

Chapter 15

Notifications to the FCA



15.15 Notification by retail intermediaries of qualification as an enhanced scope SMCR firm

Application: General

15.15.1 **R** Subject to ■ SUP 15.15.2R and ■ SUP 15.15.3R, this section applies to a *firm* that meets the conditions in ■ SYSC 23 Annex 1 8.18R (Special requirements for calculating intermediary regulated business revenue).

Application: Firm moving between different reporting requirements

15.15.2 **R**

- (1) Subject to ■ SUP 15.15.3R, this section also applies to a *firm*:
 - (a) that meets the conditions in ■ SUP 15.15.1R for part of an averaging period (as defined in ■ SUP 15.15.7R); and
 - (b) is subject to the reporting requirement in column (2) of row (3) of the table in ■ SYSC 23 Annex 1 8.2R (Table: Financial qualification conditions) for another part of that averaging period.
- (2) When this section applies to a *firm* in (1), it applies in respect of the averaging period in question.

Application: General exclusion

15.15.3 **R** This section does not apply to a *firm* that is excluded from being an *enhanced scope SMCR firm* by the flow diagram in ■ SYSC 23 Annex 1 1.2R (Flow diagram: Types of SMCR firm).

15.15.4 **G** ■ SUP 15.15.3R means that this section does not apply to:

- (1) an *SMCR banking firm*, an *SMCR insurance firm* or a *limited scope SMCR firm*; or
- (2) a *firm* that is excluded from the enhanced regime as defined in Part 7 of ■ SYSC 23 Annex 1 (Exclusion from enhanced regime).

Application: Firm is an enhanced scope firm for another reason

15.15.5 **G** This section applies even if the *firm* meets one of the other qualification conditions in ■ SYSC 23 Annex 1 for being an *enhanced scope SMCR firm* as well as the retail intermediary one.

Purpose

15.15.6 **G** The purpose of this section is to require certain *firms* to calculate whether or not they meet the qualification condition for being an *enhanced scope SMCR firm* based on total intermediary regulated business revenue. In certain cases a *firm* should report the result of the calculation to the *FCA* but this section does not require regular reports.

Definitions

15.15.7 **R** In this section:

- (1) averaging period has the same meaning as it does in Part 8 of ■ SYSC 23 Annex 1;
- (2) reporting date is defined in ■ SUP 15.15.9R;
- (3) reporting period has the same meaning as it does in ■ SYSC 23 Annex 1 8.21R; and
- (4) the retail intermediary qualification condition means the qualification condition referred to in ■ SUP 15.15.8R.

Obligation to make calculations

15.15.8 **R** A *firm* must calculate, for each averaging period, whether or not it meets the qualification condition in row (3) of the table in ■ SYSC 23 Annex 1 8.2R (Table: Financial qualification conditions).

15.15.9 **R**

- (1) A *firm* must complete the calculation no later than 30 *business days* after the end of the averaging period in question.
- (2) This section refers to the date in this *rule* as the ‘reporting date’.

15.15.10 **G** The calculations required by this section are made in the same way as they are for Section B of the *RMAR*.

15.15.11 **G**

- (1) The amount of work required by ■ SUP 15.15.8R will vary between *firms*.
- (2) In some cases the *firm's* total intermediary regulated business revenue will be so small or large that the *firm* will need to do little work to establish whether or not it meets the retail intermediary qualification condition.
- (3) In some cases a *firm's* total income (intermediary regulated business revenue and all its other income) may be below the qualification amount. The *firm* may have accounts that it has prepared to the necessary standard for other purposes (such as statutory accounts) that show this. In this case the *firm* may need to do virtually no additional work to establish that it does not meet the retail intermediary qualification condition.

- (4) In some cases the *firm* may need to calculate the precise amount of its total intermediary regulated business revenue. In that case the *firm* may need to do the same amount of work it would have to do if it had to report to the FCA under Section B of the RMAR.

Obligation to notify the FCA

15.15.12 **R** If any of the circumstances set out in the table in **■ SUP 15.15.14R** occur, a *firm* must notify the FCA of that fact.

- 15.15.13** **R**
- (1) The *firm* must make the notification in **■ SUP 15.15.12R** no later than the date specified in the table in **■ SUP 15.15.14R**.
 - (2) The notification must also include the additional information, and meet the other requirements, set out in column (3) of that table.

15.15.14 **R** Table: Circumstances to be notified to the FCA

What has to be notified	When it has to be notified	Additional information and comments
(1) The <i>firm</i> meets the retail intermediary qualification condition after it has previously not met it.	The reporting date for the last reporting period of the averaging period for which it first meets the retail intermediary qualification condition.	The notification must include the dates of the averaging period in question. The notification obligation applies even if the <i>firm</i> meets the retail intermediary qualification condition in its first averaging period after the <i>firm</i> becomes a retail intermediary.
(2) The <i>firm</i> ceases to meet the retail intermediary qualification condition after it has previously met it.	The reporting date for the last reporting period of the averaging period for which it first ceases to meet the retail intermediary qualification condition. This is subject to (3).	The notification must include the dates of the averaging period in question.
(3) The <i>firm</i> ceases to be a retail intermediary where immediately before it met the retail intermediary qualification condition.	30 <i>business days</i> after it ceases to be a retail intermediary	The notification obligation does not apply if the <i>firm</i> continues to meet the retail intermediary qualification condition.

Note One: The notification obligation applies whether this is the first time the event in column (1) has occurred or whether it has happened before.

Note Two: A *firm* is a retail intermediary if this section applies to it.

Note Three: The obligation to make a report in (2) or (3) applies even though this section would not otherwise apply under SUP 15.15.1R to SUP 15.15.3R.

15.15.15 **G** A firm should not include the amount of its total intermediary regulated business revenue in a notification under ■ SUP 15.15.12R.

- 15.15.16 **G**
- (1) This section does not require a firm regularly to notify the FCA whether or not it meets the retail intermediary qualification condition for each averaging period.
 - (2) Instead this section requires a firm to notify the FCA when it first meets the retail intermediary qualification condition and if it ceases to.
 - (3) So, for example, if the firm notifies the FCA that it meets the retail intermediary qualification condition, there is no need for any further notifications unless and until it ceases to meet the retail intermediary qualification condition.
 - (3) Similarly, if the firm never meets the retail intermediary qualification condition, it will never have to notify the FCA under this section.
 - (3) There is no need for a firm to notify the FCA if it ceases to be a retail intermediary as defined in this section because it has started to submit an RMAR, as long as it continues to meet the retail intermediary qualification condition.

How to submit notifications

15.15.17 **R** A firm does not have to use the form in ■ SUP 15 Annex 4R (Notification form) to make a notification under this section but must include the details required by Section A of that form (Personal Details).

15.15.18 **G** Subject to ■ SUP 15.15.17R, ■ SUP 15.7 (Form and method of notification) applies to notifications under this section.