in which it operates
    - how the appointment was agreed including details of any discussions at governing body level (where applicable)
  - Provide a copy of the *candidate's*:-
    - Scope of Responsibilities with this form. This is not required for *candidates* for *controlled function* CF30 only.
    - Roles description
    - Curriculum Vitae (C.V)
    - Organisational chart
  - Please also include here any additional information indicated in previous sections of the form.
  - **Please include a list of all directorships currently or previously held by the *candidate* in the past 10 years (where *director* has the meaning given in the *Glossary*.)**
  - If there is insufficient space, please continue on a separate sheet of paper and clearly identify the section and question to which the additional information relates.
  - **Full details must be provided here if there were any issues that could affect the Fitness and Propriety of the individual that arose when leaving an employer listed in section 4 or if any question has been answered 'yes' in section 5.**

Question	Information

## Declarations and signatures

## Section 7

### Declaration of *Candidate*

It is a criminal offence, knowingly or recklessly, to give the *FCA* and/or *PRA* information that is materially false, misleading or deceptive (see sections 398 and 400 Financial Services and Markets Act 2000). Even if you believe or know that information has been provided to the *FCA* and/or *PRA* before (whether as part of another application or otherwise) or is in the public domain, you must nonetheless disclose it clearly and fully in this form and as part of this application – you should not assume that the *FCA* and/or *PRA* will itself identify such information during the assessment of this application. If there is any doubt about the relevance of information, it should be included.

There will be a delay in processing the application if information is inaccurate or incomplete, and it may call into question the suitability of the *candidate* and/or lead to the *FCA* and/or *PRA* exercising its powers (including but not limited to taking disciplinary/ Enforcement action). You must notify the *FCA* and/or *PRA* immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the *FCA* and/or *PRA* are reasonably likely to consider the information material).

The *candidate* confirms that the information provided in this application is accurate and complete to the best of his/her knowledge and that he or she has read the notes to this form. The *candidate* will notify the *FCA* and/or *PRA* immediately if there is a material change to the information provided.

The *candidate* confirms that the attached Scope of Responsibilities accurately reflects the aspects of the affairs of the firm which it is intended that the *candidate* will be responsible for managing. The *candidate* confirms that they have accepted all the responsibilities set out in this Scope of Responsibilities.

The *candidate* authorises the *FCA* and/or *PRA* to make such enquiries and seek such further information as it thinks appropriate to identify and verify information that it considers relevant to the assessment of this application.

The *candidate* acknowledges and agrees that these checks may include credit reference checks or information pertaining to fitness and propriety, and is aware that the results of these enquiries may be disclosed to the employer/Applicant.

The *candidate* agrees that he or she may be required to apply for a search to be made as to whether any criminal records are held in relation to him or her and to obtain a certificate (where such certificate can be obtained) and to disclose the result of that search to the firm submitting this application.

The *candidate* agrees that the *FCA* and/or *PRA* may use the address specified for the *candidate* in this form as the proper address for service in the United Kingdom as defined in Financial Services and Markets Act 2000 (Service of Notice) Regulations (SI 2001/1420) to serve any notices on that signatory.

For the purposes of complying with the Data Protection Act 1998, the personal information provided in this Form will be used by the *FCA* and *PRA* to discharge their statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation, and will not be disclosed for any other purpose without the permission of the applicant.

The *candidate* confirms that he or she understands the regulatory responsibilities of the proposed role as set out in the rules of conduct in the *FCA's COCON* and/or *PRA Rulebook*: Solvency II firms: Insurance- Conduct Standards (as applicable).

The *candidate* is aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the Form is ultimately the responsibility of those who sign the application.

In addition to other regulatory responsibilities, *firms*, and approved persons have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the firm and/or individuals.

Tick here to confirm you have read and understood this declaration:

7.01 *Candidate's* full name

7.02 Signature \*

Date

\* The above question(s) appears on a paper form submission only. That question does not appear on an electronic form submission.

**Declaration of Firm**

It is a criminal offence, knowingly or recklessly, to give the FCA and/or PRA information that is materially false, misleading or deceptive (see sections 398 and 400 Financial Services and Markets Act). Even if you believe or know that information has been provided to the FCA and/or PRA before (whether as part of another application or otherwise) or is in the public domain, you must nonetheless disclose it clearly and fully in this form and as part of this application – you should not assume that the FCA and/or PRA will itself identify such information during the assessment of this application. If there is any doubt about the relevance of information, it should be included.

There will be a delay in processing the application if information is inaccurate or incomplete, and it may lead to the FCA and/or PRA exercising its powers (including but not limited to taking disciplinary/ Enforcement action). You must notify the FCA and/or PRA immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the FCA and/or PRA is reasonably likely to consider the information material).

In addition to other regulatory responsibilities, firms, and approved persons have a responsibility to disclose to the FCA and/or PRA, matters of which it would reasonably expect to be notified. Failure to notify the FCA and/or PRA of such information may lead to the FCA and/or PRA taking disciplinary or other action against the firm and/or individuals.

The applicant confirms that the information provided in this application is accurate and complete to the best of its knowledge and that it has read the notes to this form. The Applicant will notify the FCA and/or PRA immediately if there is a material change to the information provided.

The applicant authorises the FCA and/or PRA to make such enquiries and seek such further information as it thinks appropriate to identify and verify information that it considers relevant to the assessment of this application.

Where required under Section 5, the applicant confirms that it has obtained the fullest information that it is lawfully able to obtain about the Individual under Part V of the Police Act 1997 and any related subordinated legislation of the UK or any part of the UK, and has given due consideration to that information in determining that Individual to be fit and proper.

In making this application the firm believes on the basis of due and diligent enquiry and, where applicable, by reference to the criteria in FIT that the candidate is a fit and proper person to perform the controlled function(s) listed in section 3. The firm also believes, on the basis of due and diligent enquiry, that the candidate is competent to fulfil the duties required in the performance of such function(s).

The applicant confirms that it has complied with its obligations under Equality and Diversity legislation when selecting the Individual to perform the function(s) applied for.

The applicant confirms that it has made the candidate aware of their regulatory responsibilities as set out in the rules of conduct in the FCA's COCON and/or PRA Rulebook: Solvency II firms: Insurance- Conduct Standards (as applicable).

The applicant confirms that the Scope of Responsibilities submitted with this form accurately reflects the aspects of the affairs of the firm which it is intended that the candidate will be responsible for managing.

The applicant is aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the Form is ultimately the responsibility of those who sign the application.

