

FCA/APCC LIAISON

APCC MEMBER FEEDBACK SEPTEMBER 2015

Feedback	From	Response from FCA
<p>We are not getting copied in on the vast majority of responses from the FCA to applicants regarding their Consumer Credit applications. This issue has been raised previously, and is causing additional work for both us and applicants, as well as the way FCA is dealing with queries. Ensuring we are copied in will mean that issues can be dealt with promptly, and any points clarified so avoiding elongating the application process unnecessarily.</p> <p>At what point will it become mandatory to submit applications for direct authorisation for financial service businesses via Connect?</p> <p>We have a large amount of firms looking to submit 'change of legal status' (COLS) applications, but because they have debt counselling permissions they are prohibited from doing so. This is causing firms a great deal of frustration. Is this situation likely to change in the near future?</p>		<p>From Consumer Credit Department We appreciate that this is an important issue and can potentially lead to delays in applications being determined.</p> <p>Our guidance to case officers is clear that they should be copying professional advisors in their communications with firms where the applicant ticks the relevant box on their application. Given this feedback, however, we will issue a reminder.</p> <p>Feedback on Connect Connect submission of forms (bar some exceptions including new AIFMD applications) will be mandatory as of Monday 26/10/2015.</p> <p>With regards to your question on COLS applications involving firms with debt counselling permissions; debt counselling is a complex application process and is not eligible for the COLS process. Firms need to cancel and reapply. It is unlikely this will change in the near future.</p>
<p>The immediate issue would be on FCA resources in the authorisation department and the time being taken between submission and allocation of a case officer and approval. The FCA's arrangements do not seem to be getting any better in spite of their re-assurance.</p> <p>As an example, we have an authorisation application that was submitted to the FCA on 1st April 2015 and has yet to be allocated a case officer – at the start of September it will be 5 months since submission of the application. Acknowledgement has been received but no further contact. This places the consultancy firm under pressure to contact the FCA to obtain updates. All members should comply with the guidelines agreed by the APCC and the FCA</p>		<p>From Permissions We aim to be as transparent as possible in terms of waiting times; however we appreciate that delays cause frustration for applicants. We are triaging cases to identify higher quality applications and working more closely with the Contact Centre to ensure that clear, consistent messages are given to applicants. We have been experiencing, and are continuing to do so, a large increase in application numbers; we are also recruiting presently and hope to have strengthened the team in the near future.</p>

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<p>on contact and updates but this is very difficult to justify and to manage clients' expectations when clients are faced with these significant delays.</p> <p>We look forward to hearing the FCA's feedback.</p>		
<p>I understand that there is "clear guidance about application completeness, on which we have trained all managers and case officers". Could this guidance be made public, in order to allow applicants and their advisers to submit complete applications and therefore speed the application process?</p> <p>I understand that FCA "prioritise cases that are of high quality". Could the definition of a "high quality" case be made public, again in order to allow applicants and their advisers to submit complete applications and therefore speed the application process?</p> <p>I understand that FCA "are triaging cases to identify higher quality applications". Could FCA explain when this triage process takes place and its nature? Specifically, does this triage process take place during the three month initial waiting period? Or does it take place after that period has elapsed? And can FCA explain how the triage process can take place without an assessment of the application by a Desk Officer?</p>		<p>From Permissions We will look into whether we are able to share this, but completeness is considered in terms of both quantitative and qualitative aspects.</p> <p>Generally speaking, an application should be considered complete if firms have supplied all of the information required in the application pack and the case officer is therefore able to make an assessment. This includes providing all relevant forms (controllers/Form As, etc.).</p> <p>However, if applicants provide all the required information, but it is not to the required standard, then case officers are able to consider the application incomplete until the firm has provided up to date information. A good example of this is where the business plan is unclear.</p> <p>From Permissions Higher quality cases are generally those where all the information is provided and the firm has clearly explained the business it intends to conduct.</p> <p>From Permissions Triage takes place as soon as possible after the case is received, but this will be dependent on volumes. This is predominately to ascertain whether a case is complete or incomplete and the complexity of the business model.</p>

