

## Chapter 6

Applications to vary and  
cancel Part 4A permission and  
to impose, vary or cancel  
requirements

## 6.1 Application, interpretation and purpose

### Application

- 6.1.1 **G** This chapter applies to every *firm* with a *Part 4A permission* which wishes to:
- (1) vary its *Part 4A permission*; or
  - (2) cancel its *Part 4A permission* and end its *authorisation*;
  - (3) have a new *requirement* imposed on it;
  - (4) vary a *requirement* imposed on it; or
  - (5) cancel a *requirement* imposed on it.
- 6.1.2 **G** If appropriate, a *firm* which is an *authorised fund manager* should also refer to **COLL 7** for *guidance* on the termination of *ICVCs*, *ACs* and *AUTs* and on winding up *authorised funds* that are not commercially viable.
- 6.1.3 **G** [deleted]
- 6.1.3A **G**
- (1) In **SUP 6** the "relevant regulator" is the regulator to which a *firm* with a *Part 4A permission* has made or can make (in accordance with **SUP 6**) an application to vary or cancel its *Part 4A permission* or to have imposed on it a new *requirement* or to vary or cancel any existing *requirement* (see **SUP 6.2.3A G** to **SUP 6.2.3E G**).
  - (2) Where the *PRA* can only determine an application with the consent of the *FCA*, the *FCA* may request further information as if it were the relevant regulator.
  - (3) In some instances, the *Act* requires the *FCA* and the *PRA* to consult with each other prior to exercising their powers under the *Act*. Details of where consultation is required have not been set out in **SUP 6**. Where a provision in **SUP 6** makes reference to a power, the exercise of which by the *FCA* or the *PRA* (as the case may be) requires consultation under the *Act*, *firms* should be aware that the regulator

concerned will need to consult the other regulator before exercising that power.

### Purpose

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This chapter explains:

- (1) how a *firm* with a *Part 4A permission* can apply to the relevant regulator to vary that *permission*;
- (2) how a *firm* which has ceased to carry on any of the *regulated activities* for which it has a *Part 4A permission*, or which expects to do so in the short term (normally less than six months), should apply to the relevant regulator to cancel that *permission* completely;
- (2A) how a *firm* with a *Part 4A permission* can apply to the relevant regulator to:
  - (a) have a new *requirement* imposed on it; or
  - (b) vary a *requirement* imposed on it; or
  - (c) cancel a *requirement* imposed on it.
- (3) the additional procedures that apply to a *firm* carrying on *regulated activities* which create long term obligations to *customers* (for example, *effecting contracts of insurance, carrying out contracts of insurance or accepting deposits*) that needs to wind down (run off) its business over a long term period (normally more than six months) and the applications it should make with a view to ultimately cancelling its *permission*; and
- (4) how the relevant regulator assesses those applications.

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This chapter also outlines the relevant regulator's powers to withdraw *authorisation* from a *firm* whose *Part 4A permission* has been cancelled at the *firm's* request.

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This chapter does not cover the *FCA's* use of its *own-initiative variation power* or, in respect of *FCA-authorized persons*, its *additional own-initiative variation power* to vary or cancel a *firm's Part 4A permission* or its *own-initiative requirement power* to impose, vary or cancel a *requirement* (see ■ SUP 7 (Individual requirements) and ■ EG 8 (Variation and cancellation of permission and imposition of requirements on the *FCA's* own initiative and intervention against incoming firms)).

## 6.2 Introduction

- 6.2.1** **G** A *firm* authorised under Part 4A of the Act (Permission to carry on regulated activity) has a single *Part 4A permission* granted by the FCA or the PRA. A *firm's Part 4A permission* specifies all or some of the following elements (see ■ PERG 2 Annex 2 (Regulated activities and the permission regime) and the information online at the FCA and PRA websites):
- (1) a description of the activities the *firm* may carry on, including any *limitations*;
  - (2) the *specified investments* involved; and
  - (3) if appropriate, *requirements*.
- 6.2.2** **G** Under section 20(1) and 20(1A) of the Act (Authorised persons acting without permission), a *firm* is prohibited from carrying on a *regulated activity* in the *United Kingdom* (or purporting to do so) otherwise than in accordance with its *permission*.
- 6.2.3** **G** [deleted]
- 6.2.3A** **G** If an *FCA-authorised person* wishes to change its *Part 4A permission* to:
- (1) add a *regulated activity*, other than a *PRA-regulated activity*; or
  - (2) remove a *regulated activity* from those to which the *permission* relates; or
  - (3) vary the description of a *regulated activity* to which the *permission* relates; or
  - (4) cancel the *permission*;
- it can apply to the FCA under section 55H of the Act (Variation by FCA at request of authorised person).
- 6.2.3B** **G** If an *FCA-authorised person* wishes to change its *Part 4A permission*, by adding to the *regulated activities* to which the *permission* relates one or more *regulated activities*, which include a *PRA-regulated activity*, it can apply to the PRA under section 55I of the Act (Variation by PRA at request of authorised person). The PRA can determine such an application only with the consent of the FCA.

**6.2.3C** **G** If a *firm* with a *Part 4A permission* wishes the *FCA* to:

- (1) impose a new *requirement*; or
- (2) vary a *requirement* imposed by the *FCA*; or
- (3) cancel such a *requirement*;

it can apply to the *FCA* under section 55L(5) of the *Act* (Imposition of Requirements by *FCA*).

**6.2.4** **G** A *firm* intending to expand its business should assess, taking appropriate professional advice where necessary, whether it will need to make an application in accordance with **■ SUP 6** before making any changes to its business.

**6.2.4A** **G** If a *firm* intends to transfer its business to a different legal entity it will need to apply to the relevant regulator for cancellation of its *Part 4A permission* and the entity to which the business is to be transferred will need to apply for a *Part 4A permission*.

**6.2.4B** **G** **■ SUP 6.2.5 G** sets out the differences between these types of applications and the circumstances in which they should be made.

**6.2.5** **G** **Variation and cancellation of Part 4A permission and imposition, variation and cancellation of requirements. See **■ SUP 6.2.3A G** to **■ SUP 6.2.3E G****

Question	Variation of Part 4A permission	Cancellation of Part 4A permission	Imposition, variation and cancellation of requirements
What does the application apply to?	Individual elements of a <i>firm's Part 4A permission</i> . Variations may involve adding or removing categories of <i>regulated activity</i> or <i>specified investments</i> or varying or removing any <i>limitations</i> in the <i>firm's Part 4A permission</i> .	A <i>firm's</i> entire <i>Part 4A permission</i> and not individual elements within it.	Any <i>requirement</i> imposed on a <i>firm</i> with a <i>Part 4A permission</i> . <i>Requirements</i> may involve requiring the <i>firm</i> concerned to take or refrain from taking a specified action.
In what circumstances is it usually appropriate to make an application?	If a <i>firm</i> : 1. wishes to change the <i>regulated activities</i> it carries on in the <i>United Kingdom</i> under a <i>Part 4A permission</i> ( <b>SUP 6.3</b> ); or	If a <i>firm</i> : 1. has ceased to carry on all of the <i>regulated activities</i> for which it has <i>Part 4A permission</i> ( <b>SUP 6.4</b> ); or 2. wishes or expects to cease carrying	If a <i>firm</i> : 1. wishes to have a new <i>requirement</i> imposed on it; or 2. wishes to vary or cancel an existing <i>requirement</i> imposed

Question	Variation of Part 4A permission	Cancellation of Part 4A permission	Imposition, variation and cancellation of requirements
	2. has the ultimate intention of ceasing carrying on <i>regulated activities</i> but due to the nature of those <i>regulated activities</i> (for example, <i>accepting deposits</i> , or <i>insurance business</i> ) it will require a long term (normally over six months) to wind down (run off) its business (see SUP 6.2.8 G to SUP 6.2.11 G and SUP 6 Annex 4).	on all of the <i>regulated activities</i> for which it has <i>Part 4A permission</i> in the short term (normally not more than six months). In this case, the <i>firm</i> may apply to cancel its <i>Part 4A permission</i> prior to ceasing the <i>regulated activities</i> (see SUP 6.4.3 G).	by the <i>FCA</i> or <i>PRA</i> (for example, if anything relating to the <i>firm's</i> individual circumstances change and any existing <i>requirement</i> should be varied or cancelled).

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A *firm* which is seeking:

- (1) to vary its *Part 4A permission* substantially; or
- (2) to cancel its *Part 4A permission*; or
- (3) the imposition of a new *requirement* and/or the variation or cancellation of any existing *requirement*;

should discuss its plans with its supervisory contact at the relevant regulator as early as possible before making an application, in order to comply with *Principle 11* (see ■ SUP 15.3.7 G). These discussions will help the relevant regulator and the *firm* to agree the correct approach for the *firm*.