In signing this form on behalf of the firm:

**I confirm that the information in this form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this form.**

I confirm that I have authority to make this application and provide the declarations given by the firm, and sign this form, on behalf of the firm identified in section 2.01 and/or each firm identified in section 3.04. I also confirm that a copy of this form, as submitted to the FCA and/or PRA, will be sent to each of those firms at the same time as submitting the form to the FCA and/or PRA.

<b>7.03</b>	Name of the firm submitting the application	
<b>7.04</b>	Name of person signing on behalf of the firm	
<b>7.05</b>	Job title	
<b>7.06</b>	Signature*	
	Date	

\* The above question(s) appears on a paper form submission only. That question does not appear on an electronic form submission.

Short Form A for Solvency II firms:

Insert the following new form which is not underlined:

Application number  
(for FCA/PRA use only)

The FCA and PRA have produced notes which will assist both the applicant and the candidate in answering the questions in this form. Please read these notes, which are available on both FCA and PRA websites at:

<http://fshandbook.info/FS/html/FCA/SUP/10A/Annex4>

<http://www.bankofengland.co.uk/PRA>

Both the applicant and the candidate will be treated by the FCA and PRA as having taken these notes into consideration when completing this form.

## Short Form A – Solvency II firms only

### Application to perform controlled functions

FCA Handbook Reference: SUP 10A Annex 4D

PRA Rulebook Reference: Solvency II firms: Senior Insurance Managers Regime - Applications and Notifications

Name of *candidate*  
(to be completed by applicant firm)

Name of *firm*  
(as entered in 2.01)

*Firm* reference number  
(as entered in 2.02)

Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS  
United Kingdom  
Telephone +44 (0) 300 500 0597  
E-mail [iva@fca.org.uk](mailto:iva@fca.org.uk)  
Website [www.fca.org.uk](http://www.fca.org.uk)  
Registered as a Limited Company in England and Wales No 1920623. Registered Office as above

Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA  
United Kingdom  
Telephone +44 (0) 203 461 7000  
E-mail [PRA-ApprovedPersons@bankofengland.co.uk](mailto:PRA-ApprovedPersons@bankofengland.co.uk)  
Website [www.bankofengland.co.uk/PRA](http://www.bankofengland.co.uk/PRA)  
Registered as a Limited Company in England and Wales No 07854923. Registered Office: 8 Lothbury Road, London, EC2R 7HH

## Personal identification details

## Section 1

- 1.01 a** *Candidate* Individual Reference Number (IRN)
- b** OR name of previous regulatory body
- c** AND previous reference number (if applicable)
- 1.02** Title (e.g. Mr, Mrs, Ms, etc)
- 1.03** Surname
- 1.04** ALL forenames
- 1.05** Name commonly known by
- 1.06** Date of birth (dd/mm/yyyy)
- 1.07** National Insurance number
- 1.08** Previous name
- 1.09** Date of name change
- 1.10 a** Nationality
- b** Passport number (if National Insurance number not available)
- 1.11** Place of birth



I have supplied further information related to this page in Section 6

YES

NO

**1.12 a** Private address

**b**

**Postcode**

**c** Dates resident at this address (mm/yyyy)

**From**  **To** PRESENT

**(If address has changed in the last three years, please provide addresses for the previous three years.)**

**1.13 a** Previous address 1

**b**

**Postcode**

**c** Dates resident at this address (mm/yyyy)

**From**  **To**

**1.14 a** Previous address 2

**b**

**Postcode**

**c** Dates resident at this address (mm/yyyy)

**From**  **To**

➔ I have supplied further information related to this page in Section 6 YES  NO

## Firm identification details

## Section 2

2.01	Name of <i>firm</i> making the application	<input type="text"/>
2.02	Firm Reference Number (FRN)	<input type="text"/>
2.03 a	Who should the <i>FCA/PRA</i> contact at the <i>firm</i> in relation to this application?	<input type="text"/>
b	Position	<input type="text"/>
c	Telephone	<input type="text"/>
d	Fax	<input type="text"/>
e	E-mail	<input type="text"/>



I have supplied further information related to this page in Section 6

YES

NO

## Arrangements and controlled functions

## Section 3

<b>3.01</b>	Nature of the arrangement between the candidate and the applicant.	<p><i>a</i>    <i>Employee</i> <span style="float: right;"><input type="checkbox"/></span></p> <hr/> <p><i>b</i>    <i>Group employee</i> <span style="float: right;"><input type="checkbox"/></span></p> <p style="padding-left: 40px;">Name of group <span style="float: right;">[Redacted]</span></p> <hr/> <p><i>c</i>    <i>Contract for services</i> <span style="float: right;"><input type="checkbox"/></span></p> <hr/> <p><i>d</i>    <i>Partner</i> <span style="float: right;"><input type="checkbox"/></span></p> <hr/> <p><i>e</i>    <i>Other</i> <span style="float: right;"><input type="checkbox"/></span></p> <p style="padding-left: 40px;">Give details <span style="float: right;">[Redacted]</span></p> <hr/>
-------------	--	--

**3.02** For applications from a single *firm*, please tick the boxes that correspond to the *controlled functions* to be performed. If the *controlled functions* are to be performed for more than one *firm*, please go to question **3.04**

Function	Description of a <i>controlled function</i>	Tick (if applicable)	Effective Date
SIMF 1	Chief Executive officer		
SIMF 2	Chief Finance function		
SIMF 4	Chief Risk officer		
SIMF 5	Head of Internal Audit		
SIMF 7	Group Entity Senior Manager		
SIMF 9	Chairman		
SIMF 10	Chair of the Risk Committee		
SIMF 11	Chair of the Audit Committee		
SIMF 12	Chair of the Remuneration Committee		
SIMF 14	Senior Independent Director		
SIMF 19	Head of Third Country Branch function		
SIMF 20	Chief Actuary		
SIMF21	With-profits Actuary		
SIMF22	Underwriting function		
SIMF23	Underwriting Risk Oversight Officer (Lloyd's)		
CF 1	Director		
CF 2a	Chair of the Nominations Committee		
CF 2b	Chair of the With-Profits Committee		
CF 5	Director of unincorporated association function		
CF 10	Compliance Oversight		
CF 10a	CASS Operational Oversight		
CF 11	Money Laundering Reporting		
CF 28	Systems and Controls		
CF 29	Significant Management		
CF 30	Customer Function		
CF 51	Actuarial conduct function (third country)		

**3.03** Job title

### Insurance mediation

Will the candidate be responsible for Insurance mediation at the *firm*? YES  NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than *controlled functions* CF2a and CF2b) (MIPRU 2.2.2)).

