



FCA Authorisations Division and APCC Liaison Meeting Minutes, Friday 11th August 2017, at the offices of the FCA, 25 The North Colonnade, London,

Attendees:

FCA:

Nick Mears	Head of Department, Lending and Intermediaries & Chair
Kim Heffernan	Senior Manager, Lending and Intermediaries
James Borley	Manager of Payment Services Team
Sam Holden	Team Leader, Customer Contact Centre
Nicola Jones	Lending and Intermediaries Department and Minute Taker
Pat Knox	Senior Manager for Approved Persons

APCC:

Ian Beardmore	APCC Director and Authorisations Working Group Leader
Ben Mason	APCC Member and Authorisations Working Group Member
George Atkins	APCC Member and Authorisations Working Group Member
Beverley Robertson	APCC COO
Gabby Holloway	APCC Company Secretary and Minute Taker

Agenda:

Introductions

Authorisation update

Delivering Effective Authorisations

SMRC 2

PSD 2

Actions from previous meeting

AOB

Future agenda items

1. Authorisations Update

- 1.1 Nick advised that following the mission document that was produced earlier in 2017, the FCA stated that they would produce a series of 'approach to' documents – Authorisation document is under development and should hopefully be published towards the end of 2017.
- 1.2 There is a rise in Banking Applications at the pre-application stage and there has been a good turnover in Change of Control Applications.
- 1.3 Wholesale, MiFID – Nick informed that the FCA have not had as many applications as expected, although they had a 'mini spike' of applications before the July deadline.
- 1.4 The Wholesale department are seeing relatively standard levels of applications.
- 1.5 Approved Persons/Passporting and Mutuals – all looking positive. They are starting to think of the effects on SMCR.
- 1.6 There is good progress with the cancellations team, Nick stated that the FCA always see a spike of cancellations at the year end and they are currently working through them.
- 1.7 Nick advised that the FCA are still working through the remaining Consumer Credit cases since the

changeover in October 2016, they are now down to a much smaller number of 60 Cases – they are anticipating making a determination on these cases in the next two months.

- 1.8 BAU – Similar number of applications coming through in terms of Consumer Credit and Retail Intermediary Authorisation.
- 1.9 The FCA are seeing fewer high complexity cases than anticipated but have more lower complexity cases than expected. They advise they continue to be as flexible as possible and move resources to where they are needed.

2. Peer to Peer

- 2.1 Kim explained that the FCA are continuing to make progress with the remaining applications, they currently have 31 open applications. This is significantly down from the last APCC/FCA meeting in March 2017.
- 2.2 The FCA are seeing a 'mini spike' in new Peer to Peer applications, not sure why. On the whole, the applications the FCA have received from new Peer to Peer firms are not very detailed – Kim noted that a number of cases the firms have realised that they are too far away from being regulated and are typically withdrawing their application.
- 2.3 Kim suggested that the FCA are contemplating what support they can provide to Peer to Peer firms. Based on the FCA's experience from recent applications, they are currently in the process of finalising some information for the website on their expectations of the application process for Peer to Peer firms.

3. KPI's

- 3.1 The authorisation data which was published did not include Consumer Credit Applications and probably will not in the next one either, but it may be possible to do this in future. The FCA is keen to receive feedback from the APCC about the data.

4. Delivering Effective Authorisation (DEA)

- 4.1 Kim explained how the recent APCC member feedback that the FCA requested was very useful.
- 4.2 There are 12 work streams that the FCA are delivering in the first tranche of this project including, behavioural science which will try to influence both a firms and the FCA's behaviour through behavioural science techniques. One of the key work streams is Service Mind Set, looking at how we can be more service focused with applicant firms and individuals. Kim suggested that the FCA will provide a fuller update at the next meeting.
- 4.3 The FCA made it clear that they are hopeful that the DEA will deliver future benefits for everyone.
- 4.4 It is said that this will be a two-three year process, as there is limited monetary and staff resources not all work streams can be carried out at once.
- 4.5 Operational Excellence – Kim explained that they have a team looking at the five commitments they made to firms to ensure these remain appropriate.