6.2.7

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If a *firm* intends to cease carrying on one or more *regulated activities* permanently, it should give prompt notice to the *appropriate regulator* to comply with *Principle 11* (see ■ SUP 15.3.8 G (1)(d)). A *firm* should consider whether it needs to notify the *appropriate regulator* before applying to vary or cancel its *Part 4A permission*.

**Firms with long term liabilities to customers**

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Discussions with the *appropriate regulator* are particularly relevant where the *firm* has to discharge obligations to its *customers* or policyholders before it can cease carrying on a *regulated activity*. This may be the case, for example, where the *firm* is an *insurer*, a *bank*, a *dormant asset fund operator*, or, as is often the case, holding *client money* or customer assets.

- 6.2.9** **G** If an *insurer*, a *bank* or a *dormant asset fund operator* wishes to cease carrying on all *regulated activities* for which it has *Part 4A permission*, it will usually be necessary to wind down the business over a long term period which is normally more than six months. This may also be the case for a *firm* holding *client money* or customer assets. In these circumstances, it will usually be appropriate for the *firm* to apply for variation of its *Part 4A permission* and/or imposition of a new *requirement*, variation of any existing *requirement* or cancellation of such a *requirement* before commencing the wind-down. A *firm* should only make an application for cancellation of *permission* when it expects to complete its wind-down (run-off) within six months.
- 6.2.10** **G** A *firm* which is winding down (running off) its activities should contact its supervisory contact at the *appropriate regulator* to discuss its circumstances. Discussions will focus on the *firm's* winding down plans and the need for the *firm* to vary or cancel its *Part 4A permission* and/or the need to impose a new *requirement*, vary any existing *requirement* or cancel such a *requirement*. Following these discussions the *firm* should usually make the relevant application, as appropriate.
- 6.2.10A** **G** In certain circumstances the *FCA* and/or the *PRA* may use their *own-initiative powers* or the *FCA* may use its *additional own-initiative variation power* (see ■ SUP 7 and ■ EG 8) (Variation and cancellation of permission and imposition of requirements on the *FCA's* own initiative and intervention against incoming firms)).
- 6.2.11** **G**
- (1) Specific guidance on the additional procedures for a *firm* winding down (running off) its business in the circumstances discussed in ■ SUP 6.2.8 G is in ■ SUP 6 Annex 4.
  - (2) The guidance in ■ SUP 6 Annex 4 applies to any *firm* that is applying for variation of *Part 4A permission* or for the imposition, variation or cancellation of a *requirement* before it applies for cancellation of *Part 4A permission* to enable it to wind down (run off) its business over a long term period of six months or more. It will apply to most *insurers* and *banks* and, in some circumstances, to *firms* holding *client money* or customer assets.
  - (3) If a *firm* wishes to cease carrying on some of its *regulated activities*, or the *specified investments* in respect of which the activities are carried on, the *appropriate regulator* may consider it appropriate for the *firm* to comply with the additional procedures in ■ SUP 6 Annex 4. This would depend on the scale and nature of the *regulated activities* concerned. This might be the case, for example, if the *firm* is ceasing a significant part of its business in respect of which it has outstanding obligations to *customers* and it is believed that the additional procedures would protect *consumers*.
- 6.2.12** **G** [deleted]
- 6.2.13** **G** [deleted]

**The Lloyd's market**

6.2.14

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A *firm* making an application in accordance with ■ SUP 6 which requires any approval from the *Society of Lloyd's* should apply to the *Society* for this at the same time as applying to the relevant regulator. See ■ SUP 6 Annex 4 for additional procedures.





### 6.3 Applications for variation of permission and/or imposition, variation or cancellation of requirements

#### What is a variation of permission?

- 6.3.1 G [deleted]
- 6.3.1A G Under section 55H of the *Act*, an *FCA-authorised person* may apply to the *FCA* to vary its *Part 4A permission* to:
  - (1) allow it to carry on further *regulated activities*, other than a *PRA-regulated activity*; or
  - (2) reduce the number of *regulated activities* it is permitted to carry on; or
  - (3) vary the description of its *regulated activities* (including by the removal or variation of any *limitations*).
- 6.3.1B G Under section 55I of the *Act*, an *FCA-authorised person* may apply to the *PRA* to vary its *Part 4A permission* to add *regulated activities* which include a *PRA-regulated activity*.
- 6.3.2 G [deleted]

#### Applications to impose, vary or cancel requirements

- 6.3.2A G Under section 55L(5) of the *Act* a *firm* with a *Part 4A permission* may apply to the *FCA* for the imposition of a new *requirement* and/or the variation or cancellation of any *requirement* previously imposed by the *FCA*.

#### The scope of applications

- 6.3.2C G An application may relate to one or more of ■ SUP 6.3.1A G and ■ SUP 6.3.2A G. For example, a *firm* may apply to vary its *Part 4A permission* to add a new *regulated activity* and at the same time remove a *regulated activity* for which it currently has *permission*.
- 6.3.2D G

**6.3.3** **G** In applying for a variation of *Part 4A permission*, a branch of a *firm* from outside the *UK* should be mindful of any continuing requirements referred to in the rest of the *Handbook*.

**Applications to add additional regulated activities**

**6.3.4** **G** In determining the activities and *specified investments* for which a *Part 4A permission* is required, and whether to apply for a variation of that *permission*, a *firm* may need to take professional advice and may also wish to discuss this with its appropriate supervisory contact.

**6.3.5** **G** Before applying to vary its *permission*, a *firm* should determine whether there are any statutory restrictions that do not allow combinations of certain types of *regulated activity*, particularly for *insurance business* or *UCITS managers*. For example, the *PRA* will not grant a variation of *Part 4A permission* to allow a *friendly society* to carry on reinsurance business as this is not permitted under the Friendly Societies Acts 1974 and 1992. A *firm* should discuss its plans with its appropriate supervisory contact.

**6.3.6** **G** If a *firm* is seeking a variation of *Part 4A permission* to add categories of *regulated activities*, it should be mindful of the requirements referred to at **■ SUP 6.3.42 G** relating to the need to commence new activities within 12 months.

**Applications to remove certain regulated activities**

**6.3.7** **G** If a *firm* wishes to cease carrying on an activity for which it has *Part 4A permission*, it will usually apply to vary its *Part 4A permission* to remove that activity. If a *firm* wishes to cease carrying on an activity in relation to any *specified investment*, it will usually apply to vary its *Part 4A permission* to remove that *specified investment* from the relevant activity.

**How a variation of permission may affect the firm's approved persons**

**6.3.8** **G**

- (1) Where a *firm* is submitting an application for variation of *Part 4A permission* which would lead to a change in the *controlled functions* of its *approved persons*, it should, at the same time and as appropriate:
  - (a) make an application for an internal transfer of an *approved person*, Form E (Internal transfer of a person performing a controlled function), or make an application for an individual to perform additional *controlled functions*, the relevant Form A (Application to perform senior management functions); see:
    - (i) **■ SUP 10A.13.3D** to **■ SUP 10A.13.5G** (for a *firm* that has *appointed representatives*);
    - (ii) **■ SUP 10C.10** (for an *SMCR firm*); or
    - (iii) the corresponding *PRA* requirements;
  - (b) notify the *FCA* or *PRA* of any *approved person* who has ceased to perform a *controlled function* specified by that regulator, Form C (Notice of ceasing to perform controlled functions (including senior management functions)); see:

- (i) ■ SUP 10A.14 (for a *firm* that has *appointed representatives*);
- (ii) ■ SUP 10C.14 (for an *SMCR firm*); or
- (iii) the corresponding *PRA* requirements.

(2) If the *firm* intends to recruit new individuals to perform *controlled functions*, it should apply for approval of the individuals as *approved persons* as soon as possible using Form A (Application to perform senior management functions); see:

- (a) ■ SUP 10A.13 (for a *firm* that has *appointed representatives*);
- (b) ■ SUP 10C.10 (for an *SMCR firm*); or
- (c) the corresponding *PRA* requirements.