→ I have supplied further information related to this page in Section 6 YES  NO

**3.04 Complete this section only if the application is on behalf of more than one firm.**

List all *firms* within the *group* (including the *firm* entered in 2.01) for which the *candidate* requires approval and the requested *controlled function* for that *firm*.

	<b>Firm Reference Number</b>	<b>Name of firm</b>	<b>Controlled function</b>	<b>Job title</b>	<b>Effective date</b>
<b>a</b>					
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					



I have supplied further information related to this page in Section 6

YES

NO

**Employment History****Section 4**

This section has been removed. However if there has been a change to the detail in this section since your last approval, you must submit a Long Form A as opposed to a Short Form A informing the *FCA* and/or *PRA* of the revised detail.

## Fitness and Propriety

## Section 5

Parts 5.01 to 5.05.3 of this section have been removed. However if there has been a change to the detail in this section since your last approval, you must submit a Long Form A as opposed to a Short Form A informing the FCA and/or PRA of the revised detail.

5.05.4

Has the *firm* undertaken a criminal records check in accordance with the requirements of the *PRA*?

Please note that a *firm* is required to obtain the fullest information that it is lawfully able to obtain about the *candidate* under Part V of the Police Act 1997 (Certificates of Criminal records, etc) and related subordinated legislation of the *UK* or any part of the *UK* before making the application. (Applications and Notifications in the *PRA Rulebook*)

If yes, please enter date the check was undertaken

Date (dd/mm/yy):

*Note: if date is more than 3 months prior to current date or 3 months prior to date of application submission or the check has not been undertaken, please provide details why in section 6.*

YES  NO

5.05.5

For *PRA* functions only: Has / Have a reference or references been obtained from current and previous employer(s) in accordance with the requirements of the *PRA* as set out in 2.5 in Insurance- Fitness and Propriety

If No, please provide details why the reference or references has/have not been obtained.

*Please note that for candidates for PRA controlled functions, a firm is required to use reasonable efforts to obtain a reference from any previous employer of the candidate, or any organisation at which the candidate is or was a non-executive director during the last 5 years (see Insurance- Fitness and Propriety 2 in the PRA Rulebook).*

YES  NO



I have supplied further information related to this page in Section 6

YES  NO

## Supplementary information for SIMF and SIF functions Section 6

- 6.00
- If there is any other information the *candidate* or the *firm* considers to be relevant to the application, it must be included here.
  - Please provide full details of
    - why the candidate is competent and capable to carry out the controlled function(s) applied for
    - why the appointment complements the firm's business strategy, activity and market in which it operates
    - how the appointment was agreed including details of any discussions at governing body level (where applicable)
  - Provide a copy of the candidate's:-
    - Scope of Responsibilities with this form. This is not required for *candidates* for *controlled function* CF30 only.
    - Roles description
    - Curriculum Vitae (C.V)
    - Organisational chart
  - Please also include here any additional information indicated in previous sections of the Form.
  - **Please include a list of all directorships currently or previously held by the *candidate* in the past 10 years (where *director* has the meaning given in the *Glossary*.)**
  - If there is insufficient space, please continue on a separate sheet of paper and clearly identify the section and question to which the additional information relates.
  - **Full details must be provided here if there were any issues that could affect the Fitness and Propriety of the individual that arose when leaving an employer listed in section 4 or if any question has been answered 'yes' in section 5.**

Question	Information

## Declarations and signatures

## Section 7

### Declaration of *Candidate*

It is a criminal offence, knowingly or recklessly, to give the appropriate regulator information that is materially false, misleading or deceptive (see sections 398 and 400 Financial Services and Markets Act 2000). Even if you believe or know that information has been provided to the appropriate regulator before (whether as part of another application or otherwise) or is in the public domain, you must nonetheless disclose it clearly and fully in this form and as part of this application – you should not assume that the appropriate regulator will itself identify such information during the assessment of this application. If there is any doubt about the relevance of information, it should be included.

There will be a delay in processing the application if information is inaccurate or incomplete, and it may call into question the suitability of the *candidate* and/or lead to the appropriate regulator exercising its powers (including but not limited to taking disciplinary/ Enforcement action). You must notify the appropriate regulator immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the appropriate regulator is reasonably likely to consider the information material).

The *candidate* confirms that the information provided in this application is accurate and complete to the best of his/her knowledge and that he or she has read the notes to this form. The *candidate* will notify the appropriate regulator immediately if there is a material change to the information provided.

The *candidate* confirms that the attached Scope of Responsibilities accurately reflects the aspects of the affairs of the firm which it is intended that the *candidate* will be responsible for managing. The *candidate* confirms that they have accepted all the responsibilities set out in this Scope of Responsibilities.

The *candidate* authorises the appropriate regulator to make such enquiries and seek such further information as it thinks appropriate to identify and verify information that it considers relevant to the assessment of this application.

The *candidate* acknowledges and agrees that these checks may include credit reference checks or information pertaining to fitness and propriety, and is aware that the results of these enquiries may be disclosed to the employer/Applicant.

The *candidate* agrees that he or she may be required to apply for a search to be made as to whether any criminal records are held in relation to him or her and to obtain a certificate (where such certificate can be obtained) and to disclose the result of that search to the firm submitting this application.

The *candidate* agrees that the *FCA* and/or *PRA* may use the address specified for the *candidate* in this form as the proper address for service in the United Kingdom as defined in Financial Services and Markets Act 2000 (Service of Notice) Regulations (SI 2001/1420) to serve any notices on that signatory.

For the purposes of complying with the Data Protection Act 1998, the personal information provided in this form will be used by the *FCA* and *PRA* to discharge their statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation, and will not be disclosed for any other purpose without the permission of the applicant.

The *candidate* confirms that he or she understands the regulatory responsibilities of my proposed role as set out in the rules of conduct in the *FCA's COCON* and/or *PRA Rulebook: Solvency II firms: Insurance- Conduct Standards* (as applicable).

The *candidate* is aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the Form is ultimately the responsibility of those who sign the application.

In addition to other regulatory responsibilities, firms, and approved persons have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the appropriate regulator of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the firm and/or individuals.

Tick here to confirm you have read and understood this declaration:

7.01 *Candidate's* full name

7.02 Signature \*

Date

\* The above question(s) appears on a paper form submission only. That question does not appear on an electronic form submission.

**Declaration of Firm**

It is a criminal offence, knowingly or recklessly, to give the appropriate regulator information that is materially false, misleading or deceptive (see sections 398 and 400 Financial Services and Markets Act). Even if you believe or know that information has been provided to the appropriate regulator before (whether as part of another application or otherwise) or is in the public domain, you must nonetheless disclose it clearly and fully in this form and as part of this application – you should not assume that the appropriate regulator will itself identify such information during the assessment of this application. If there is any doubt about the relevance of information, it should be included.