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<p>Part 4 new firm applications – Will there be a return to prioritising applications that are well-packaged? There is no evidence of this happening currently.</p> <p>Part 4 new firm applications – Can the FCA feedback on the take up rate of post-authorisation webinars and advise any learning points they have on this process</p> <p>Part 4 new firm applications – Do case handlers prefer answers to questions in writing (ie email) or on the phone? It seems to me lately that my applicants who are actually speaking to case handlers proceed more quickly and achieve more, albeit threesixty are then out of the loop”</p> <p>Please can we have an up to date structure chart for the whole Auth Dept?</p>		<p>From Permissions Please see comments above.</p> <p>From Permissions Unfortunately we do not have any data on this at present; some webinars or webcasts are for information only and we do not actively monitor ‘take up rates’.</p> <p>From Permissions Generally we encourage case officers to speak to applicants directly to get questions answered most efficiently, but where there is a need to gather substantial information we may need to follow up with email communications.</p> <p>From Permissions Please see attached structure chart for the Authorisations Department detailing to Team Leader level.</p>  <p>APCC Liaison Meeting September 2</p>												
<p>If possible, it would be interesting to have a further breakdown of the reason for the 57% increase in wholesale applications in the year to June 2015. For example, a breakdown by sector indicating which sectors have increased/decreased etc year on year – for example: applications on the sell side (ie brokerages) increased by X% year on year, asset management applications (further broken down into AIFMs and non-AIFMs, if possible) decreased by X%, advisor/arrangers were relatively flat etc. I’ve no idea if the FCA maintains this data, but it would be interesting to see if it does and can share.</p>		<p>From Permissions It is not possible to give the breakdown as requested. However, please see number of applications received from Jul 2014–Jun 2015 split between sectors:</p> <table data-bbox="1429 1145 1899 1348"> <tr> <td>AIFM Full Scope</td> <td>47</td> </tr> <tr> <td>AIFM Sm Auth</td> <td>26</td> </tr> <tr> <td>Depositary</td> <td>1</td> </tr> <tr> <td>IMF</td> <td>124</td> </tr> <tr> <td>SFF</td> <td>158</td> </tr> <tr> <td>Small Registered AIFM</td> <td>21</td> </tr> </table>	AIFM Full Scope	47	AIFM Sm Auth	26	Depositary	1	IMF	124	SFF	158	Small Registered AIFM	21
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<p>Is there a Connect/Part 4a applications 'test site' that consultants can view and use to complete a couple of dummy applications before we transition over to the system fully, or a way of issuing dummy login details to test?</p> <p>Is the October deadline for transitioning from paper applications to Connect still on course?</p> <p>Is there any indication on when new AIFMD applications will move from paper to Connect?</p>		<p>Update on Connect In terms of a test site, no. Firms can create and delete draft applications if they choose to, but this is not a purposefully crafted part or function in Connect.</p> <p>Update on Connect Yes – October is still the date.</p> <p>Update on Connect There is no definitive date for applications moving from paper to Connect for AIFMD; we are however looking at all the application forms so see if any enhancements and/or amendments could be made. Further information on this will follow in due course.</p>
<p>Just one comment. The issue I find for firms is that the FCA does not have any service standards for the time it takes from submission to assigning a case officer. Nothing happens to the application until a Case Officer is appointed. When this can take weeks which rolls into months then the whole process is extended way beyond their service standards for the consideration of the application.</p> <p>The FCA need to provide service standards from the date of submission to approval or rejection and not just part of the process.</p>		<p>From Permissions Please see previous comments regarding timings and resourcing.</p> <p>Cases are allocated as soon as possible, but the significantly higher volumes have prevented us from allocating cases as quickly as we'd like.</p> <p>Please note however the statutory deadline timelines start as soon as the application is received and not when it is allocated to a case officer.</p>
<p>I wonder if you have any clients with MiFID Branches? We have a few and we've had a couple start receiving strange emails from the FCA Passporting team, with a not particularly pleasant tone...</p> <p>The emails are containing the sort of questions that I would have expected should have been asked at Authorisation, but they're being asked months after the Branch was approved...</p> <p>There's also an incredibly short timescale for responding (latest one was sent at 14:00 today – need to respond by</p>		<p>From Passporting We are keen to respond to this comment but we will require more information (and if possible, an example) to be able to understand the specific point being raised.</p> <p>We understand that part of the issue appears to be around the timeframe set for a response back to the FCA but at this stage it is unclear to us what the issue relates to. In relation to the timeframe, for passporting queries we can often give an extension to a deadline if requested by the firm.</p>