**6.3.9**

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A variation of a *firm's Part 4A permission* may mean that it becomes an *SMCR firm* or that it changes from one type of *SMCR firm* to another. This would have a number of significant consequences, which include:

- (1) the application of the special powers in relation to misconduct by *approved persons* (see ■ DEPP 6.2.9-AG);
- (2) the senior managers regime in ■ SUP 10C applies;
- (3) *COCON* applies to its staff; and
- (4) the other elements of the regime for *SMCR firms* described in ■ SYSC 23.4 (Overview of the senior managers and certification regime) apply (which differ depending on the type of *SMCR firm*).
- (5) [deleted]
- (6) [deleted]

**6.3.10**

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**Variation of permission involving insurance business**

**6.3.11**

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A *firm* with *Part 4A permission* to carry on *insurance business*, which is applying for a variation of its *Part 4A permission* to add further insurance activities or *specified investments*, will be required to submit particular information on its existing activities as part of its application. This includes the *scheme of operations* which is required to be submitted as part of the application pack (for further details on the *scheme of operations*, see ■ SUP App 2 (Insurers: scheme of operations)).

**6.3.12**

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In applying to vary its *Part 4A permission* to add categories of *specified investments*, in relation to *insurance business*, a *firm* carrying on *insurance business* will need to determine the *classes of specified investments* relating to *effecting* and *carrying out contracts of insurance* for which variation of *Part 4A permission* will be necessary, having regard to whether certain *classes* of contract may qualify to be effected or carried out on an ancillary or supplementary basis.

**6.3.13** G The application for variation of *Part 4A permission* will need to provide information about the *classes of contract of insurance* for which variation of *Part 4A permission* is requested and also those *classes* qualifying to be carried on, on an ancillary or supplementary basis. For example, an *insurer* applying to vary its *permission* to include *class 10* (motor vehicle liability, other than carrier's liability) must satisfy the *FCA* that it will meet, and continue to meet, *threshold condition 3F*(Appointment of claims representatives). *Firms* should note that, although the relevant regulator is able in principle to use its power to give *Part 4A permission* for an applicant to carry on a *regulated activity* for which it did not originally apply, this is not possible under the *Solvency II Directive*, which sets out minimum information requirements for an application for *authorisation* including information on the specified investments the applicant proposes to deal in.

**The application for variation of permission and/or imposition, variation or cancellation of requirements**

**6.3.15** D (1) Subject to (1A), a *firm* other than a *credit union* wishing to make an application under ■ SUP 6 must apply online using the forms specified on the *online notification and application system*.

(1A) A *firm* wishing to make an application under ■ SUP 6 which covers only *credit-related regulated activities* must submit any form, notice or application by using the form in ■ SUP 6 Annex 5 and submitting it in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).

(2) [deleted]

(3) Until the application has been determined, a *firm* which submits an application must inform the relevant regulator of any significant change to the information given in the application immediately it becomes aware of the change.

(3A) Where an application requires the consent of the *FCA*, a *firm* which submits an application must inform the *FCA* of any significant change to the information given in the application immediately it becomes aware of the change.

(4) Where a *firm* is obliged to submit any form, notice or application online under (1), if the *online notification and application system* information technology systems fail and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored a *firm* must submit any form, notice or application by using the form in ■ SUP 6 Ann 5D and submitting it in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).

**6.3.15A** G (1) If the *online notification and application system* fails and online submission is unavailable for 24 hours or more, the relevant regulator will endeavour to publish a notice on its website confirming that online submission is unavailable

6.3.16	G	<p>and that the alternative methods of submission set out in ■ SUP 6.3.15 D (4) and ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification) should be used.</p> <p>(2) Where ■ SUP 6.3.15 D (4) applies to a <i>firm</i>, ■ GEN 1.3.2 R (Emergency) does not apply.</p> <p>(1) Section 55(U)(2) of the <i>Act</i> (Applications under this Part) requires that the application for variation of <i>Part 4A permission</i> must contain a statement:</p> <ul style="list-style-type: none"> <li>(a) of the desired variation; and</li> <li>(b) of the <i>regulated activity</i> or <i>regulated activities</i> which the <i>firm</i> proposes to carry on if its <i>permission</i> is varied.</li> </ul> <p>(1A) Section 55(U)(3) of the <i>Act</i> requires that an application for variation of a <i>requirement</i> imposed under section 55L or 55M or the imposition of a new <i>requirement</i> must contain a statement of the desired variation or <i>requirement</i>.</p> <p>(2) The full form and content of the application for variation of <i>Part 4A permission</i> or for the imposition or variation of a <i>requirement</i> is a matter for direction by the relevant regulator, who will determine the additional information and documentation required on a case by case basis.</p>
6.3.17	G	<p>(1) [deleted]</p> <p>(2) A <i>firm</i> is advised to discuss its application with the relevant regulator before submission, particularly if it is seeking a variation of <i>Part 4A permission</i> or imposition, variation or cancellation of a <i>requirement</i> within a short timescale. A <i>firm</i> is also advised to include as much detail as possible (including any additional information identified by its supervisors at this stage) with its application.</p>
6.3.18	G	<p>The relevant regulator, as soon as possible after receipt of an application, will advise the <i>firm</i> of any additional information which is required as part of its application (see ■ SUP 6.3.23 G to ■ SUP 6.3.27 G). The amount of information required will vary depending on the scale of the variation in the context of the <i>firm</i> as a whole, and the nature, risk profile and complexity of the variation.</p>
6.3.19	G	<p><b>Applications from firms winding down (running off) business over the long term</b></p> <hr style="border-top: 1px dotted black;"/> <p>A <i>firm</i> which is making an application for variation of <i>Part 4A permission</i> to wind down (run off) its business before applying for a cancellation of that <i>permission</i> (see ■ SUP 6.2.9 G) should read ■ SUP 6 Annex 4 for details of the additional procedures that apply.</p>
6.3.20	G	<p><b>Applications involving significant changes</b></p> <hr style="border-top: 1px dotted black;"/> <p>In certain cases, the relevant regulator may consider that granting an application for imposition, variation or cancellation of any <i>requirement</i> or</p>

for variation of *Part 4A permission* which includes adding further *regulated activities* or changing a *limitation* would cause a significant change in the *firm's* business or risk profile. In these circumstances, the relevant regulator may require the *firm* to complete appropriate parts of the full application pack (see the relevant regulator's website ), as directed by the relevant regulator. Applications for variation involving significant changes may be processed by the *firm's* appropriate supervisory contact in conjunction with the Authorisations Team. Examples of an application for imposition, variation or cancellation of a *requirement* and for variation of *Part 4A permission* which may represent a significant change include, but are not limited to, an application:

- (1) to carry on new *regulated activities* such as *accepting deposits*;
- (2) to extend the *insurance business* of a *firm* which already has *Part IV permission* which includes *carrying out or effecting contracts of insurance* (or both), to new *classes of specified investment*; or
- (3) to remove a *requirement* preventing a *firm* from holding or controlling *client money*.
- (4) [deleted]

**6.3.21** G A *firm* that wishes to make a significant change to its business, or is unsure whether the changes it is proposing would be considered to be significant, should contact the relevant regulator. The relevant regulator will discuss with the *firm* whether it will be required to submit parts of the application pack and whether any reports from third parties may be required.

**6.3.22** G The fees payable for a *firm* applying for the imposition, variation or cancellation of any *requirements* and/or a variation of its *Part 4A permission* are set out in ■ FEES 3.

**Information to be supplied to the relevant regulator as part of the application**

**6.3.23** G

- (1) The relevant regulator may ask for any information it reasonably requires before determining the application. The information required will be determined on a case by case basis, taking into account the relevant regulator's existing knowledge of the *firm* and the change requested. The relevant regulator will advise the *firm* of the information required at an early stage in the application process.
- (2) The nature of the information and documents requested will be related to the risks posed to the relevant regulator's *statutory objectives* by the *regulated activities* and any *unregulated activities* that the *firm* is carrying on or is seeking to carry on. This information will be proportional to the nature of the business which the *firm* intends to carry on or the risks posed by the *firm*.

**6.3.24** G (1) The information the relevant regulator may require includes, but is not limited to, the examples given in ■ SUP 6.3.25 G:



**6.3.25** **G** Information which may be required. See ■ SUP 6.3.24 G

Type of business	Information which may be required
All	1. Details of how the <i>firm</i> plans to comply with the relevant regulator's regulatory requirements relating to any additional <i>regulated activities</i> it is seeking to carry on.
	2. Descriptions of the <i>firm's</i> key controls, senior management arrangements and audit and proposed compliance arrangements in respect of any new <i>regulated activity</i> (see SYSC).
	3. Organisation charts and details of individuals transferring or being recruited to perform new <i>controlled functions</i> (see SUP 10A and SUP 10C, and the corresponding <i>PRA</i> requirements for details of the application or transfer procedures under the <i>approved persons</i> or senior managers regime).
Insurance business	1. A <i>scheme of operations</i> in accordance with SUP App 2.
	2. (If the application seeks to vary a <i>permission</i> to include <i>motor vehicle liability insurance business</i> ) details of the claims representatives required by <i>threshold condition</i> 3F (Appointment of claims representatives), if applicable.
Accepting deposits and designated investment business	1. A business plan which includes the impact of the variation on the <i>firm's</i> existing or continuing business financial projections for the <i>firm</i> , including the impact of the requested change on the <i>firm's</i> financial resources and capital adequacy requirements.

