

# Chapter 11

## Controllers and close links



## 11.8 Changes in the circumstances of existing controllers

- 11.8.1** R A *firm* must notify the *appropriate regulator* immediately it becomes aware of any of the following matters in respect of one or more of its *controllers*:

  - (1) if a *controller*, or any entity subject to his *control*, is or has been the subject of any legal action or investigation which might put into question the integrity of the *controller*;
  - (2) if there is a significant deterioration in the financial position of a *controller*;
  - (3) if a corporate *controller* undergoes a substantial change or series of changes in its *governing body*.
  - (4) [deleted]
  
- 11.8.2** G In assessing whether a matter should be notified to the *appropriate regulator* under ■ SUP 11.8.1 R (1), ■ SUP 11.8.1 R (2) or ■ SUP 11.8.1 R (3), a *firm* should have regard to the *guidance* on satisfying the *threshold conditions* set out in paragraphs 2E and 3D of Schedule 6 to the *Act* contained in ■ COND 2.5.
  
- 11.8.3** G In respect of ■ SUP 11.8.1 R (3), the *appropriate regulator* considers that, in particular, the removal or replacement of a majority of the members of a *governing body* (in a single event or a series of connected events) is a substantial change and should be notified.
  
- 11.8.4** G If a matter has already been notified to the *appropriate regulator* (for example, as part of the *firm's* application for a *Part 4A permission*), the *firm* need only inform the *appropriate regulator* of any significant developments.
  
- 11.8.5** G The level of a *firm's* awareness of its *controller's* circumstances will depend on its relationship with that *controller*. The *appropriate regulator* does not expect *firms* to implement systems or procedures so as to be certain of any changes in its *controllers'* circumstances. However, the *appropriate regulator* does expect *firms* to notify it of such matters if the *firm* becomes aware of them, and it expects *firms* to make enquiries of its *controllers* if it becomes aware that one of the events in ■ SUP 11.8.1 R may occur or has occurred.

11.8.6

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The *appropriate regulator* may ask the *firm* for additional information following a notification under ■ SUP 11.8.1 R in order to satisfy itself that the *controller* continues to be suitable (see ■ SUP 2: Information gathering by the FCA or PRA on its own initiative).