There will be a delay in processing the application if information is inaccurate or incomplete, and it may lead to the appropriate regulator exercising its powers (including but not limited to taking disciplinary/ Enforcement action). You must notify the appropriate regulator immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the appropriate regulator is reasonably likely to consider the information material).

In addition to other regulatory responsibilities, firms, and approved persons have a responsibility to disclose to the appropriate regulator, matters of which it would reasonably expect to be notified. Failure to notify the appropriate regulator of such information may lead to the appropriate regulator taking disciplinary or other action against the firm and/or individuals.

The applicant confirms that the information provided in this application is accurate and complete to the best of its knowledge and that it has read the notes to this form. The Applicant will notify the appropriate regulator immediately if there is a material change to the information provided.

The applicant authorises the appropriate regulator to make such enquiries and seek such further information as it thinks appropriate to identify and verify information that it considers relevant to the assessment of this application.

Where required under Section 5, the applicant confirms that it has obtained the fullest information that it is lawfully able to obtain about the Individual under Part V of the Police Act 1997 and any related subordinated legislation of the UK or any part of the UK, and has given due consideration to that information in determining that Individual to be fit and proper.

In making this application the *firm* believes on the basis of due and diligent enquiry and, where applicable, by reference to the criteria in FIT that the *candidate* is a fit and proper person to perform the controlled function(s) listed in section 3. The *firm* also believes, on the basis of due and diligent enquiry, that the candidate is competent to fulfil the duties required in the performance of such function(s).

The applicant confirms that it has complied with its obligations under Equality and Diversity legislation when selecting the Individual to perform the function(s) applied for.

The applicant confirms that it has made the *candidate* aware of their regulatory responsibilities as set out in the rules of conduct in the FCA's COCON and/or PRA Rulebook: Solvency II firms: Insurance Conduct Standards (as applicable).

The applicant confirms that the Scope of Responsibilities submitted with this form accurately reflects the aspects of the affairs of the *firm* which it is intended that the Candidate will be responsible for managing.

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

In signing this form on behalf of the *firm*:

**I confirm that the information in this form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this form.**

I confirm that I have authority to make this application and provide the declarations given by the *firm*, and sign this form, on behalf of the *firm* identified in section 2.01 and/or each *firm* identified in section 3.04. I also confirm that a copy of this form, as submitted to the FCA and/or PRA, will be sent to each of those *firms* at the same time as submitting the form to the FCA and/or PRA.

<b>7.03</b>	Name of the <i>firm</i> submitting the application	
<b>7.04</b>	Name of <i>person</i> signing on behalf of the <i>firm</i>	
<b>7.05</b>	Job title	
<b>7.06</b>	Signature *	
	Date	

\* The above question(s) appears on a paper form submission only. That question does not appear on an electronic form submission.

Scope of responsibilities form:

Insert the following new form which is not underlined:

Application number or IRN  
(for FCA/PRA use only)

## Solvency II Firms: Scope of Responsibilities

For candidates for approval, this form **must** be submitted as an attachment to a Form A application or a Form E application

*PRA Rulebook* Reference: Solvency II firms: Senior Insurance Managers Regime – Applications and Notifications

**Please note:** this form does NOT need to be completed for candidates for *controlled function* CF30 only.

Name of *individual*  
(to be completed by *firm*)

Name of *firm*  
(as entered in 2.01)

Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS  
United Kingdom  
Telephone +44 (0) 300 500 0597  
E-mail [iva@fca.org.uk](mailto:iva@fca.org.uk)  
Website <http://www.fca.org.uk>

Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA  
United Kingdom  
Telephone +44 (0) 203 461 7000  
Email [PRA-ApprovedPersons@bankofengland.co.uk](mailto:PRA-ApprovedPersons@bankofengland.co.uk)  
Website [www.bankofengland.co.uk/PRA](http://www.bankofengland.co.uk/PRA)

**Personal identifications details****Section 1**

1.01 Individual Reference Number (IRN)

1.02 Title  
(e.g. Mr, Mrs, Ms, etc)

1.03 Surname

1.04 ALL forenames

1.05 Date of birth

1.06 National Insurance number

**Firm identification details****Section 2**2.01 Name of *firm*2.02 *Firm* Reference Number (FRN)2.03 a Who should the *FCA/PRA* contact at the *firm* in relation to this scope of responsibilities?

b Position

c Telephone

d Fax

e E-mail



I have supplied further information related to this page in Section 4

YES  NO

## Controlled Functions

## Section 3

A Scope of Responsibilities should be drafted to clearly show the responsibilities that the *candidate* is to perform as part of their *controlled function* and other relevant responsibilities and how they fit in with the *firm's* overall governance and management arrangements.

A Scope of Responsibilities should be drafted in such a way as to be practical and useable by regulators. The *FCA* and the *PRA* consider that this would be achieved by succinct, clear descriptions of each responsibility which avoid unnecessary detail. Firms have the opportunity to provide details of each responsibility allocated to an individual using the free text boxes in this form, however, the *PRA* and *FCA* would not usually expect the description of each responsibility to exceed 300 words.

A Scope of Responsibilities must be a self-contained document. There should be one document per Senior Insurance Management Function (SIMF) holder or Significant Influence Function (SIF) holder per firm. Where an individual performs a senior insurance manager or significant influence function on behalf of more than one firm within a group, one Scope of Responsibilities is required for each firm. Any supplementary information may be provided in section 4 (or if submitting electronically, in a **single** attachment). A Scope of Responsibilities must not cross refer to or include other documents, attachments or links.

If the appropriate regulator considers that the Scope of Responsibilities is not sufficiently clear to be practical and usable, it could be challenged as part of a candidate's application for approval, or in ongoing supervision.

Details of the individual's responsibilities should be set out in sections 3.2 and 3.3, as appropriate:

- Section 3.2 covers those responsibilities required by regulators to be allocated to one or more controlled functions.
- Section 3.3 covers anything else, not otherwise included, for which a candidate is to be responsible.

### 3.1 Effective date and relevant Controlled Functions

3.1.1 Please state the effective date of this Scope of Responsibilities:

3.1.2 List all SIMFs and SIFs which the *approved person* is to perform and the effective date the *person* commenced or will commence the performance of the functions. Please include those *FCA* functions that are included in a *PRA controlled function* under *PRA Rulebook: Solvency II firms: Insurance - Senior Insurance Management Functions Chapter 2*.