**6.3.26** **G** Specific information may also be required by the relevant regulator on the activities the *firm* intends to cease, or cease carrying on in relation to any *specified investments* (see ■ SUP 6 Annex 4).

**6.3.27** **G** When determining whether to grant an application, the relevant regulator may request further information, including reports from third parties such as the *firm's* auditors, and may require meetings with, and visits to, the *firm*. The relevant regulator may also require a statement from members of the *firm's governing body* confirming, to the best of their knowledge, the completeness and accuracy of the information supplied. The relevant regulator may also discuss the application with other regulators or exchanges.

**When will an application for variation of permission and/or imposition or variation of requirements be granted?**

**6.3.28** **G**

(1) The relevant regulator is required by section 55B(3) of the *Act* to ensure that a *firm* applying to gain or vary a *Part 4A permission* or to impose or vary a *requirement* satisfies and will continue to satisfy the *threshold conditions* in relation to all the regulated activities for which the *firm* has or will have a *Part 4A permission*.

(2) [deleted]

- 6.3.28A** **G** Where a *firm* applies to the *PRA* for the variation of its *Part 4A permission*, the *FCA*, in giving consent to such an application or imposing any requirements on the *firm*, is required by section 55B(3) of the *Act* to ensure that the *firm* satisfies and will continue to satisfy the *threshold conditions* for which the *FCA* is responsible in relation to all the *regulated activities* for which the *firm* has or will have *Part 4A permission* after the variation.
- 6.3.28B** **G**
- (1) The *FCA*'s duty under section 55B(3) of the *Act* does not prevent it, having regard to that duty, from taking such steps as it considers necessary in relation to a particular *firm*, to meet any of its operational objectives. This may include granting or consenting to (as the case may be) a *firm's* application for variation of *Part 4A permission* when it wishes to wind down (run off) its business activities and cease to carry on new business as a result of no longer being able to satisfy the *threshold conditions*.
  - (2) The *FCA* may refuse an application, or refuse to give its consent to an application, under section 55B(3) of the *Act* if it considers that it is desirable to do so in order to advance any of its operational objectives.
- 6.3.29** **G** In determining whether the *firm* satisfies and continues to satisfy the *threshold conditions*, the regulator concerned will consider whether the *firm* is ready, willing and organised to comply with the regulatory requirements it will be subject to if the application is granted.
- 6.3.30** **G** The specific requirements that apply to certain types of activity will also need to be considered as these may not allow certain combinations of activity.
- 6.3.31** **G** In considering whether to grant (or consent to, as the case may be) a *firm's* application to vary its *Part 4A permission* or impose or vary a *requirement*, the regulator concerned will also have regard, under section 55R(1) of the *Act* (Persons connected with an applicant), to any *person* appearing to be, or likely to be, in a relationship with the *firm* which is relevant. The *Financial Groups Directive Regulations* make special consultation provisions where the regulator is exercising its functions under Part 4A of the *Act* (Permission to carry on regulated activities) for the purposes of carrying on supplementary supervision. Broadly, where a regulator, in the course of carrying on supplementary supervision, is considering varying the *Part 4A permission* of a *person* who is a member of a *group* which is a *financial conglomerate*, the consultation provisions in section 55R(2) of the *Act* are disapplied. In their place, the regulations impose special obligations, linked to the *Financial Groups Directive*, to obtain the consent of the relevant competent authorities, to consult those authorities and to consult with the *group* itself.
- The regulator's powers in respect of application for variation of Part IV permission**  
.....
- 6.3.32** **G** [deleted]
- 6.3.32A** **G** The *FCA*'s power to vary a *Part 4A permission* after it receives an application from a *firm* extends to including in the *Part 4A permission* as varied any



provision that could be included as though a fresh *permission* was being given in response to an application under section 55A of the *Act* (Application for permission). Under section 55E of the *Act* (Giving permission: the FCA) the *FCA* may:

- (1) incorporate in the description of a *regulated activity* such *limitations* (for example, as to the circumstance in which a *regulated activity* may or may not be carried on) as it considers appropriate; or
- (2) specify a narrower or wider description of *regulated activity* than that to which the application relates; or
- (3) give permission for the carrying on of a *regulated activity* which is not included among those to which the application relates and is not a *PRA-regulated activity*.

**6.3.32B** **G** Thus, when determining an application for variation of *Part 4A permission*, the *FCA* can, include new *limitations* and vary existing *limitations*, either on application from the *firm* (for example, the *customer* categories with which a *firm* may carry on a specified activity) or, if considered appropriate, by the *FCA* under section 55E(5) of the *Act*.

**6.3.32C** **G** If a *firm* has applied (whether to the *FCA* or the *PRA*) for the variation of a *Part 4A permission*, the *FCA* has the power to impose on that person such *requirements*, taking effect on or after the variation of permission, as the *FCA* considers appropriate.

**6.3.33** **G** [deleted]

**6.3.34** **G** If *limitations* are varied or imposed or *requirements* are imposed by the relevant regulator which were not included in the *firm's* application for variation of *Part 4A permission*, the relevant regulator will be required to issue the *firm* with a *warning notice* and *decision notice* (see ■ SUP 6.3.39 G).

**6.3.34A** **G** Where a *firm* has made an application to the *PRA* for the variation of its *Part 4A permission* and *requirements* are imposed by the *FCA* which were not included in the *firm's* application, the *FCA* will be required to issue the *firm* with a *warning notice* and *decision notice* (see ■ SUP 6.3.39 G).

**How long will an application take?**

**6.3.35** **G** Under section 55V(1) of the *Act* (Determination of applications), the relevant regulator has six months to consider a completed application from the date of receipt.

**6.3.36** **G** If the relevant regulator receives an application which is incomplete (that is, if information or a document required as part of the application is not provided), section 55V(2) of the *Act* requires the relevant regulator to determine that incomplete application within 12 months of the initial receipt of the application.

**6.3.36A** **G** Where the application cannot be determined by the *PRA* without the consent of the *FCA*, section 55V(3) of the *Act* requires that the *FCA*'s decision must also be made within the period required in **■ SUP 6.3.35 G** or **■ SUP 6.3.36 G** as appropriate.

**6.3.37** **G** Within these time limits, however, the length of the process will relate directly to the complexity of the application.

**6.3.37A** **G** The *FCA* publishes standard times on its website setting out how long the application process is expected to take. From time to time, the *FCA* also publishes its performance against these times.

**6.3.38** **G** At any time after receiving an application and before determining it, the relevant regulator may require the applicant to provide additional information or documents. The circumstances of each application will dictate what additional information or procedures are appropriate.

**6.3.38A** **G** If the relevant regulator fails to determine an application within the time period specified in section 55V of the *Act*, this does not mean that the application is deemed to be granted.

**How will the relevant regulator make the decision?**

**6.3.39** **G** A decision to grant an application will be taken by appropriately experienced staff at the relevant regulator. However, if the staff dealing with the application recommend that a *firm's* application for variation of *Part 4A permission* be either refused or granted subject to *limitations* or *requirements* or a narrower description of *regulated activities* than applied for, the decision will be subject to the regulator's formal decision making process.

**6.3.40** **G** *DEPP* gives guidance on the *FCA*'s decision making procedures including the procedures it will follow if it proposes to refuse an application for variation of *Part 4A permission* or for imposition or variation of a *requirement* either in whole or in part (for example, an application granted by the *FCA* but subject to *limitations* or *requirements* not applied for).

**Commencing new regulated activities**

**6.3.41** **G** If the variation of *Part 4A permission* is given, the relevant regulator will expect a *firm* to commence a new *regulated activity* in accordance with its business plan (revised as necessary to take account of changes during the application process) or scheme of operations for an *insurer*. *Firms* should take this into consideration when determining when to make an application to the relevant regulator.

