

CP21/5 Quarterly Consultation – Summary



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1. Introduction

Background

This document provides a summary of CP21/5 Quarterly Consultation 3. This document is designed to provide high level information to relevant parties and ensure that everyone is up-to-date with FCA Guidance and Consultations.

Purpose

This document is intended solely for use by IFAC and its clients and lays out the proposals, their objectives and any immediate actions that might be worthwhile. It would be useful for:

- Compliance
- T&C
- Firms and Individuals

Questions

The questions posed for consultation are:

Q2.1: Do you agree with the proposed changes to the COMP sourcebook and to the Glossary of definitions? Please provide reasons for your answer.

Q3.1: Do you have any comments on the proposed amendments to TC?

Useful Information

The consultation will close on 30 April 2021 for Q2.1 and 2 April 2021 for Q3.1.

Comments can be sent electronically at www.fca.org.uk/cp21-05-response-form

The full Consultation Paper is available at www.fca.org.uk/publications/consultation-papers/cp21-5-quarterly-consultation-paper-no-31

2. Amendments to the Compensation sourcebook

Proposals

- COMP 1.3.3G – Adding references on rules relating to debt management to table
- COMP 5.2.4G – Adding reference to COMP 5.8.1R to make clear that also related to protected debt management business
- The following 3 changes are due to them being omitted when the categories of protected claims were introduced:
 - COMP 8.2.4R – Amendment to rule to extend FSCS power to “disregard the defence of limitation for claims made in connection with protected debt management business”
 - COMP 8.2.5R – Amendment to rule to extend FSCS power to “treat claims against dissolved companies as if such companies had not been dissolved” in relation to claims made on protected home finance mediation and protected debt management business
 - COMP 9.2.2R – Amendment to rule to extend FSCS power to postpone payment for a claim in connection with protected non-investment insurance distribution or protected debt management business
- Minor change to Glossary Term for “Protected Non-Investment Insurance distribution” – adding italics to some wording

Objectives

Clarification of minor changes and correction of omissions to ensure fair and efficient treatment of claims by the FSCS across different categories

Actions needed

Note points above.

3. Changes to the Training & Competency sourcebook

Proposals

- Correction to SYSC 27.5.3R from 14 day rule to 30 day rule. No change in policy; simple amendment
- *New* rule – TC 2.1.31BR. Requirement for firms to notify relevant accredited bodies when informing the FCA of certain significant events concerning the failure to comply with Statement of Principle and Code of Practice for Approved Persons (APER) or Code of Conduct (COCON) by the firm’s retail investment advisers
 - Ensure information taken into account for SPS
- Add 2 new CISI qualifications to TC Appendix 4
 - Level 4 Certificate in International Advanced Wealth Management
 - Combined with RDR compliant qualification, compliant for Activities 2 and 4
 - Investment Operations Certificate – Transfer Agency Administrations & Oversight
 - Combined with CISI’s Introduction to Securities and Investment and UK Financial Regulations exams, appropriate for Activities 15, 16 and 17
- Update to Guidance TC App 6.1.1G (8), (11), (14), (16), (19), (20) and (21)
 - A Statement of Professional Standing (SPS) is withdrawn in the event a retail investment adviser becomes subject to a prohibition order
 - Well-balanced governance structures include engaging a broad set of qualities and competences
 - Accredited bodies share information with the FCA as soon as reasonably practicable subject to any constraints, including those arising from relevant data protection legislation
 - Accredited bodies continue to pay attention to the requirements set out in the agreement and the Handbook
 - Examples of information to be shared with the FCA includes the accredited body’s decision to withdraw or not renew a retail financial adviser’s SPS; and
 - The annual audit accredited bodies submit to the FCA setting out their capability to meet relevant FCA guidance is instead submitted every 24 months

Objectives

To ensure accredited bodies:

- Act in the public interest
- Help develop the advice profession
- Carry out effective validation of advisers
- Have appropriate systems and controls

Actions needed

Note points above.