Function	Description of a <i>controlled function</i>	Tick (if applicable)	Effective Date
SIMF 1	Chief Executive officer*		
SIMF 2	Chief Finance function*		
SIMF 4	Chief Risk officer*		
SIMF 5	Head of Internal Audit*		
SIMF 7	Group Entity Senior Manager		
SIMF 9	Chairman*		
SIMF 10	Chair of the Risk Committee*		
SIMF 11	Chair of the Audit Committee*		
SIMF 12	Chair of the Remuneration Committee*		
SIMF 14	Senior Independent Director*		
SIMF 19	Head of Third Country Branch function		
SIMF 20	Chief Actuary*		
SIMF21	With-profits Actuary*		
SIMF22	Underwriting function		
SIMF23	Underwriting Risk Oversight Officer (Lloyd's)		
CF 1	Director		
CF 2a	Chair of the Nominations Committee*		
CF 2b	Chair of the With-Profits Committee		
CF 5	Director of unincorporated association function		
CF 10	Compliance Oversight*		
CF 10a	CASS Operational Oversight		
CF 11	Money Laundering Reporting*		
CF 28	Systems and Controls		
CF 29	Significant Management		
CF 51	Actuarial conduct function (third country)		

Please note that for those roles asterisked above, this scope of responsibilities is considered to automatically include the existing legal and regulatory obligations for these roles. For example, certain specific responsibilities of a director are set out in company law. Such responsibilities do not need to be recorded in this statement, but any additional responsibilities should be recorded in the sections below.

### 3.2 PRA Prescribed Responsibilities

This section deals with those responsibilities required by PRA rules to be allocated to one or more controlled functions.

If the responsibilities that the *candidate* or a person performing SIMFs or SIFs is to carry out as described in the scope of responsibilities go beyond those set out in this section, those additional responsibilities should not reduce or alter the scope of the prescribed requirements set out in this section.

3.2.1 Please indicate below which of the responsibilities listed are/will be allocated to this individual.

Where responsibilities are shared (for example, a responsibility may be shared as part of a job share or where departing and incoming controlled functions work together temporarily as part of a handover), please provide details.

If the individual has not been allocated a prescribed responsibility, please go to section 3.3.

Ref	Prescribed Responsibilities	Tick if applicable
1	Ensuring that the firm has complied with the obligation to ensure that every person who performs a key function is fit and proper	
	Is this responsibility shared with another SIMF or SIF? If 'yes' please provide further details in section 4.	
2	Leading the development of the <i>firm's</i> culture by the governing body as a whole	
	Is this responsibility shared with another SIMF or SIF? If 'yes' please provide further details in section 4.	
3	Overseeing the adoption of the <i>firm's</i> culture in its day-to-day management	
	Is this responsibility shared with another SIMF or SIF? If 'yes' please provide further details in section 4.	
4	Production and integrity of the <i>firm's</i> financial information and regulatory reporting	
	Is this responsibility shared with another SIMF or SIF? If 'yes' please provide further details in section 4.	
5	Management of the allocation and maintenance of the <i>firm's</i> capital and liquidity	
	Is this responsibility shared with another SIMF or SIF? If 'yes' please provide further details in section 4.	
6	Development and maintenance of the <i>firm's</i> business model by the governing body	
	Is this responsibility shared with another SIMF or SIF? If 'yes' please provide further details in section 4.	
7	Performance of the <i>firm's</i> Own Risk and Solvency Assessment (ORSA)	
	Is this responsibility shared with another SIMF or SIF? If 'yes' please provide further details in section 4.	
8	Policies and procedures for the induction, training and professional development	

Ref	Prescribed Responsibilities	Tick if applicable
	for all members of the <i>firm's</i> governing body	
	Is this responsibility shared with another SIMF or SIF? If 'yes' please provide further details in section 4.	
9	Policies and procedures for the induction, training and professional development for all the <i>firm's</i> key function holders (other than members of the <i>firm's</i> governing body)	
	Is this responsibility shared with another SIMF or SIF? If 'yes' please provide further details in section 4.	
10	Oversight of the independence, autonomy and effectiveness of the whistleblowing policies and procedures, including those for the protection of staff raising concerns	
	Is this responsibility shared with another SIMF or SIF? If 'yes' please provide further details in section 4.	
11	Oversight of the <i>firm's</i> remuneration policies and practices	
	Is this responsibility shared with another SIMF or SIF? If 'yes' please provide further details in section 4.	



I have supplied further information related to this page in Section 4 YES  NO

3.2.2 If necessary, please provide additional information about each prescribed responsibility, including:

- a breakdown of the different components and tasks which the responsibility encompasses; and
- if applicable, details of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this prescribed responsibility with. The responsibility should be recorded in the same way in the scope of responsibilities documents for each individual.

Additional information must be relevant, succinct and not dilute or undermine the prescribed responsibility.

Ref	Prescribed Responsibility	Further Relevant Details

**3.3 Other Responsibilities**

3.3.1 Please set out below anything else, not otherwise included in this statement, for which a candidate or SIMF or SIF is to be responsible as part of their *FCA* and/or *PRA* controlled function(s) or key function(s) role.

Responsibility		Yes/ No
	Is this responsibility shared with another SIMF or SIF If 'yes' please provide further details in section 4:	
	Is this responsibility divided with another SIMF or SIF i.e. are you responsible for part of this responsibility rather than all of it? If 'yes' please provide further details in section 4:	
Please provide a description of your responsibilities:		

→ I have supplied further information related to this page in Section 4 YES  NO

**Supplementary Information** **Section 4**

4.1 Is there any other information the *individual* or the *firm* considers to be relevant?

YES  NO

If yes, please provide details below or on a separate sheet of paper and clearly identify the section and question to which the additional information relates.

Question	Information

4.2 How many additional sheets are being submitted?

Long Form A for firms which are not Solvency II firms (and are not Relevant Authorised persons)

Short Form A for firms which are not Solvency II firms (and are not Relevant Authorised persons)

...

**10A**  
**Annex 8**  
**D**

**Form E: Internal transfer of an approved person**

This annex consists of one or more forms. Note that there are separate forms for Solvency II firms and other firms. It also includes the scope of responsibilities form which must be included as an attachment to Form E in certain cases. ...

Form E for Solvency II firms:

Insert the following new form which is not underlined:



Application number  
(for FCA/PRA use only)

The FCA and PRA have produced notes which will assist both the applicant and the candidate in answering the questions in this form. Please read these notes, which are available on the FCA and PRA's websites at <http://fshandbook.info/FS/html/FCA/SUP/10A/Annex8> [www.bankofengland.co.uk/PRA](http://www.bankofengland.co.uk/PRA).