**6.3.42** **G** (1) *Firms* should be aware that the *appropriate regulator* may exercise its *own-initiative variation power* or, in respect of *FCA-authorised persons*, the *FCA* may exercise its *additional own-initiative variation power*, in each case to vary or cancel their *Part 4A permission* (see section 55J of the *Act* (Variation or cancellation on initiative of

regulator) and Schedule 6A to the Act (Variation or cancellation of *Part 4A permission* on initiative of FCA: additional power)) if the firm does not:

- (a) commence a *regulated activity* for which they have *Part 4A permission* within a period of at least 12 months from the date of being given *permission* to carry on that particular activity;
- (b) carry on a particular *regulated activity* for which they have *Part 4A permission* for a period of at least 12 months (irrespective of the date of grant); or
- (c) respond, in the manner or by taking the steps directed by the FCA, to notices given by the FCA under paragraph 2 of Schedule 6A to the Act, which notices are given on the basis that it appears to the FCA that the relevant *firm* is carrying on no *regulated activity* to which its *permission* relates (for detail on the circumstances in which such notices may be issued, see ■ SUP 7.2.2AG to ■ SUP 7.2.2DG and ■ SUP 7.2.3AG).

(1A) The *appropriate regulator* may exercise its *own-initiative variation power* to cancel an *investment firm's Part 4A permission* if the *investment firm* has provided or performed no *investment services and activities* at any time during the period of six months ending with the day on which the *warning notice* under section 55Z(1) of the Act is given (see ■ EG 8) and, if the *investment firm* is an *FCA- authorised person*, note also the FCA's *additional own-initiative variation power*.

[Note: article 8(a) of *MiFID*]

(2) [deleted]

### 6.3.43

**G** When a *firm* commences new *regulated activities* following a variation of a *Part 4A permission*, it should have particular regard to the requirements of *Principle 11* (Relations with regulators) (see ■ SUP 15.3.8 G (1)(c)).

## 6.4 Applications for cancellation of permission

- 6.4.1** G [deleted]
- 6.4.1A** G Under section 55H(3) of the *Act* (Variation by FCA at request of authorised person), if an *FCA-authorised person* applies to the *FCA*, the *FCA* may cancel its *Part 4A permission*. Cancellation applies to a *firm's* entire *Part 4A permission*, that is to every activity and every *specified investment* and not to the individual elements such as *specified investments*. Changes to the individual elements of a *permission* would require a variation.
- 6.4.2** G [deleted]
- 6.4.2A** G Under section 55H(4) of the *Act*, the *FCA* may refuse an application from a *firm* to cancel its *Part 4A permission* if it considers that it is desirable to do so in order to advance any of its operational objectives.
- 6.4.3** G
- (1) A *firm* may apply to the relevant regulator to cancel its *Part 4A permission* before it has ceased carrying on all *regulated activities*. However, where a *firm* makes a formal application for cancellation of its *permission* when it has not yet ceased carrying on *regulated activities*, the relevant regulator will expect the *firm*:
    - (a) to cease those *regulated activities* within the short term (normally no more than six months from the date of application for cancellation); and
    - (b) to have formal plans to cease its *regulated activities* in an orderly manner.
  - (2) *Firms* should note, however, that the relevant regulator will not grant an application for cancellation of *Part 4A permission* until the *firm* can demonstrate that it has ceased carrying on all *regulated activities* (■ SUP 6.4.19 G).
  - (3) The relevant regulator may apply additional procedures or require additional information, as if the *firm* had entered into a long term wind down of business (see ■ SUP 6 Annex 4), if it considers it appropriate to the circumstances of the *firm*.
- 6.4.4** G Additional guidance for a *firm* carrying on *insurance business*, accepting deposits, operating a *dormant asset fund* or which holds *client money* or

customer's assets is given in ■ SUP 6 Annex 4. As noted in ■ SUP 6.2.9 G, it will usually be appropriate for a *firm* to apply for variation of its *Part 4A permission* and/or the imposition, variation or cancellation of a *requirement* while winding down (running off) its *regulated activities* and before applying to cancel its *Part 4A permission*.

**The application for cancellation of permission**

6.4.5

D

- (1) Subject to (1A), a *firm* other than a *credit union* wishing to cancel its *Part 4A permission*, must apply online at the *appropriate regulator* website using the form specified on the *online notification and application system*.
- (1A) An *FCA-authorised person* wishing to cancel its *Part 4A permission* which covers only *credit-related regulated activities* must submit any form, notice or application by using the form in ■ SUP 6 Annex 6 and submitting it in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).
- (2) [deleted]
- (3) [deleted]
- (4) Until the application has been determined, a *firm* which submits an application for cancellation of *Part 4A permission* must inform the relevant regulator of any significant change to the information given in the application immediately it becomes aware of the change.
- (5) Where a *firm* is obliged to submit any form, notice or application online under (1), if the *online notification and application system* fails and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored a *firm* must submit any form, notice or application by using the form in ■ SUP 6 Annex 6D and submitting it in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).

6.4.5A

G

- (1) If the *online notification and application system* fails and online submission is unavailable for 24 hours or more, the relevant regulator will endeavour to publish a notice on its website confirming that online submission is unavailable and that the alternative methods of submission set out in ■ SUP 6.4.5 D (5) and ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification) should be used.
- (2) Where ■ SUP 6.4.5 D (5) applies to a *firm*, ■ GEN 1.3.2 R (Emergency) does not apply.

6.4.6

G

- (1) In addition to applying for cancellation of *Part 4A permission* in accordance with ■ SUP 6.4.5 D, a *firm* may discuss prospective cancellations with its supervisory contact at the *appropriate regulator*. Alternatively a *firm* can contact the Supervision Hub on 0300 500 0597.
- (2) To contact the Cancellations Team:
  - (a) write to: Cancellations Team, The Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN; or; or

(b) email [cancellation.team@fca.org.uk](mailto:cancellation.team@fca.org.uk)

(3) If a *firm* which has applied for cancellation decides to remain authorised it should inform the relevant regulator immediately using one of the methods in ■ [SUP 6.4.6 G \(2\)](#).

**6.4.7** G When an application is received, the relevant regulator will send the *firm* a written acknowledgement. The *firm* will be required to provide information which, in the opinion of the relevant regulator, is necessary for it to determine whether to grant or refuse the application for cancellation of *Part 4A permission*.

**Information to be supplied to the relevant regulator as part of the application for cancellation of permission**

**6.4.8** G The information which the relevant regulator may request on the circumstances of the application for cancellation and the confirmations which the relevant regulator may require a *firm* to provide will differ according to the nature of the *firm* and the activities it has *Part 4A permission* to carry on.

**6.4.9** G A *firm* will be expected to demonstrate to the relevant regulator that it has ceased carrying on *regulated activities*. The relevant regulator may require, as part of the application, a report from the *firm* that includes, but is not limited to, the confirmations referred to in ■ [SUP 6.4.12 G](#) (as appropriate to the *firm's* business). The relevant regulator may also require additional information to be submitted with the report including, in some cases, confirmation or verification from a professional adviser on certain matters to supplement the report (see ■ [SUP 6.4.15 G](#)).

**6.4.10** G

(1) If a *firm* is subject to the complaints rules in *DISP*, the *FCA* may request confirmation from the *firm* that there are no unresolved, unsatisfied or undischarged complaints against the *firm* from a *customer* of the *firm*.

(2) If there are unresolved or undischarged complaints against a *firm* from a *customer* of the *firm*, the *FCA* may request confirmation, as appropriate, of the steps (if any) which have been taken under the *firm's* complaints procedures and the amount of compensation claimed. The *FCA* may also request an explanation of the arrangements made for the future consideration of such complaints.

**6.4.11** G If the *firm* is carrying on *designated investment business* with *retail clients*, the *FCA* may request confirmation that the *firm* has written, or intends to write, to all *retail clients* with, or for whom, the *firm* has conducted *regulated activities* within a certain period.

**Confirmations and resolutions**

**6.4.12** G The relevant regulator will usually require the report in ■ [SUP 6.4.9 G](#) to be signed by a *director* or other officer with authority to bind the *firm*. It may include confirmations from the *firm* that, in relation to business carried on under its *Part 4A permission*, it has:

(1) ceased carrying on all *regulated activities*;



- (2) properly disbursed funds in its *client bank accounts* and closed those accounts;
- (3) discharged all insurance or *deposit* liabilities; and
- (4) properly transferred all *investments*, title documents and other property that it held on behalf of *clients*.

**6.4.13** G The relevant regulator may also require a resolution from the *firm's governing body*, for example to support the application for cancellation of *permission*, expressed to be irrevocable, and to give the signatory the authority to sign the formal report to the relevant regulator.

**6.4.14** G Under section 398 of the *Act* (Misleading the FCA or PRA: residual cases), it is an offence, in purported compliance with a requirement imposed by or under the *Act* (including the directions in ■ SUP 6.4.5 D), for a *person* to knowingly or recklessly give the regulator information that is false or misleading. If necessary, a *firm* should take appropriate professional advice when supplying information required by the regulator(s). An *insurer*, for example, may ask an *actuary* to check assumptions in respect of future *claims* made under *contracts of insurance*.