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<p>COB on Tuesday).</p> <p>Just wondered whether it's coincidence that we have had clients with similar questions, or whether it's a more general thing? Understandably, our clients are concerned with the tone and the short time-frame for responses...</p>		
<p>So I think the question for the CiC department is "is there a changing/more 'robust' stance to CiC apps?"</p>		<p>In relation to the question for the CiC department. There has been no change to the stance when assessing CiC applications. The process remains as robust and intrusive as previously.</p> <p>Please refer to separate document on Regulatory Arbitrage</p>  <p>APCC - FCA Liaison - Regulatory Arbitrage</p>
<p>Scope of Permission Notice</p> <p>It would appear that the FCA is no longer issuing SoPNs upon authorisation – or following a VoP. Instead, firms are being told to check the FS register upon authorisation as evidence of the authorisation and the permissions being granted.</p> <p>I would request that this approach be re-considered and that firms are always given a SoPN on authorisation or on VoP.</p> <p>I note that one of the authorisations I am working on has – out of the blue – been sent a draft SoPN – so maybe there has already been a change of heart?</p>		<p>From Permissions</p> <p>A Scope of Permission Notice is still being issued for new firm authorisations. In relation to VoPs, we have been advising firms to check the register (rather than issuing a written notice confirming the changes) for approximately two years. No other changes have taken place.</p>
<p>1. Forms</p> <p>We thought the 'build your own application pack' tool on the FCA website was not being removed until October, but we couldn't find it last week. We used this a lot.</p> <p>I know all the new applications will have to go through Connect from October but due to the vast amount of</p>		<p>1. Response to 'Forms' questions</p> <p>The build your own application part of the website has been redesigned as part of the revised FCA website.</p> <p>By navigating through the use of drop down boxes and the information on the resulting webpages, firms can select the action they wish to complete (in this example 'Authorisation') and will be</p>

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<p>information that needs to be collected, we still need to use the paper forms for data capture as it's impossible to work solely on Connect - you can't see all the available questions until certain sections have been completed, so (for example) if you are missing a certain piece of information, you can't access other sections of the online form until you have the missing information. This makes it hard to continue to make progress on other sections of the application whilst waiting for the client to send the missing information.</p> <p>Can they make it possible to access the entire on-line form at all times, without the release of certain sections for editing being contingent on other sections being completed first?</p> <p>This would certainly make life easier for us with collecting all the data to input the application, otherwise we have to rely on the old paper forms for data capture (and the questions don't always map over exactly to the questions on Connect). Plus without the 'build your own application pack' tool, these now have to be searched out from the handbook one by one (we don't save them locally so as to ensure we always download the most recent version).</p> <p>Anyone else raising the same points?</p> <p>2. Time delay for allocation of a case officer Customers are still grumbling about the length of time it takes for a case officer to be allocated to their application, but we are trying to manage this with them as best we can.</p> <p>Currently quoting our clients approximately 16 weeks, but on a positive note, despite the lengthy delays waiting for the case officer allocation, we are generally seeing speedy and efficient processing of applications once they</p>		<p>presented with a tailored screen linking to the forms they are required to complete.</p> <p>There is not the functionality to access the entire suite of forms on-line; however when completing your application within Connect (as detailed above) you will be given a number forms in PDF format which you can download and review at your convenience.</p> <p>2. From Permissions We acknowledge this and refer you to earlier comments regarding timings.</p> <p>Thank you for the feedback and we acknowledge the frustrations caused by the time taken to allocate. It is positive to note that applications are being processed more efficiently once allocated; thank you for your comments; we will share these comments with the teams.</p>

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<p>have been allocated to a case officer.</p> <p>3. Consumer Credit Applications For consumer credit applications, we are seeing a bit less communication than we are used to with standard applications. Can we raise this with the consumer credit team? (ie could they please ensure they keep us copied on correspondence).</p> <p>One of our clients was allocated a case officer and his application was approved and neither he nor we were aware of this until we spotted him on the Register! The case officer had actually communicated with the client via email, but the client had missed the emails (obviously, not good on the customer's part that he had missed the emails and we have explained to him the importance of keeping an eye out for FCA emails), but had we been copied on the correspondence (as we usually are with applications), we could have been straight on to this with the customer.</p> <p>4. On a final note, we have a lot of praise for the team in the "Change in Control" department – they really are a very knowledgeable and very helpful team.</p>		<p>3. From Credit Authorisations We appreciate the importance of copying professional advisors in on correspondence and that not doing so can potentially lead to delays in applications being determined.</p> <p>Our guidance to case officers is clear that they should be copying advisors in where the applicant ticks the relevant box on their application. Given this feedback, however, we will issue a reminder.</p> <p>Regarding clients not being notified that their application had been approved; we are aware of this happening in a small number of instances and have put in place a number of measures to further reduce the likelihood of this happening in the future.</p> <p>From Permissions (CiC team) Thank you for your comments relating to the Change in Control team; we have shared the comments with them.</p>