Both the applicant and the candidate will be treated by the FCA and PRA as having taken these notes into consideration when completing this form.

## Form E

### Internal transfer of an approved person (for Solvency II firms only)

FCA Handbook Reference: SUP 10A Annex 8D

PRA Rulebook Reference: Solvency II firms: Senior Insurance Managers Regime – Applications and Notifications

Name of *candidate*  
(to be completed by applicant *firm*)

Name of *firm*  
(as entered in 2.01)

Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS  
United Kingdom  
Telephone +44 (0) 300 500 0597  
E-mail [iva@fca.org.uk](mailto:iva@fca.org.uk)  
Website <http://www.fca.org.uk>  
Registered as a Limited Company in England and  
Wales No 1920623. Registered Office as above

Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA  
United Kingdom  
Telephone +44 (0) 203 461 7000  
Email [PRA-ApprovedPersons@bankofengland.co.uk](mailto:PRA-ApprovedPersons@bankofengland.co.uk)  
Website [www.bankofengland.co.uk/PRA](http://www.bankofengland.co.uk/PRA)  
Registered as a Limited Company in England and Wales  
No 07854923. Registered Office: 8 Lothbury Road,  
London, EC2R 7HH

## Personal identification details

## Section 1

1.01 Individual Reference Number (IRN)

1.02 Title  
(e.g. Mr, Mrs, Ms, etc)

1.03 Surname

1.04 ALL forenames

1.05 Date of birth

1.06 National Insurance number

## Firm identification details

## Section 2

2.01 Name of *firm*

2.02 *Firm* Reference Number (FRN)

2.03 a Who should the *FCA/PRA* contact at the *firm* in relation to this application?

b Position

c Telephone

d Fax

e E-mail



I have supplied further information related to this page in Section 6

YES

NO

**Controlled functions to cease** **Section 3**

**3.01** List all *controlled functions* which the approved person is ceasing to perform. The effective date is the date the *person* will cease to perform the functions.

	FRN	Name of <i>firm</i>	<i>Controlled function</i>	Effective date
a				
b				
c				
d				
e				



I have supplied further information related to this page in Section 7

YES

NO

**New arrangement and controlled functions**

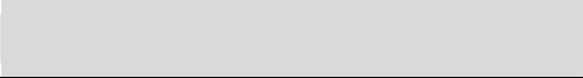
**Section 4**

**4.01** Nature of the arrangement between the candidate and the applicant.

a Employee

---

b Group employee

Name of group 

---

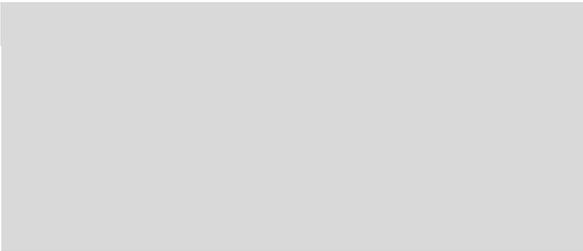
c Contract for services

---

d Partner

---

e Other

Give details 

**4.02** For applications from a single firm, please tick the boxes that correspond to the controlled functions to be performed.

If the controlled functions are to be performed for more than one firm, please go to question 4.04

Function	Description of a controlled function	Tick (if applicable)	Effective Date
SIMF 1	Chief Executive officer		
SIMF 2	Chief Finance function		
SIMF 4	Chief Risk officer		
SIMF 5	Head of Internal Audit		
SIMF 7	Group Entity Senior Manager		
SIMF 9	Chairman		
SIMF 10	Chair of the Risk Committee		
SIMF 11	Chair of the Audit Committee		
SIMF 12	Chair of the Remuneration Committee		
SIMF 14	Senior Independent Director		
SIMF 19	Head of Third Country Branch function		
SIMF 20	Chief Actuary		
SIMF21	With-profits Actuary		
SIMF22	Underwriting function		
SIMF23	Underwriting Risk Oversight Officer (Lloyd's)		
CF 1	Director		
CF 2a	Chair of the Nominations Committee		
CF 2b	Chair of the With-Profits Committee		
CF 5	Director of unincorporated association function		
CF 10	Compliance Oversight		
CF 10a	CASS Operational Oversight		
CF 11	Money Laundering Reporting		
CF 28	Systems and Controls		
CF 29	Significant Management		
CF 30	Customer Function		
CF 51	Actuarial conduct function (third country)		

**4.03** Job title

**Insurance mediation**

Will the candidate be responsible for Insurance mediation at the firm? YES  NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than controlled functions CF2a and CF2b) (MIPRU 2.2.2))

**4.04** List all *firms* within the *group* (including the *firm* entered in 2.01) for which the applicant requires approval and the requested *controlled function* for that *firm*.

	<b>Firm Reference Number</b>	<b>Name of firm</b>	<b>Controlled function</b>	<b>Job title (mandatory)</b>	<b>Effective date</b>
<b>a</b>					
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					



I have supplied further information related to this page in Section 5

YES

NO

## Supplementary information

## Section 5

- 5.00
- If there is any other information the *candidate* or the *firm* considers to be relevant to the application, it must be included here.
  - Please provide full details of
    - why the *candidate* is competent and capable to carry out the controlled function(s) applied for
    - why the appointment complements the firm's business strategy, activity and market in which it operates
    - how the appointment was agreed including details of any discussions at governing body level (where applicable)
  - Provide a copy of the candidate's:-
    - Scope of Responsibilities with this form. This is not required for *candidates* for *controlled function* CF30 only.
    - Roles description
    - Curriculum Vitae (C.V)
    - Organisational chart

Question	Information

## Declarations and signatures

## Section 6

### Declaration of *Candidate*

Knowingly or recklessly giving the *FCA* and/or *PRA* information which is false or misleading in a material particular may be a criminal offence (section 398 of the Financial Services and Markets Act 2000). It should not be assumed that information is known to the *FCA* and/or *PRA* merely because it is in the public domain or has previously been disclosed to the *FCA* and/or *PRA* or another regulatory body. If there is any doubt about the relevance of information, it should be included.

In addition to other regulatory responsibilities, firms, senior managers and other approved persons have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the firm and/or individuals.

For the purposes of complying with the Data Protection Act 1998, the personal information provided in this form will be used by the *FCA* and *PRA* to discharge their statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation, and will not be disclosed for any other purpose without the permission of the applicant.

