

Applying for authorisation

This guide provides information to firms who are seeking a direct authorisation by the FSA. This is called applying for Part IV permission as set out in the Financial Services and Markets Act 2000.

It covers:

- **how you can prepare and apply for authorisation;**
- **the criteria we use to assess applications;**
- **where to get help; and**
- **the authorisation process and how long it takes.**

There is an alternative to applying for direct authorisation to carry on business regulated by the FSA – exemption from authorisation. To be exempt from the need to be directly authorised you must be either:

- an appointed representative of an authorised firm;
- a professional firm (broadly speaking, a firm of solicitors, accountants or actuaries carrying on regulated activities incidental to their main business); or
- a Local Authority.

The only exemption applicable to all firms is to be an appointed representative of an authorised firm. For more information about how to become an appointed representative, see our factsheet 'becoming an appointed representative' at: www.fsa.gov.uk/pubs/other/factsheet_appointed.pdf

How we assess applications

Before a firm can carry on a regulated activity we must be satisfied that the firm can meet and continue to meet the minimum standards, called Threshold Conditions, and that the persons running the firm are fit and proper. You should review these carefully to ensure that you meet these criteria.

Table 1 below summarises the Threshold Conditions. You can get further guidance on the Threshold Conditions in the COND section of the FSA Handbook:

<http://fsahandbook.info/FSA/html/handbook/COND>

Table 1

<i>Threshold condition</i>	<i>Summary of threshold condition</i>
COND 2.1 Legal status	<p>The applicant can be any of the following:</p> <ul style="list-style-type: none"> • a sole trader; • a body corporate; • a partnership; or • an unincorporated association. <p>However, in the case of the regulated activities of accepting deposits (eg banks) and effecting or carrying out contracts of insurance (eg insurance companies), article 1 of the Banking Consolidation Directive and article 8(1) of the First Non-Life Directive and of the First Life Directive place further limits on the legal forms a firm may take.</p> <p>(1) If the regulated activity concerned is the effecting or carrying on of contracts of insurance the authorised person must be a body corporate (other than a limited liability partnership), a registered friendly society or a member of Lloyd's.</p> <p>(2) If the person concerned appears to the [FSA] to be seeking to carry on, or to be carrying on, a regulated activity constituting accepting deposits, it must be:</p> <p>(a) a body corporate; or</p> <p>(b) a partnership.</p>
COND 2.2 Location of offices	<p>If the applicant is a body corporate constituted under the law of any part of the UK:</p> <ul style="list-style-type: none"> • unless it carries on only insurance mediation activities, its head office and its registered office, if there is one, must be located in the UK; or • if it carries on only insurance mediation activities, its registered office, or its head office if it does not have a registered office, must be in the UK. <p>If the applicant is not a body corporate but has its head office in the UK, it must also carry on its business in the UK.</p>
COND 2.3 Close Links	<p>If the applicant has any close links (links with other firms or individuals), these must not prevent effective FSA supervision of the applicant if the applicant is authorised.</p>
COND 2.4 Adequate resources	<p>The FSA must be satisfied that the applicant has adequate resources.</p> <p>The FSA assesses the quality and quantity of the applicant's resources with regard to:</p> <ul style="list-style-type: none"> • finance; • management; • staff; and
COND 2.5 Suitability	<p>The FSA must be satisfied that the applicant is 'fit and proper' to be authorised.</p> <p>The FSA assesses:</p> <ul style="list-style-type: none"> • the competence and ability of management; • the management's commitment to carrying on the business with integrity; and • the management's commitment to carrying on the business in compliance with the regulatory regime.

For information about how we assess individuals' fitness and propriety, see our factsheet 'becoming an approved person' at http://www.fsa.gov.uk/pubs/other/factsheet_approved.pdf.

How to prepare to apply for authorisation

To apply for authorisation, you will need to complete the type of application form that applies to your type of firm. You can download this from our website at: www.fsa.gov.uk/Pages/Doing/how/index.shtml

Many firms go straight to the application forms and then realise that they need to do quite a lot of work before they are able to complete the application form that applies to their type of firm and to send it to us.