**Reports from professionals**

**6.4.15** G The relevant regulator may require additional information, including professional advice, to supplement or support the report in ■ SUP 6.4.9 G where it considers this appropriate. Examples of reports that may be requested by the relevant regulator include, but are not limited to those detailed in ■ SUP 6.4.16 G.

**6.4.16** G **Types of reports. See ■ SUP 6.4.15 G**

Category of firm	Type of report
<i>a bank or building society</i>	<ul style="list-style-type: none"> <li>• an audited balance sheet which confirms that, in the auditor's opinion, the <i>firm</i> has no remaining <i>deposit</i> liabilities to <i>customers</i>;</li> <li>• a report from auditors or <i>reporting accountants</i>;</li> </ul>
<i>a securities and futures firm</i>	<ul style="list-style-type: none"> <li>• a report from auditors or <i>reporting accountants</i></li> </ul>
<i>an insurer</i>	<ul style="list-style-type: none"> <li>• an audited closing balance sheet which demonstrates that the <i>firm</i> has no insurance liabilities to <i>policyholders</i>;</li> <li>• a report from the auditors or <i>reporting accountants</i>; and</li> <li>• in some cases, an actuarial opinion as to the likelihood of any remaining liabilities to <i>policyholders</i>.</li> </ul>

**6.4.17** **G** If a *firm* is transferring its business, the relevant regulator may require a professional opinion in respect of certain aspects of the transfer. For example, the relevant regulator may require a legal opinion on the validity of arrangements to transfer *regulated activities, client money, client deposits, custody assets* or any other property belonging to *clients*, to another *authorised person*. Alternatively, an auditor or *reporting accountant* may be requested to verify that a transfer has been properly accounted for in the *firm's* books and records. Transfers of insurance and banking business are subject to statutory requirements (see ■ SUP 18).

**Approved persons**

**6.4.18** **G** (1) A *firm* which is applying for cancellation of *Part 4A permission* and which is not otherwise *authorised by*, or under, the *Act* should, at the same time:

(a) comply with:

- (i) ■ SUP 10A.14.8R (for a *firm* that has *appointed representatives*);
- (ii) ■ SUP 10C.14.5R (for an *SMCR firm*); or
- (iii) the corresponding *PRA* requirements; and

(b) notify the the *FCA* or *PRA* of persons ceasing to perform *controlled functions* specified by that regulator.

These forms should give the effective date of withdrawal, if known (see ■ SUP 10A and ■ SUP 10C (*FCA's* regimes for approved persons)).

**When will the relevant regulator grant an application for cancellation of permission?**

**6.4.19** **G** The relevant regulator will usually not cancel a *firm's Part 4A permission* until the *firm* can demonstrate that, in relation to business carried on under that permission, it has, as appropriate:

- (1) ceased carrying on *regulated activities* or fully run off or transferred all insurance liabilities;
- (2) repaid all *client money* and client deposits;
- (3) discharged *custody assets* and any other property belonging to *clients*; and
- (4) discharged, satisfied or resolved complaints against the *firm*.

**6.4.20** **G** If it is not possible for a *firm* to demonstrate a relevant matter referred to in ■ SUP 6.4.19 G, for example, depositors are uncontactable, the *firm* will be expected to have satisfied the relevant regulator that it has made adequate provisions for discharging any liabilities to *clients* which do not involve the *firm* carrying on *regulated activities*.

**6.4.21** **G** Before the relevant regulator cancels a *firm's Part 4A permission*, the *firm* will be expected to be able to demonstrate that it has ceased or transferred all *regulated activities* under that *permission*. For example, the *firm* may be



asked to provide evidence that a transfer of business (including, where relevant, any *client money*, *customer assets* or *deposits* or insurance liabilities) is complete. As noted in ■ SUP 6.4.9 G, the relevant regulator may require the *firm* to confirm this by providing a report, in a form specified by the relevant regulator:

- (1) as part of the application for cancellation of *permission*, if the *firm* has ceased carrying on all *regulated activities* under its *Part 4A permission* at the time of application (see ■ SUP 6.4.9 G); or
- (2) after the application but before its determination, if the *firm* has not ceased carrying on *regulated activities* under its *Part 4A permission* at the time of application.

### 6.4.22

G

In deciding whether to cancel a *firm's Part 4A permission*, the relevant regulator will take into account all relevant factors in relation to business carried on under that *permission*, including whether:

- (1) there are unresolved, unsatisfied or undischarged complaints against the *firm* from any of its *customers*;
- (2) the *firm* has complied with ■ CASS 5.5.80 R and CASS 7.11.34R (Client money: discharge of fiduciary duty) and ■ CASS 7.11.50 R (Client money: allocated but unclaimed client money) if it has ceased to hold *client money*; these *rules* apply to both repayment and transfer to a third party;
- (3) the *firm* has ceased to hold or control *custody assets* in accordance with instructions received from *clients* and ■ COBS 6.1.7 R or article 49 of the *MiFID Org Regulation* (see ■ COBS 6.1ZA.9EU) (Information concerning safeguarding of designated investments belonging to clients and client money);
- (4) the *firm* has repaid all *client deposits*, if it is ceasing to carry on *regulated activities* including *accepting deposits*;
- (5) the relevant regulator or another regulator has commenced an investigation against the *firm* or continuing enforcement action against the *firm*;
- (6) there are any matters affecting the *firm* which should be investigated before a decision on whether the *firm* should have its *Part 4A permission* cancelled by the relevant regulator or be disciplined;
- (7) the *firm* has unsettled or unexpired liabilities to *consumers*, for example, outstanding contracts (such as *deposits* or insurance liabilities);
- (8) the *firm* has settled all its debts to the *appropriate regulator*; and
- (9) the factors set out in ■ SUP 6.4.19 G apply.

**The FCA and the PRA enforcement and investigation powers against a former authorised person**

**6.4.23** **G** If an application for cancellation of a *firm's Part 4A permission* has been granted and a *firm's status as an authorised person* has been withdrawn (see ■ SUP 6.5) it will remain subject to certain investigative and enforcement powers as a former *authorised person*. These include:

- (1) information gathering and investigation powers in Part XI of the Act (Investigation gathering and investigations) (see ■ EG 3 (Use of information gathering and investigation powers));
- (2) powers to apply to court for *injunctions* and restitution orders in Part XXV of the Act (Injunctions and restitution) (see ■ EG 10 (Injunctions) and ■ EG 11 (Restitution and redress));
- (3) powers in Part XXIV of the Act (Insolvency) to petition for administration orders or winding up orders against *companies* or insolvent *partnerships*, or bankruptcy orders (or in Scotland sequestration awards) against individuals (see ■ EG 13 (Insolvency));
- (4) powers in Part XXVII of the Act (Offences) to prosecute offences under the Act and other specified provisions (see ■ EG 12 (Prosecution of criminal offences)).

**6.4.24** **G** However, the following powers may not be used against former *authorised persons*:

- (1) powers to take disciplinary action against *firms* by publishing statements of misconduct under section 205 of the Act (Public censure) or imposing financial penalties under section 206(1) of the Act (Financial penalties); and
- (2) the power to require *firms* to make restitution under section 384 of the Act (Power of FCA or PRA to require restitution).

**6.4.25** **G** Consequently, the relevant regulator considers that it will have good reason not to grant a *firm's application for cancellation of permission* where:

- (1) the *FCA* and/or the *PRA* proposes to exercise any of the powers described in ■ SUP 6.4.24 G; or
- (2) the *FCA* and/or the *PRA* has already begun disciplinary and/or restitution proceedings against the *firm* by exercising either or both of these powers against the *firm*.

**6.4.26** **G** The *FCA's* use of those powers is outlined in ■ DEPP 6 (Penalties).

**How long will an application take?**

**6.4.27** **G**

- (1) Under section 55V(1) of the Act (Determination of applications), the relevant regulator has six months to consider a completed application.
- (2) If the relevant regulator receives an application which is incomplete, that is, where information or a *document* required as part of the application is not provided, section 55V(2) of the Act requires the relevant regulator to determine the incomplete application within 12 months of the initial receipt of the application.

(3) Within these time limits, however, the length of the process will relate directly to the complexity of cancellation requested and whether the *firm* has fully wound down (run off) its activities at the time it applies.

**6.4.27A** **G** The *FCA* publishes standard response times on its website setting out how long the application process is expected to take in practice. From time to time, the *FCA* also publishes its performance against these times.

**How will the relevant regulator make the decision?**.....

**6.4.28** **G** A decision to grant an application for cancellation of *permission* will be taken by appropriately experienced staff at the relevant regulator. Where, however, the staff dealing with the application recommend that a *firm's* application for cancellation of *Part 4A permission* be refused, the decision will be subject to the regulator's formal decision making process.