With reference to the above, the *FCA* and/or *PRA* may seek to verify the information given in this form including answers pertaining to fitness and propriety. This may include a credit reference check. In signing the form below:

**a) I authorise the *FCA* and/or *PRA* to make such enquiries and seek such further information as it thinks appropriate in the course of verifying the information given in this Form. *Candidates* may be required to apply for a criminal records search to be made as to whether any criminal records are held in relation to them and to obtain a certificate (where such certificate can be obtained) and to disclose the result of that search to the *firm* submitting this application.**

**b) I confirm that the information in this form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this form. I confirm that the attached Scope of Responsibilities accurately reflects the aspects of the affairs of the *firm* which it is intended that I will be responsible for managing. I confirm that I have accepted all the responsibilities set out in this Scope of Responsibilities.**

**c) I confirm that I understand the regulatory responsibilities of my proposed role as set out in the rules of conduct in the *FCA*'s Conduct Rules (*COCOM*) and/or *PRA Rulebook: Solvency II firms: Insurance – Conduct Standards* (as applicable).**

Tick here to confirm you have read and understood this declaration:

**6.01** *Candidate's* full name

**6.02** Signature \*

Date

\* The above question(s) appears on a paper form submission only. That question does not appear on an electronic form submission.

## Declaration of Firm

Knowingly or recklessly giving the *FCA* and/or *PRA* information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). *SUP 15.6.1R* and *SUP 15.6.4R* of the *FCA Handbook* and Notification 6 of the *PRA Rulebook* require an authorised person to take reasonable steps to ensure the accuracy and completeness of information given to the *FCA* and/or *PRA* and to notify the *FCA* and/or *PRA* immediately if materially inaccurate information has been provided.

In addition to other regulatory responsibilities, firms, senior managers and other approved persons have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the firm and/or individuals.

It should not be assumed that information is known to the *FCA* and/or *PRA* merely because it is in the public domain or has previously been disclosed to the *FCA* and/or *PRA* or another regulatory body. If there is any doubt about the relevance of information, it should be included.

In making this application the *firm* believes on the basis of due and diligent enquiry and, where applicable, by reference to the criteria in FIT that the candidate is a fit and proper person to perform the controlled function(s) listed in section 3. The firm also believes, on the basis of due and diligent enquiry, that the candidate is competent to fulfil the duties required in the performance of such function(s).

### IF UNDERTAKING ANY NON MiFID BUSINESS FOR WHICH THE FIRM HAS NOT PREVIOUSLY APPLIED FOR AUTHORISATION, PLEASE ALSO COMPLETE THE FOLLOWING

The *firm* also believes, on the basis of due and diligent enquiry, that the *candidate* is competent to fulfil the duties required of such function(s). YES  NO

Where applicable, the *firm* confirms that it has had sight of a criminal records certificate prepared within the past 3 months in relation to the Individual and has given due consideration to the information contained in that certificate in determining that Individual to be fit and proper. Alternatively, where a certificate is not obtained the *firm* has provided an explanation in section 5.

In signing this form on behalf of the *firm*:

- a) I confirm that the information in this form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this form.
- b) I confirm that I have authority to make this application and provide the declarations given by the *firm*, and sign this form, on behalf of the *firm* identified in section 2.01 and/or each firm identified in section 4.04. I also confirm that a copy of this form, as submitted to the *FCA* and/or *PRA*, will be sent to each of those firms at the same time as submitting the Form to the *FCA* and/or *PRA*.
- c) I confirm the *candidate* has been made aware of the regulatory responsibilities of the proposed role as set out in the rules of conduct in the *FCA's* Conduct Rules (*COCON*) and/or *PRA Rulebook: Solvency II firms: Insurance- Conduct Standards* (as applicable).
- d) I confirm that that the Scope of Responsibility submitted with this form accurately reflects the aspects of the affairs of the *firm* which it is intended that the *candidate* will be responsible for managing.

6.03	Name of the <i>firm</i> submitting the application	
6.04	Name of <i>person</i> signing on behalf of the <i>firm</i>	
6.05	Job title	
6.06	Signature *	
	Date	

\* The above question(s) appears on a paper form submission only. That question does not appear on an electronic form submission.

Scope of responsibilities form can be found at SUP 10A Annex 4D.

Form E for firms which are not Solvency II firms (and are not Relevant Authorised persons)

...

## **10A        Form G: The Retail Investment Adviser Complaints Alerts Form Annex 9R**

~~The Retail Investment Adviser Complaints Alerts Form G approved by the FSA for notifications under SUP 10.13.20A R may be found at the FCA's website: <http://www.fca.org.uk/firms/about-authorisation/apply>~~

~~The form can also be found through the following address: *Form G: The Retail Investment Adviser Complaints Alerts Form SUP 10A Annex 9* [deleted]~~

...

## **10C.3        General material about the definition of controlled functions**

...

10C.3.5    G    (1)    ...

- (2)    Therefore, a function is only covered by SUP 10C.4.3R (Table of ~~FCA-controlled~~ FCA-designated senior management functions for relevant authorised persons) if that function meets both the following sets of requirements:

...

## **12.4        What must a firm do when it appoints an appointed representative or an EEA tied agent?**

...

12.4.4    G    ...

- (2)    the fitness and propriety (including good character and competence) and financial standing of the *controllers, directors, partners, proprietors and managers* of the *person; firms seeking guidance* on

the information which they should take reasonable steps to obtain and verify should refer to *FIT* and the questions in the relevant Form A (Application to perform controlled functions under the approved person regime) in *SUP 10A Annex 4* ~~or *SUP 10B Annex 4*~~ or in the *PRA's* rulebook.

...

#### 12.4.5C R Multiple principal agreement

	Matter	Explanation
...		
5.	<i>Approved person status</i>	The arrangements for making applications for <i>approved person status</i> (see <i>SUP 10A</i> and <del><i>SUP 10B 10C</i></del> <u>(Approved persons) and the corresponding <i>PRA</i> requirements</u> ).
...		

...

#### 12.6 Continuing obligations of firms with appointed representatives or EEA tied agents

...

#### 12.6.8 G ...

(4) The *approved persons* regime for *relevant authorised persons* is in *SUP 10C* (FCA senior management regime for approved persons in relevant authorised persons), rather than *SUP 10A*. However, *SUP 10A* still applies to *approved persons* of *appointed representatives of relevant authorised persons* (see *SUP 10A.1.16BR* to *SUP 10A.1.16DG* and *SUP 10C.1.8G* for more about this).

...