Table 2 below outlines the main steps that you need to complete before you will be able to submit a fully completed application form. It is a good idea to read this section alongside the application form that is suitable for your firm.

Table 2

<i>What you need to do</i>	<i>How?</i>
Decide the type of business you want to do and therefore the scope of permission you wish to apply for.	For smaller firms we have developed several standard permission profiles. These can be found in the application packs. If none of these profiles match the business that you want to do, you will need to construct your own. The complete list of activities for which you can apply are listed in PERG2 Annex 2G: http://fsahandbook.info/FSA/html/handbook/PERG
Familiarise yourself with the Principles for Businesses	Details can be found in the PRIN section of the Handbook: http://fsahandbook.info/FSA/html/handbook/PRIN
Prepare a business plan setting out the planned activities (and related risks), budget and resources (human, systems and capital).	Refer to the Regulatory Business Plan section of the application pack for details of the information required.
Decide which rules in the FSA Handbook apply to the activities your firm wants to carry on, and take all reasonable steps to ensure that you are ready, willing and organised to comply with those rules.	Most smaller firms can use a tailored handbook. Firms that do not have the necessary attributes to use a tailored handbook can either use our 'build your own handbook' option or consult the full Handbook: http://fsahandbook.info/FSA/select-handbook/tailored http://fsahandbook.info/FSA/html/handbook
Determine the minimum regulatory financial requirements.	Details can be found in the PRU/IPRU section of the Handbook/Tailored Handbook.
Determine the systems and controls necessary both to support the firm's activities and to comply with the relevant rules, and have plans to implement and test these systems before we determine the application.	Details can be found in the SYSC section of the Handbook/Tailored Handbook.
Determine which people in your firm should have appropriate qualifications. For example, the Certificate in Financial Planning is an appropriate approved qualification for financial advisers.	There are a number of other appropriate approved qualifications. Details of these qualifications can be obtained from the Financial Services Skills Council : www.fssc.org.uk For details of qualification requirements please refer to the TC section of the Handbook/Tailored Handbook.
Decide who will fall under the approved persons regime and apply for the necessary approval.	To find out more about what is involved in becoming an approved person please visit our website and read our factsheet 'becoming an approved person' at: www.fsa.gov.uk/pubs/other/factsheet_approved.pdf

Completing the application pack

All our application forms ask for some core information, as well as for information relevant to certain types of firms and the business you want to do. Most firms applying for authorisation now have the facility to use the 'build your own application pack' on our website. This tailors the application to the type of business that you want to do and also sets out the information that you need to supply with your application.

It is vital that you supply all relevant information. You should be open and honest with us and this will count in your favour if we need to look at your application more closely because of any incorrect information. The success of your application could be affected if we find that you have deliberately withheld information or provided false or incomplete facts.

You should also provide us with any other information that you think we should be aware of. If in doubt about anything, then please disclose it.

If the information you provide is inaccurate or incomplete, this is likely to delay your application. If you have any problems, discuss them with the Firm Contact Centre (see Table 3 for phone number) before submitting the application or, if necessary, consider seeking appropriate professional advice (see Getting Help below).

Before you submit your application you should review it to check that you have provided adequate responses to all questions and enclosed any evidential documents.

Getting help

In addition to this guide and the information found on our website we also provide other help to firms who are embarking on the authorisation process. Table 3 below sets out these sources of extra help.

Table 3

Pre-application meetings	Normally we would only hold pre-application meetings with potential applicants where the business concerned is complex or unusual. Meetings are unnecessary for less complex businesses and any pre-application issues can usually be resolved by telephone or correspondence.	Firm Contact Centre Tel: 0845 606 9966
Perimeter guidance	It will not always be clear whether a firm's prospective regulated activities will require authorisation. We have a Perimeter Guidance team to help.	Perimeter Guidance Team Tel: 020 7066 0082 Email: perimeterguidance@fsa.gov.uk
Completing the application pack	The application pack and the approved persons forms are available from our website: www.fsa.gov.uk/pages/Library/Communication/Forms/index.shtml	Firm Contact Centre Tel: 0845 606 9966
Professional advisers	You should consider early on whether, given the nature of the proposed business and your own experience, it is appropriate to seek professional advice with your application. For example, you may need to seek advice from lawyers, auditors or consultants. If you do ask a professional person to fill in the application form on your behalf, we still expect you to remain closely and actively involved in the application and we will hold you (not the professional adviser) responsible for the accuracy of, and any omission of, information in the form.	n/a