5. PSD2

Alison Donnelly, the APCC PSD2 Working Group Leader dialled into this part of the meeting

- 5.1 James confirmed that HMT have now laid the regulations, therefore there is now a degree of certainty in what PSD2 is delivering. The FCA have been consulting both on the policy and approach document, they are now looking at publishing their feedback and policy statement with the final approach document towards the end of September 2017. This will include the final version of the forms and apply for Authorisation or Reauthorisation as they need.
- 5.2 Authorisation – The FCA are opening their doors on 13th October 2017 for a three month period in which firms may gain Authorisation by January 2018 when the regulations come into force. However, this does assume that all applications are received immediately and in a complete state. James said that the FCA is trying to communicate to firms early so that they can be prepared.
- 5.3 E Money – the FCA will be making Connect available to E-money firms
- 5.4 AIS/PIS – James concluded that one of the requirements is that they need to have PI. The FCA are aware that there is not currently a product on the market, therefore they have been engaging with insurers to see what it needs to stimulate it.
- 5.5 Reauthorisations – There is 1200 + firms that will either need a Reauthorisation or Reregistration, there will be no need to do the whole assessment again. It will concentrate on the new things that PSD2 introduces and confirm. However, the FCA will have to consider how old the information is that firms previously provided (i.e. if it is 8 years old we may need updated information). These firms will have to apply in April 2018 to be authorised by July 2018. The consequences of not being Re-authorised is not being able to do that business.
- 5.6 James explained that the FCA is working on a prioritisation process for applications.

6. SMRC 2

Pat Knox from the FCA joined the meeting at this point

- 6.1 Pat explained that the FCA have looked to extend the Senior Management Regime to all firms. The FCA have learnt lessons from Accountability One, and thought about how the FCA could make the extension proportionate, taking into account the whole range of firms that they now have to extend the regime to.
- 6.2 Pat clarified that the FCA have a 'Core Regime' that applies to everybody and then 'Limited Scope Firms' that will have a reduced level of requirements under the Core Regime There will also be approximately 350 firms that will be classed as 'Enhanced Firms'. They will go through a greater level of assessment than those under the Core Regime.
- 6.3 The FCA hope to publish a technical paper in November explaining how the FCA plan to migrate current AP's to SMF's.

7. Contact Centre

- 7.1 Sam gave a quick update. The FCA are continuing to work on their strategy to provide more frontline supervision. The DEA platform allows the FCA to look at how they can make some efficiency savings, they are looking at certain areas in which they can reduce the customer effort when they contact the FCA.
- 7.2 Sam explained that the FCA are looking at implementing some software that will enable them to gain more intelligence from the contact they receive. They are also looking at efficiency savings on their website and with GABRIEL.
- 7.3 The ultimate goal is for the contact centre to become self-sufficient to ultimately reduce the effort that it is taking firms to deal with them.



8. AOB

- 8.1 Regulatory Pipeline - The FCA would like to put a group together across the organisation to look at this more regularly. Nick made a plea on behalf of FCA for the APCC to advise the FCA of any future issues it may become aware of.
- 8.2 Compliance Consultants - Kim provided some feedback from FCA case officers about Compliance Consultants generally, she suggested that they have been reluctant to let case officers speak to the firm they are dealing with. Kim reiterated that the FCA need to talk to firms in order to demonstrate the standard of what is expected from them. Kim explained that none of our APCC members have been identified as doing this.
- 8.3 Webpages – The Authorisations webpages have been refreshed, seeking to make it easier to navigate. Interested in feedback if members found it better. This is to be sent to Kim.
- 8.4 APCC – Bev gave an update on APCC changes and suggested that we now have more resource to gain a stronger relationship with the FCA and will be able to ask our members for more FCA feedback.