**6.4.29** **G** See *DEPP* for *guidance* on the *FCA's* decision making procedures, including the procedures it will follow if it proposes to refuse an application for cancellation of *Part 4A permission*.

## 6.5 Ending authorisation

- 6.5.1 **G** Under section 33(2) of the *Act* (Withdrawal of authorisation), if the *appropriate regulator* cancels a *firm's Part 4A permission*, and as a result there is no *regulated activity* for which the *firm* has *permission*, the regulator authorising that *firm* is required to give a direction withdrawing the *firm's* status as an *authorised person*.
- 6.5.2 **G** [deleted]
- 6.5.2A **G** **(3)** If the *FCA* concludes that it should grant an *FCA-authorised person's* application for cancellation of *permission* and end its *authorisation*, the *FCA* will:
- (1) cancel the *firm's Part 4A permission* under section 55H(3) of the *Act*;
  - (2) withdraw the *firm's authorised* status under section 33(2) of the *Act* by giving the *firm* a direction in writing; and
  - (3) update the *firm's* entry in the Financial Services Register to show it has ceased to be *authorised*.

## Additional guidance for a firm winding down (running off) its business

1.	If a <i>firm</i> has <i>Part 4A permission</i> which enables it to hold <i>client money</i> or to carry on <i>regulated activities</i> including:
	(a) <i>carrying out contracts of insurance and effecting contracts of insurance; or</i>
	(b) <i>accepting deposits;</i>
	(c) <i>safeguarding and administration of assets; or</i>
	(d) <i>meeting of repayment claims or managing dormant asset funds (including the investment of such funds);</i>
	it may require a long period (usually in excess of six months) in which to wind down (run off) its business. In these circumstances, it will usually be appropriate for the <i>firm</i> to apply for a variation of <i>Part 4A permission</i> before commencing the wind down.
2.	A <i>firm</i> that believes that it may need to apply for a variation of <i>Part 4A permission</i> as a first step towards cancellation of its <i>permission</i> should discuss its plans with its supervisory contact at the relevant regulator.
3.	If appropriate, in the interests of its <i>statutory objectives</i> (limited to the operational objectives in the case of the <i>FCA</i> ), the <i>appropriate regulator</i> will require details of the <i>firm's</i> plans and will discuss them with the <i>firm</i> and monitor the winding down or transfer of the <i>firm's</i> business. During the period in which it is winding down, a <i>firm</i> will also be required to notify any material changes to the information provided such as, for example, receipt of new complaints and changes to plans.
4.	If, after its <i>Part 4A permission</i> has been varied, a <i>firm</i> has wound down its business, complied with any <i>requirements</i> imposed and ceased to carry on <i>regulated activities</i> (or expects to do so within the next six months), it should then make an application for cancellation of its <i>Part 4A permission</i> (see SUP 6.4 (Applications for cancellation of permission)).
<b>Use of own-initiative powers</b>	
5.	If, for example, the <i>FCA</i> or the <i>PRA</i> has concerns relating to any of the <i>statutory objectives</i> (limited to the operational objectives in the case of the <i>FCA</i> ), it may use its <i>own-initiative variation power</i> (see SUP 7 (Individual requirements) and EG 8 (Variation and cancellation of permission on the <i>FCA's</i> own initiative and intervention against incoming firms)), to vary the <i>Part 4A permission</i> of a <i>firm</i> which is winding down or transferring its <i>regulated activities</i> .
5A	If, for example, the <i>appropriate regulator</i> has concerns relating to any of its <i>statutory objectives</i> (limited to the operational objectives in the case of the <i>FCA</i> ), it may use its <i>own-initiative requirements power</i> to impose on a <i>firm</i> that is winding down or transferring its <i>regulated activities</i> , any <i>requirement</i> , or vary or cancel a <i>requirement</i> imposed by it on that <i>firm</i> .
<b>Reporting requirements: general</b>	
6.	If a <i>firm</i> is winding down (running-off) its business, the routine reporting requirements in SUP 16 (Reporting requirements) will apply unless the <i>firm</i> is granted a waiver. In addition, a <i>firm</i> may be asked to submit additional reports, for example, to enable the <i>appropriate regulator</i> to monitor the wind down.
1.	If a <i>firm</i> makes an application in accordance with SUP 6 to effect the winding down of <i>regulated activities</i> which it is carrying on including the repayment of <i>client money</i> , or the return of <i>client deposits</i> , <i>custody assets</i> or any other property belonging to <i>clients</i> , the <i>appropriate regulator</i> will expect it to have formal plans to ensure that:
(1)	the <i>regulated activities</i> are wound down in an orderly manner;

(2)	the <i>regulated activities</i> are properly completed and all <i>client deposits</i> , <i>client money</i> , <i>custody assets</i> or any other property belonging to <i>clients</i> are repaid, returned or transferred to another <i>Authorised person</i> ; and
(3)	the interests of <i>customers</i> are not adversely affected.
2.	[deleted]
1	A <i>firm</i> must comply with CASS 5.5.80 and CASS 7.11.34R (Client money: discharge of fiduciary duty) and CASS 7.11.50 R (Allocated but unclaimed client money) if it is ceasing to hold <i>client money</i> . A <i>firm</i> must also cease to hold or control <i>custody assets</i> in accordance with instructions received from <i>clients</i> and COBS 6.1.7 R or article 49 of the <i>MiFID Org Regulation</i> (see COBS 6.1ZA.9EU) (Information concerning safeguarding of designated investments belonging to <i>clients</i> and <i>client money</i> ). These <i>rules</i> apply to both repayment and transfer to a third party.
1.	A <i>firm</i> carrying on <i>insurance business</i> which, ultimately, intends to cease <i>insurance business</i> completely, will first need to apply for a variation of its <i>Part 4A permission</i> while it is running off its business. The <i>firm</i> should apply for a variation of <i>Part 4A permission</i> to remove the activity of <i>effecting contracts of insurance</i> from its <i>permission</i> , thus restricting its activities to <i>carrying out insurance contracts</i> to enable it to run off its remaining insurance liabilities (see SUP 6.2.9 G ).
2.	Examples of variations of <i>Part 4A permission</i> which may be appropriate in the context of winding down <i>insurance business</i> include: <ol style="list-style-type: none"> <li>(1) removing one or more <i>regulated activities</i> (for example, when a <i>firm</i> which has <i>Part 4A permission</i> to carry on <i>insurance business</i> enters into run-off, its <i>Part 4A permission</i> will need to be varied to remove the activity of <i>effecting contracts of insurance</i> in relation to new <i>contracts of insurance</i>); a new <i>contract of insurance</i> excludes contracts effected under a term of a subsisting <i>contract of insurance</i>. Thus the <i>firm's permission</i> will be restricted to <i>carrying out contracts of insurance</i> to enable it to run off its existing liabilities; or</li> <li>(2) imposing a <i>limitation on regulated activities</i> in a <i>firm's Part 4A permission</i>.</li> </ol>
2A	A <i>firm</i> may also have imposed on it a new <i>requirement</i> , or any existing <i>requirement</i> imposed on a <i>firm</i> may be varied or cancelled. In the context of winding down <i>insurance business</i> , it may for example be appropriate to impose a <i>requirement</i> on the type of investments a <i>firm</i> holds to support its insurance liabilities.
3.	An <i>insurer</i> ceasing to <i>effect contracts of insurance</i> is required to submit a <i>scheme of operations</i> in accordance with SUP App 2 (Insurers: scheme of operations). The <i>PRA</i> may require other information depending on the circumstances, for example an actuarial assessment of the <i>firm's</i> run-off.
4.	A <i>firm</i> that is ceasing <i>effecting new contracts of insurance</i> in all categories of <i>specified investment</i> should refer to SUP App 2 for details of the specific reporting requirements that apply.
5.	An <i>insurer</i> should note that the <i>PRA</i> will not cancel a <i>firm's permission</i> until all the <i>firm's</i> insurance liabilities have been discharged, including any potential insurance liabilities. A <i>firm</i> is, therefore, advised to submit an application for cancellation of its <i>Part 4A permission</i> when its run-off is completed.
1.	A <i>firm</i> making an application in accordance with SUP 6 which requires any approval from the <i>Society of Lloyd's</i> should apply to the <i>Society</i> for this in addition to applying to the relevant regulator.
2.	Where a <i>firm</i> has <i>Part 4A permission</i> to <i>manage the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's</i> then, if it wishes to vary its <i>Part 4A permission</i> to remove this <i>regulated activity</i> or to cancel its <i>Part 4A permission</i> completely, special procedures will apply.
3.	(1) As a first step, the <i>firm</i> should apply to the relevant regulator for a variation of its <i>Part 4A permission</i> to limit the <i>regulated activity</i> , after the <i>Lloyd's syndicates</i> have been closed, to permit no new business. Once the <i>syndicates</i> have been closed, the <i>firm's</i> consent from the <i>Society</i> to <i>manage syndicates</i> will also lapse