The authorisation process

When we receive your application form and application fee paid in full you will have made an application (see our webpage 'How do I get authorised?' for more details at: www.fsa.gov.uk/Pages/Doing/how/index.shtml).

A case officer will be allocated and we will tell you who that is. They will review your application and may ask you to provide further information or clarification. If additional information is required, we will contact you as soon as possible. We will also need to contact you if you have filled in your application incorrectly or have forgotten to include information we need. We will work with you to resolve any issues and we will keep you informed of progress throughout the application process.

Occasionally, firms are unable to put in place everything we need to grant the application. For example, a firm may not wish to inject the necessary capital or put the professional indemnity insurance on risk in place until it is clear authorisation will be granted.

In these circumstances we will consider whether we can advise you that we are 'minded to grant' the application, provided certain conditions are fulfilled. Firms are welcome to discuss their circumstances with the Firm Contact Centre on: 0845 606 9966.

If your application is successful we will write to you confirming your authorisation and enclosing your Scope of Permission Notice. This is your formal Part IV permission and will set out when the permission starts, which regulated activities you have permission to carry on and any requirements or limitations requested.

If your application is not successful and we are proposing to refuse your application, there is a procedure for you to challenge our proposed decision. We would let you know about this procedure then.

When these procedures have been completed, if your application is refused, we will issue a final notice confirming the decision and publish a summary of that notice on its website. We are under a statutory obligation to publish such information about the matter to which a final notice relates as we consider appropriate. In doing so, we take into account the desirability of having a transparent decision-making process and our duty to inform and to explain to the general public and the financial services industry the actions we have taken. It is also our policy that information about a final notice will remain published on our website for at least six years; after this we will review whether its continued publication remains appropriate.

How long will it take?

Most applications are processed within the statutory standards which are set out in the Financial Services and Markets Act*. We will try to meet any relevant dates you tell us about, but it would help us if you make your application in plenty of time.

We will make a decision within the earlier of:

- six months of receiving your complete application; or
- 12 months of receiving an incomplete application.

Most applications are processed well within the statutory standards.

Our service standards are published on our website and, periodically, our performance against these standards.

*It states that we have six months from the date we receive a completed application to grant or to refuse an application and the earlier of (a) 12 months from the date we receive an incomplete application or (b) six months from the date an incomplete application becomes complete. (That is, when information or documents required to be submitted as part of the application form are not provided.)

Withdrawing an application

You can withdraw an application at any time before the application is granted or refused by writing to us. Your written notification should be signed by someone with appropriate authority. The application fee is not refundable so you need to be sure that you want to apply before you do so. Any individual applications for approval may similarly be withdrawn when you complete the appropriate form.

Starting regulated activities

Once authorisation is granted, we will expect a firm to start its regulated activities in line with its current business plan. Applicants should consider this when deciding when to make an application.

We may exercise our own-initiative powers to vary or cancel a Part IV permission once granted if you do not:

- (a) start a regulated activity for which you have Part IV permission within 12 months from the date the permission was given; or
- (b) carry on a regulated activity for which you have Part IV permission for at least 12 months (irrespective of the date of the grant of permission).

If we decide to exercise our own-initiative powers to vary or cancel a firm's Part IV permission, we will discuss the proposed action with you and find out your reasons for not starting or carrying on the regulated activities concerned. If you have any problems starting a regulated activity, you should discuss them with the appropriate FSA supervision department (we will tell you who this is once you are authorised).

The FSA Register

When we grant an application for Part IV permission, we will update the public record – the FSA Register – with a general description of the regulated activities your firm has permission to carry on.

You can access the FSA Register at: www.fsa.gov.uk/Pages/register



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