



**FCA Authorisations Division and APCC Liaison Meeting Minutes 7<sup>th</sup> March 2017,  
at the offices of the FCA, 25 The North Colonnade, London,**

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**Attendees:**

**FCA:**

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| Nick Mears       | Head of Department, Lending and Intermediaries & Chair |
| Kim Heffernan    | Senior Manager, Lending and Intermediaries             |
| Gillian Lavabre  | Manager, Lending and Intermediaries                    |
| John Battram     | Lending and Intermediaries                             |
| Jagjit Sahota    | Approved Person, Passporting and Mutuals               |
| John Poulos      | Contact Centre   |
| David Blocksidge | Retail Department                                      |
| Matteo Basso     | Wholesale Department                                   |
| Isabel Power     | Minute taker   |
| Marcus Thomas    | Associate, Lending and Intermediaries – minute taker   |
| Karen Avis       | Senior Manager, Wholesale                              |

**APCC:**

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| Ben Mason          | APCC Director and Authorisations Working Group Leader |
| Russell Facer      | APCC Director   |
| Gary Kershaw       | APCC Director   |
| Jude Bahnan        | APCC Member and Authorisations Working Group Member   |
| Beverley Robertson | APCC Company Secretary – minute taker                 |

**Agenda:**

- 1. Update on Developments at the FCA, including L & I matters, Consumer Credit cases carried forward and P2P**
- 2. Approved Person, Passporting and Mutuals including reference to an AR query**
- 3. Mind and Management update**
- 4. Consultants Guidance**
- 5. Wholesale update, including MiFID II matters, FX/CFD**
- 6. Contact Centre update**
- 7. Retail Department update including CIC, PSD2**
- 8. AOB – Links between the FSCS intelligence supervision and authorisation  
Changes to the operation of Form A**

The FCA started with a note of thanks from Sarah Rapson for the APCC's support and feedback on the mission statement work. They also advised that Gillian Lavabre is currently seconded to GI Protection/Supervision.

- 1. Update on Developments at the FCA, including L & I matters, Consumer Credit cases carried forward and P2P**

- 1.1 The FCA advised that the Consumer Credit legacy cases had reduced from 1400 cases in October 2016 to approximately 185 cases, which is a reduction of around 88/89%. Not all of the cases left are outside of the statutory deadline. The overall allocation time has reduced from 12+ weeks to under 8 weeks, and that the FCA are making good progress in other departments to reduce allocation times.
- 1.2 P2P and Debt Management cases. The FCA have a clear plan to determine the complex outstanding P2P and Debt Management cases. They recognise it will take time to see a significant reduction but they are focused on this. The FCA have additional resource allocated but this also takes time to see an impact on the case load because of the learning curve.
- 1.3 Retail Intermediaries. These cases are now being allocated to a case officer within 8 weeks. The application rate has reduced from around 70 cases per month to between 50/60 cases per month. The number of firms converting from ARs to direct authorisation is fairly static and no spikes are expected.
- 1.4 The FCA advised total new consumer credit applications are currently around 300 per month, as opposed to the original expectations of between 350/400 per month. However, we still do not have a full year of BAU levels of applications following the completion of the last application period and firms subsequently applying where their interim permission had lapsed.

## **2. Approved Persons, Passporting and Mutuals**

- 2.1 The FCA discussed changes to the AR appointment process. The APCC felt there is not always a consistent theme as to why the FCA request additional information from ARs. The FCA advised that they do work to internal standards and estimate that requests for additional information occur in approximately 15% of cases. As these requests all vary, the FCA are unable to adapt the process to try and reduce the amount of additional information that is requested. Although there was a decrease in requests to add ARs just after the release of the AR thematic review in GI, the number has slightly risen again subsequently.
- 2.2 The APCC queried why AR applications cannot be completed at the same time as the Principal's application. The FCA are aware that the system has limitations but they are unable to change the process.
- 2.3 The issue of 'City Networks' was raised again. The APCC advised there are around 700 ARs attached to 'incubators' and enquired what is the FCA's view of this. The FCA is currently conducting a review of 'Regulatory Hosting' models.
- 2.4 Approved Persons. The issue of "CF's for hire" was discussed. The FCA are not able to give clear guidance, as there are many different situations that crop up, but it was agreed there are not too many scenarios where this might be needed or exist. The extension of SMR should help to cover any issues and consultancy firms should also monitor this.

## **3. Mind and Management Guidelines**

- 3.1 John Battram provided 'Guidance for members' update regarding the previously issued mind and management guidelines. The FCA have looked at it from a Consumer Credit aspect and they feel it is still appropriate, but they need to extend the guidance to include limited permission firms and they will also provide additional wording around Principal firms with limited permissions.
- 3.2 The APCC agreed to provide additional guidance for 'Distribution Firms' which falls into the work being done around allowing Principal firms with Limited Permissions to have ARs.

## **4. APCC-FCA Working Guidelines**

- 4.1 Gillian Lavabre provided an update on the guidelines, with the key differences being that

Authorisations is now a combined division of Authorisations and Credit Authorisations. Some changes have been made to the guidelines by the FCA – most obviously adding commitments that the FCA issued last year. FCA also have reduced the length of time before consultants chase from 10 weeks to 8 weeks. The APCC will review the document and provide feedback prior to being finalised and issued to members.

## **5. Wholesale update including MiFID II matters and FX/CFD Thematic Review**

- 5.1 Matteo Basso provided feedback on the status of the FCA's work in regards to MIFID II authorisations – see the attached presentation.
- 5.2 In summary, FCA are concerned about how few applications they have received to date, and the limited amount of time that they are likely to have to review complex applications.
- 5.3 APCC was encouraged to ensure these messages are heard by their members and circulate the slides presented at the meeting.
- 5.4 The FCA have increased scrutiny over FX/CFD applicant firms and expect firms to have considered how the December 2016 CP would impact upon the firm's proposed business model.

## **6. Contact Centre update**

- 6.1 The CCC are looking at outstanding cases in the department to see where they could offer internal help in improving how cases are handled. They advised that the release of IDD had not impacted on the number of calls to the CCC yet.

## **7. Retail Department update including CIC, PSD2**

- 7.1 The FCA flagged that they are not always being made aware of a change in control and suggested that consultants reminded firms that it is a requirement to notify changes in controllers and that failure to do so is a criminal offence.
- 7.2 PSD2. An approach document will be issued in April and is currently in consultation. James Borley is to speak at the annual conference, and APCC will consider setting up a payments systems working group.

## **8. AOB**

- 8.1 The APCC advised that Supervision and Authorisations need to ensure they work together, and it was agreed that the FCA were seeing more collaboration between Authorisations and Supervision and other department.
- 8.2 Form A. It was suggested that some Form As don't allow a box to be unticked once ticked. The FCA will take that away and feed back, although it was agreed that different internet platforms behaved slightly differently.
- 8.3 The FCA will also provide a response to the APCC members feedback collated ahead of the meeting.
- 8.4 There was also discussion around the APCC providing external feedback and support and perhaps running an arena session at the FCA for the next meeting and inviting more members along as well as participating in the Autumn forum
- 8.5 The FCA also noted that the application statutory deadlines under the IDD were now 3/6 months rather than 6/12 months, for pure GI rather than a firm doing GI and another permission.
- 8.6 The FCA are looking to merge the AFM applications + VOPs etc and asked if the APCC would review



this and provide feedback and it was agreed we would do this.