
FCA Permissions Dept and APCC Meeting 22nd October 2014

Attendees:

FCA	Lucy McClements	APCC	Ben Mason
	Andy Freeman		Russell Facer
	Gillian Lavabre		Gary Kershaw
	Susan Tyldesley (Part Meeting)		Jude Bahnan
	Mark Adams (Part Meeting)		
	Keith Cooper (Part Meeting)		
	Baljit Bhamra (Part Meeting)		

Attachments:

- FCA Meeting slides – please read these as we have not expanded on them significantly below

Key Contents:

- General update including Connect and the new post authorisation support call
- Consumer Credit
- AIFMD
- Contact Centre developments

General

- 1) Resourcing in the permissions department generally has improved. Two more managers will start over the next few weeks, and case officer allocation times for the wholesale team, which has been slow in recent months, is now falling.
- 2) Last year the FCA looked at introducing a support call from the contact centre to firms recently authorised. This has now happened, starting in August, and catching up with firms authorised from 1st April. The objective of the call is to highlight the resources in place for firms and to answer questions. While this is not a pure supervisory call, or in any way meant to be challenging, the FCA will record details of it.
- 3) APCC fed back that the publication of authorisation KPIs was considered a success. FCA will be publishing Q3s KPIs very soon.
- 4) The Connect system is now live for the following applications: VoPs, ARs, APs, standing data and consumer credit applications. FCA recognise that there are some teething issues, as would be expected, but these are being fixed as they arise.

- 5) The next release of the Connect system is in December and the subsequent one in April. This will include bringing new firm applications on line.
- 6) It is still expected that consultants would have multi-client access, in a similar way to accountants having access to their clients' accounts with HMRC. FCA to investigate what has happened to this facility.
- 7) FCA is still very keen to receive feedback, particularly if consultants are aware of questions which are asked regularly by Case Officers, and could be included in the future application forms. Now is the time to do this as the Connect system is being designed to include new firm applications now. PLEASE PROVIDE FEEDBACK – THIS IS YOUR CHANCE TO INFLUENCE THE AUTHORISATION PROCESS.
- 8) The move to monthly charging of regulatory fees has reduced the number of firms at “Minded to Authorise” to a degree, but not as much as FCA hoped.
- 9) The Project Innovate team is being established, details of which are in the public domain. In Summary it will assist tech start-ups which will benefit the industry or remove risks to consumers, to get started and in business.
- 10) The meeting ran out of time and the mortgage credit directive is on the agenda for the next meeting.

AIFMD

- 11) The existing AIFMD specialist team has been handling the remaining inflight apps submitted pre 22/7/14 with new apps since 22/7/14 coming into the existing Wholesale team. However, the dedicated AIFMD team is being wound down, with all new AIFMD applications now being handled by the Wholesale team, as FCA return to business as usual post-AIFMD.
- 12) The FCA received 1100 AIFMD applications pre 22/07/14 and a further 41 subsequently, more than 200 over the upper estimate. 41 depositaries of different types have been authorised. These have generally been handled in line with the legal deadlines, with those that overran typically being because applicants could not supply information requested or were not “ready, willing and organised”.
- 13) There have been some issues with the use of the AIF schedule with some firms not listing sub-funds properly and data missing. Members are requested to advise their clients of these issues.
- 14) In relation to this AIFs will be reported by GABRIEL in the future. There is a 60 page Q&A on the FCAs' website which is a starting point, and from there the GABRIEL mailbox is the next best place to get support. Firms are encouraged to check their reporting schedule and data to ensure their Gabriel returns are correct.

Consumer Credit

- 15) The Consumer Credit team is now processing high volumes of applications and resourcing and progress is in line with the expected plan. APCC gave feedback on member experience to date of the application process. FCA explained that newer staff get easier cases than more experienced staff.
- 16) FCA reiterated their concerns about the poor quality of information in some applications and that some individual disclosures were not being made correctly, with the resulting challenges for applicants. Some firms were still applying for all activities.
- 17) Unsurprisingly refusals and withdrawals are higher than for traditional FSMA firms.
- 18) APCC members are reminded of the Power Of Attorney letter which should be included in an application if the applicant would like their consultant to be able to discuss specific technical issues with the FCA on occasion.
- 19) FCA is expecting either to visit or interview firms in particularly high risk sectors, which includes PayDay and Debt Management.
- 20) A discussion was held about the trigger of Debt Counselling and Debt Adjusting to make firms high risk, with examples being provided of when this was very much a secondary activity, including for Full Permission firms. An example was given of credit brokers that might have to discuss an early termination of a loan with a client. It was agreed that high quality applications would explain the business model and mitigating circumstances surrounding secondary activities to assist Case Officers accurately assess the applicant.
- 21) The FCA have noted a tendency for some Consultants to submit templated applications. It was reiterated that this is not acceptable as the FCA learns little about the firm and more about their consultants. Firms are meant to understand and be familiar with their own application, which should reflect their business.
- 22) In a similar vein, a discussion was held about what is expected of firms in relation to their understanding of their compliance policies and procedures. FCA confirmed that firms are meant to understand their own policies and procedures, otherwise it was difficult for FCA to gain confidence that the firm would be compliant going forward. So simply providing access to a website with standardised documents on it would not demonstrate that the applicant will be compliant.
- 23) In relation to the two points above, it was noted that Case Officers are following up on cases in different ways, to ensure that the applicant fully stands behind their application. Examples which APCC members are aware of included case officers calling applicants to discuss the application or their compliance policies, and Limited permission firms being asked for business

plans. APCC emphasised their support interventions such as these as they are likely to strongly influence applicants to take their compliance responsibilities seriously.

Contact Centre

- 24) Mark Adams, a manager in the contact centre, joined the meeting for the first time. Mark is from a professional contact centre background and is responsible for operational issues such as data, management information and quality. Mark presented an extensive summary of call centre operations and numerical data. Please see the attached slides presentation.
- 25) Of significant note to APCC members and their clients is the improvement in contact times. 50% of correspondence is now responded to in under one working day with all being processed in two working days.
- 26) In recognition of the significant 2nd line support required by the front line call handlers, and to reduce traffic to the rest of the business, a 5 strong 'complex solutions team' has been implemented to provide technical support to call handlers.
- 27) Call notes from contact centre calls are placed in the Intact/Connect system which makes them available to all FCA staff using that system.
- 28) Mark gave more details of the 'welcome calls' described in point 2 above. It is likely that webinars may also be used in the future for similar purposes and the long term aim is that welcome calls happen very close to the date of authorisation when an applicant's mind is focussed on it.
- 29) Call quality currently runs at 79%, using the FCA's assessment methodology, with target being 80%. Members are asked to always participate in the quality surveys offered at the end of the call.
- 30) The training and quality management processes were also explained, and how these align with the overall quality targets of the contact centre.
- 31) Further details are in the attached slides.