	(2)	After a period of one year from the date of closure of the Lloyd's <i>syndicates</i> the <i>firm</i> may apply to vary its <i>Part 4A permission</i> , to remove the <i>regulated activity</i> or to cancel its <i>Part 4A permission</i> entirely, as appropriate. At this time, a <i>firm's</i> approval from the <i>Society of Lloyd's</i> as a <i>managing agent</i> will cease.
4.		<i>Firms</i> which wish to discuss these procedures in more detail should contact their appropriate supervisory contact and the <i>Society of Lloyd's</i> , as appropriate.
1. As stated in SUP 6.2.9 G, where a <i>bank</i> , or other <i>firm</i> with permission that includes <i>accepting deposits</i> , wishes to cancel its <i>Part 4A permission</i> , it will generally need to apply for a variation of that <i>permission</i> while it winds down its business.		
2. When a <i>firm</i> is winding down its business activities, it may be appropriate to: <ul style="list-style-type: none"> <li>(1) vary its <i>Part 4A permission</i> by imposing a <i>limitation</i> that no new <i>deposits</i> will be accepted; or</li> <li>(2) vary its <i>Part 4A permission</i> by imposing a <i>limitation</i> on the purchasing of <i>investments</i> for its own account; or</li> <li>(3) impose on it <i>requirements</i> concerning solvency.</li> </ul>		
3. After a <i>bank</i> has discussed with the <i>appropriate regulator</i> the type of variation of <i>Part 4A permission</i> and/or <i>requirement</i> the <i>bank</i> requires to wind down its business, it should make an application as directed in SUP 6.3.15 D and follow the <i>guidance</i> and procedures in SUP 6 as well as the additional procedures set out in this annex.		
4. As appropriate, one or more of the following may be imposed on a <i>firm</i> : <ul style="list-style-type: none"> <li>(1) a <i>requirement</i> that the <i>firm</i> takes certain steps or refrains from adopting or pursuing a particular course of action or to restrict the scope of its business in a particular way;</li> <li>(2) a <i>limitation</i> on <i>accepting deposits</i>, for example a <i>limitation</i> that no new <i>deposits</i> will be accepted;</li> <li>(3) a <i>requirement</i> restricting the granting of <i>credit</i> or the making of <i>investments</i>;</li> <li>(4) a <i>requirement</i> prohibiting the <i>firm</i> from soliciting <i>deposits</i> either generally or from <i>persons</i> who are not already <i>depositors</i>.</li> </ul>		
5. The information concerning the circumstances of these applications and the confirmations a <i>firm</i> is required to give to the regulator(s) concerned will differ according to the nature of the <i>bank</i> and its <i>Part 4A permission</i> . If appropriate, it may include, but will not necessarily be limited to: <ul style="list-style-type: none"> <li>(1) a plan containing the arrangements made in respect of the business of any current <i>depositors</i>, for example how and when the <i>firm</i> intends to repay or novate arrangements with <i>depositors</i>; or</li> <li>(2) confirmation that the <i>bank</i> will not take any new <i>deposits</i>, will not roll over or renew any existing <i>deposits</i> at maturity and will repay all remaining <i>deposits</i> (including accrued interest) as they fall due for repayment</li> </ul>		
<b>Dealing with residual deposits: general</b>		
6. Where a <i>firm</i> has residual <i>deposits</i> which, for whatever reason, cannot be repaid, they may be protected by a number of different methods. The precise applicability of the courses to be followed depends upon the particular circumstances of the individual <i>firm</i> . The <i>appropriate regulator's</i> supervisory approach will be determined by the course of action taken.		
<b>Holding funds on trust</b>		
7. In some circumstances, it may be appropriate for the <i>firm</i> to make an irrevocable transfer of funds, at least equal to the total of its <i>deposits</i> , to an independent trustee to be held on trust for the benefit of the <i>depositors</i> . Any such proposal should be discussed in advance with the <i>appropriate regulator</i> . The amount of funds held on trust should at all times exceed the total of all <i>deposits</i> , in order to provide for contingencies. Trust account arrangements are appropriate only in respect of solvent institutions. The <i>guidance</i> in paragraph 13 of this section applies in most cases.		
8. (1) A plan containing the arrangements should be made by the <i>firm</i> in respect of the business of any current <i>depositors</i> , for example how and when the <i>firm</i> intends to repay or novate arrangements with <i>depositors</i> . (2) The trustee should be an independent and appropriately qualified third party, nominated by the institution and acceptable to the <i>appropriate regulator</i> .		

(a) The trustee should usually be a major *UK bank*. If appropriate, an additional trustee from within the institution may be appointed, preferably in an advisory role. An internal trustee may help to ensure continuity if the *firm* and the trust are likely to remain in existence for the foreseeable future.

(b) The *appropriate regulator* should be consulted about, or pre-notified of, a potential change of trustee.

(c) Trustees are responsible for fulfilling their obligations under the trust deed. In practice, the *appropriate regulator* may wish to point out that certain factors need to be given consideration by the trustees and the institution (for example, the procedures for paying out to depositors).

9. The *appropriate regulator* would require to see an opinion by the *firm's* legal advisers, confirming the validity and enforceability of the trust and in particular specifying the extent (if any) to which the trust arrangements may be set aside in future. The *appropriate regulator* reserves the right to request sight of the proposed trust documentation itself.

10. The trustee has the right (and probably the obligation) to invest the funds, and in doing so should normally seek to "match" the maturity profile of the *firm's deposit* base. However, the following could result in *deposit* liabilities exceeding *trust* funds at any time:

(a) maturity mismatches, that is, whether there are insufficient liquid funds across the maturity bands to repay depositors; or

(b) changes in interest rates; or

(c) the trustee's fees and disbursements.

11. The trustee should not deposit, or otherwise invest, trust funds except in segregated accounts with third-party authorised institutions.

(1) An auditor's report, similar to that used to determine whether all the *deposits* have been repaid by a *firm*, should be provided to confirm that all depositors have been repaid before the discharge of a trust is allowed.

(2) Auditors' reports, from the trust's auditors, should subsequently be obtained at intervals to demonstrate that funds in the trust continue to be at least equal to the remaining liabilities to depositors and that repayments have been properly made. The *firm* retains the ultimate responsibility to provide information to the *appropriate regulator*.

(3) The *appropriate regulator* may, however, require the inclusion of a clause in the trust deed requiring the trustee to provide such information as may be requested.

12. Entering into a trust arrangement does not "transfer" deposits or discharge the *firm's* contractual obligations to its depositors.

#### **Holding the funds in segregated accounts**

13. The *firm* may place and retain an amount at all times at least equal to its *deposit* liabilities in a segregated account with its usual bankers. The advantage of this course of action is that if all deposit liabilities are matched by funds in such an account, then the *firm* is not carrying on the *regulated activity* of *accepting deposits* in contravention of the *Act*.

14. Placing funds in a segregated account does not discharge a *firm's* contractual obligations to its depositors.



## Variation of permission application form

This annex consists only of one or more forms.

Variation of Permission Application - Insurance Business, Banking (accepting deposits), Electronic Money, Lloyd's Market and Funeral Plan Providers

Variation of Permission Application - Insurance Business, Banking (accepting deposits), Electronic Money, Lloyd's Market and Funeral Plan Providers (Notes)

Variation of Permission Application - Investment Business

Variation of Permission Application - Investment Business (Notes)

Variation of Permission Application – Home Finance Mediation and General Insurance Distribution Activities

Variation of Permission Application – Home Finance Mediation and General Insurance Distribution Activities (Notes)

Variation of Permission (VOP) Application Consumer Credit Activities

Variation of Permission (VOP) Application Consumer Credit Activities (Notes)

Variation of Permission (VOP) Application – Claims Management

Variation of Permission (VOP) Application – Claims Management (Notes)

Variation of Permission (VOP) Application – Funeral Plans

Variation of Permission (VOP) Application – Funeral Plans (Notes)

Variation of Permission (VOP) Application – Financial Promotions

Variation of Permission (VOP) Application – Financial Promotions (Notes)



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## **Cancellation of permission application form**

This annex consists only of one or more forms. Forms are to be found through the following address:

*Cancellation of permission application form*

<https://www.fca.org.uk/publication/forms/cancellation-of-permission-form.docx>

