

# FINANCIAL REGULATORY QUICK START GUIDE

## GETTING AUTHORISED BY THE FCA

Getting authorised by the UK Financial Conduct Authority (FCA) is a rigorous and involved process, which can sometimes take six months or more.

### OVERVIEW

Businesses wishing to carry on prescribed “regulated activities” in the UK must be authorised in order to do so.

Those wishing to become a bank or other deposit-taker, or an insurer, must apply to the UK Prudential Regulation Authority. All other businesses requiring authorisation must apply to the FCA.

#### FCA Authorised Firms - examples

Investment firm
Consumer credit firm
Payment services and e-money firms
Insurance or mortgage intermediary
Mortgage lender
Benchmark administrator
Fund manager

### PREPARATION

The FCA expects businesses to prepare thoroughly for authorisation. Depending on the nature of the application, it may be appropriate to meet with the regulator to discuss the proposed authorisation prior to submitting the formal application.

Innovative businesses such as Fintech start-ups may wish to approach the FCA via its innovation hub in the first instance. In particular, the FCA runs a regulatory sandbox that allows participants to benefit from a tailored authorisation process and closer supervisory support.

Before commencing the application process, businesses should:

- Confirm which regulated activities they need permission to perform and consequently which ‘type’ of firm they will be
- Check that they meet the FCA’s Threshold Conditions for authorisation (see below)
- Determine the applicable prudential requirements and ensure they are prepared to meet them
- Consider which FCA rules will apply to them on an ongoing basis, and ensure they are prepared and equipped with the right systems and controls to abide by them
- Decide which individuals within the business will need to be approved by the FCA
- Prepare a business plan
- Identify the correct application forms and read them thoroughly, including the guidance, to understand what is required

#### The FCA’s Threshold Conditions

Location of offices

Effective supervision

Suitability

Appropriate resources

Business model

### THE APPLICATION

Applications for authorisation must be made by submitting the prescribed forms, along with detailed supporting documentation. Applications are made via the FCA’s online system, known as Connect.

*There are a number of forms to complete, and it can take weeks, if not a couple of months, to prepare everything for the application.*

For example, forms relating to the business, the regulated activities it wishes to carry on, its managing body, its owners and controllers, individuals requiring authorisation, IT arrangements and any necessary ‘negative’ disclosures (such as insolvency, criminal proceedings, regulatory censure) need to be completed.

An application fee is also payable, and the amount will depend on the type of business the applicant wishes to conduct. The FCA has introduced 10 pricing categories for applications, ranging from £250 to £200,000. However, many applications will fall within the categories between £2,500 and £10,000.

The application must be prepared with care, as it is a criminal offence knowingly or recklessly to give the regulator information that is false or misleading.

**TIMING**

Once the FCA has received the application and fee, it will allocate a case officer.

The case officer will determine whether the application is considered complete or incomplete. In either event, the case officer may request further information from the applicant at any time throughout the process.

*If the application is considered complete, the FCA must determine the application within six months.*

For straightforward applications where the business is not complex and the regulated activities limited, the application may be determined more quickly.

Where the application is considered incomplete, the FCA must determine the application within the earlier of 12 months of initially receiving the application, or six months of the application becoming complete.

**OUTCOME**

Once the application has been determined successfully, the business will become an authorised firm. It will receive a 'scope of permissions' notice, confirming the regulated activities it is authorised to perform.

The firm must then ensure that it complies with all relevant FCA rules, including the Threshold Conditions, on

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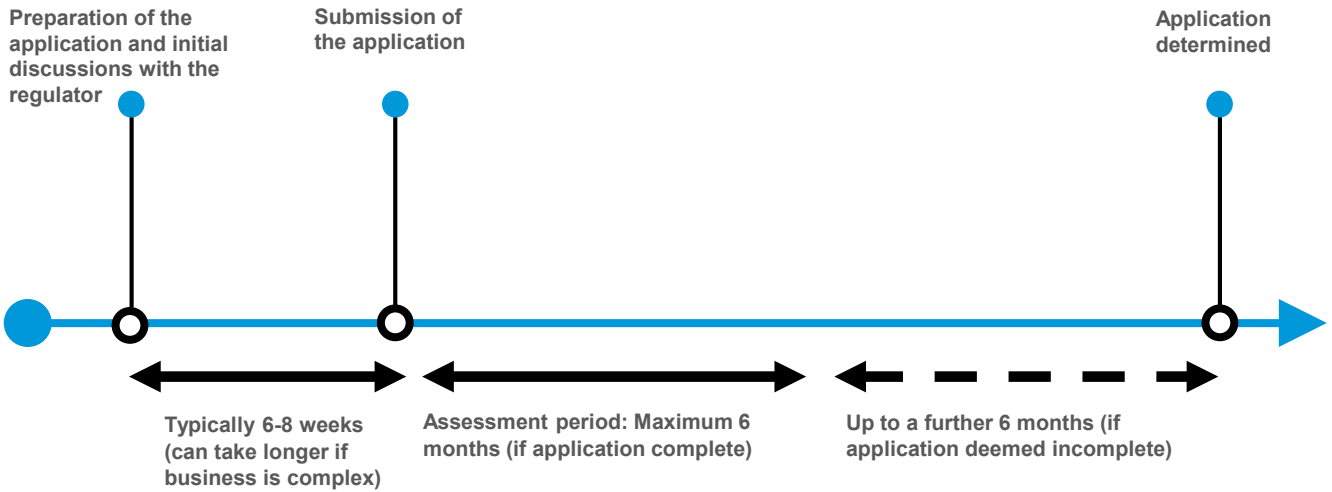
an ongoing basis. It must also pay annual fees to the FCA (and to customer compensation schemes, if applicable) and comply with periodic reporting obligations.

If the FCA is minded to refuse an application, it will issue a letter to the business explaining why it has reached that determination. There are mechanisms by which the business may then seek to challenge this decision.

If in future the firm wishes to extend the regulated activities it carries on, it must apply to the FCA for a variation of permissions. This may also be necessary if a firm wishes to start a new business line, launch a new product or supply a different client type.

The application timeline for a variation is the same as for initial authorisation.

**TIMELINE**



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