#### The certification regime

12.6.16 G *SYSC 5.2.22G* explains the application of the certification regime in *SYSC 5.2* to *appointed representatives of relevant authorised persons*. The certification regime does not apply to *firms* that are not *relevant authorised persons*.

...

**12.8 Termination of a relationship with an appointed representative or EEA tied agent**

...

12.8.4 G The *firm* is responsible for notifying the *FCA* of any *approved person* who no longer performs a *controlled function* under an arrangement entered into by a *firm* or its *appointed representative* (see ~~SUP 10.3~~ 10A.3 and SUP 10C.3).

...

**12.9 Record keeping**

...

12.9.4 G *Firms* are reminded that they should make and retain records in relation to any *person* who falls within the scope of the *rules* in *TC* or who performs a *controlled function* under an *arrangement* entered into by a *firm* or by an *appointed representative*. See ~~SUP 10~~ 10A, SUP 10C and *TC* for the applicable record keeping *rules*.

...

**13A Annex 1G Application of the Handbook to Incoming EEA Firms**

...		
<b>(1) Module of the Handbook</b>	<b>(2) Potential application to an incoming EEA firm with respect to activities carried on from an establishment of the firm (or its appointed representative) in the United Kingdom</b>	<b>(3) Potential application to an incoming EEA firm with respect to activities carried on other than from an establishment of the firm (or its appointed representative) in the United Kingdom)</b>
...		
SYSC	... (2) SYSC 2.1.3R to SYSC 2.2.3G apply, but only in relation to allocation of the function in SYSC 2.1.3R(2) and <u>SYSC 2.1.3AR(2)</u> and only in so far as responsibility for the matter in question is not reserved by an <i>EU</i> instrument to	...

	the <i>firm's Home State regulator</i> ; and ...	
--	---	--

**Sch 5 Rights of actions for damages**

...

Sch 5.2G

Chapter/Appendix	Section/Annex	Paragraph	Rights of action under section 138D			
			For private person?	Removed?		For other person
...						
10A	All <i>rules</i> in sections <i>SUP</i> 10A.1 to <del><i>SUP</i> 10A.10</del> <u><i>SUP</i> 10A.11</u>		...			
<u>10C</u>	<u>All rules in sections <i>SUP</i> 10C.1 to <i>SUP</i> 10C.9</u>		<u>No</u>	<u>No</u>	<u>No</u>	
...						

**Sch 6 Rules that can be waived**

...

Sch 6.1A G As a result of section 138A of the *Act* (Modification or waiver of rules) the *FCA* has power to waive all its *rules*, other than rules made under section 64A (rules of conduct), 137O (Threshold condition code), section 247 (Trust scheme rules), section 248 (Scheme particular rules), section 261I (Contractual scheme rules) or section 261J (Contractual scheme particulars rules) of the *Act*. ...

## Annex K

### Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

#### 1.10 Complaints reporting rules

...

##### 1.10.3 G ...

[**Note:** See ~~SUP 10A.14.24R~~ SUP 15.12.1R for the ongoing duty to notify *complaints* about matters relating to activities carried out by any *employee* when acting as a *retail investment adviser*.]

## Annex L

## Amendments to the Consumer Credit sourcebook (CONC)

In this Annex, underlining indicates new text.

## 12.1 Application and purpose

...

### 12.1.4 R Table: Disapplied or modified modules or provisions of the Handbook

Module	Disapplication or modification	
...		
Supervision manual (SUP)	<i>SUP 3 (Auditors), SUP 10A (FCA Approved persons), <u>SUP 10C (FCA senior management regime for approved persons in relevant authorised persons)</u> and SUP 12 (Appointed representatives) (see Note 2) do not apply:</i>	
	...	
...		

## Annex M

### Amendments to the Fit and Proper test for Approved Persons (FIT)

In this Annex, underlining indicates new text and striking through indicates deleted text.

#### The Fit and Proper test for Approved Persons

...

#### 1.2 Introduction

...

- 1.2.-1 G Under section 60A(1) of the *Act*, before a *relevant authorised person* may make an application for the *FCA*'s approval of a *designated senior management function*, the ~~*FCA*~~ *relevant authorised person* must be satisfied that the *person* for whom the application is made is a fit and proper *person* to perform that function.

...

## Annex N

## Amendments to the General guidance on Benchmark Submission and Administration guide (BENCH)

In this annex, underlining indicates new text.

### 2.1 Parts of the Handbook applicable to benchmark submission activity and benchmark administration activity

...

#### 2.1.2 G Parts of the Handbook applicable to the *regulated activities* of providing information in relation to a specified benchmark and administering a specified benchmark.

	Part of the Handbook	Applicability to the <i>regulated activities</i> of providing information in relation to a specified benchmark and administering a specified benchmark
High Level Standards	...	
	Statements of Principle and Code of Practice for Approved Persons (APER)	This applies to an <i>approved person of a firm that is not a relevant authorised person</i> who performs a benchmark submission function or a benchmark administration function.
	<u>Code of Conduct sourcebook (COCON)</u>	<u>This applies to conduct rules staff of relevant authorised persons.</u>
	...	

....

## Annex O

### Amendments to the Financial Crime Guide (FC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

#### Amendments to Part 1 of the Financial Crime Guide

##### 1 Introduction

...

1.5 The material in the Guide does not form part of the Handbook, but it does contain guidance on Handbook rules and principles, particularly:

...

- the Statements of Principle for Approved Persons set out in ~~APER 2.1.2P~~ APER 2.1A.3R and the conduct rules set out in COCON 2.1 and 2.2; and

...

...

#### Amendments to Part 2 of the Financial Crime Guide

##### 1 Introduction

...

1.3 As with Part 1, Part 2 contains guidance on Handbook rules and principles, particularly:

...

- the Statements of Principle for Approved Persons set out in ~~APER 2.1.2P~~ APER 2.1A.3R and the conduct rules set out in COCON 2.1 and 2.2; and

...

...

## Annex P

## Amendments to the Perimeter Guidance manual (PERG)

In this Annex, underlining indicates new text and striking through indicates deleted text.

### 13 Guidance on the scope of MiFID and CRD IV (PERG 13)

...

#### 13.7 The territorial application of MiFID

...

##### **Q70. How are the high level standards, like the Principles, affected by MiFID?**

The position is summarised in the table below

	<b>Subject matter</b>	<b>References</b>	<b>Summary</b>
...			
4	Approved persons	<i>SUP 10A.1, SUP 10C.1, <u>COCON 1.1</u>, <u>APER 1.1A.4G</u> and <u>APER 2.1A.2P</u> <del>2.1A.2R</del></i>	...
...			



**Financial Conduct Authority**



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