

Appendix 6

Accredited bodies

6.1 Accredited bodies

6

App6.1.1 G

Introduction

1. An *accredited body* is a body appearing in the list of such bodies in the *Glossary*.
2. Information on *accredited bodies*, including *guidance* on the process for including an applicant body in the list, is set out below and the obligation to pay the application fee is set out in FEES 3.2.
3. [deleted]

Process for including a body in the list of accredited bodies

4. In considering the compatibility of a proposed addition with the *statutory objectives*, the *FCA* will determine whether the applicant will, if accredited, contribute to securing an appropriate degree of protection for *consumers* having regard in particular to:
 - (1) the matters set out in paragraphs 10 to 20; and
 - (2) the rules and practices of the applicant.
5. An application to the *FCA* to be added to the list of *accredited bodies* should set out how the applicant will satisfy the criteria in paragraphs 10 to 20. The application should be accompanied by a report from a suitable auditor which sets out its independent assessment of the applicant's ability to meet these criteria. An application form is available from the *FCA* upon request.
6. When considering an application for *accredited body* status the *FCA* may:
 - (1) carry out any enquiries and request any further information that it considers appropriate, including consulting other regulators;
 - (2) ask the applicant or its specified representative to answer questions and explain any matter the *FCA* considers relevant to the application;
 - (3) take into account any information which the *FCA* considers appropriate to the application; and
 - (4) request that any information provided by the applicant or its specified representative is verified in such a manner as the *FCA* may specify.

7. The *FCA* will confirm its decision in writing to the applicant.
8. The *FCA* will enter into an agreement with the applicant or *accredited body* which will require the *accredited body* to meet, among other obligations, the criteria and expectations set out in this Appendix or other parts of the *Handbook*, as amended from time to time. Approval as an *accredited body* becomes effective only when the name of the applicant is added to the *Glossary* definition of *accredited body*.
9. Paragraphs 10 to 20 set out the criteria which an applicant should meet to become an *accredited body* and which an *accredited body* should meet at all times.

Acting in the public interest and furthering the development of the profession

10. The *FCA* will expect an *accredited body* to act in the public interest, to contribute to raising consumer confidence and professional standards in the retail investment advice market and to promoting the profession.

Carrying out effective verification services

11. If independent verification of a *retail investment adviser's* professional standards has been carried out by an *accredited body*, the *FCA* will expect the *accredited body* to provide the *retail investment adviser* with evidence of that verification in a *durable medium* and in a form agreed by the *FCA*. This is referred to in this Appendix and TC 2.1 as a 'statement of professional standing'.
12. The *FCA* will expect an *accredited body* to have in place effective procedures for carrying out its verification activities. These should include:
 - (1) verifying that each *retail investment adviser* who is a member of or subscriber to the *accredited body's* verification service has made an annual declaration in writing that the *retail investment adviser* has, in the preceding 12 *months*, complied with *APER* or *COCON* (as applicable) and completed the continuing professional development required under TC 2.1.15 R;
 - (2) verifying annually the continuing professional development records of no less than 10% of the *retail investment advisers* who have used its service in the previous 12 *months* to ensure that the records are accurate and the continuing professional development completed by the *retail investment advisers* is appropriate; and
 - (3) verifying that, if required by *TC*, the *retail investment advisers* who use its services have attained an appropriate qualification. This should include, where relevant, checking that appropriate qualification gap-fill records have been completed by the *retail investment advisers*.
13. The *FCA* will not expect an *accredited body* to carry out the verification in paragraph 12(3) if a *retail investment adviser* provides the *accredited body* with evidence in a *durable medium* which demonstrates that another *accredited body* has previously verified the *retail investment adviser's* appropriate qualification, including, where relevant, appropriate qualification gap-fill.
14. The *FCA* will expect an *accredited body* to make it a contractual condition of membership (where a *retail investment adviser* is a member of the *accredited body*) or of using its verification service (where a *retail investment adviser* is not a member of the *accredited body*) that, as a minimum, the *accredited body* will not continue to verify a *retail*

investment adviser's standards and will withdraw its statement of professional standing if:

- (1) it is provided with false information in relation to a *retail investment adviser's* qualifications or continuing professional development;
- (2) it is provided with a false declaration in relation to a *retail investment adviser's* compliance with *APER* or *COCON* (as applicable); or
- (3) the *retail investment adviser* becomes subject to a *prohibition order*.

In this regard, an *accredited body* must have in place appropriate decision-making procedures with a suitable degree of independence and transparency.

Having appropriate systems and controls in place and providing evidence to the FCA of continuing effectiveness

15. The *FCA* will expect an *accredited body* to ensure that it has adequate resources and systems and controls in place in relation to its role as an *accredited body*.
16. The *FCA* will expect an *accredited body* to have effective procedures in place for the management of conflicts of interest and have a well-balanced governance structure that engages a broad set of qualities and competences, with at least one member who is independent of the sector.
17. The *FCA* will expect an *accredited body* to have a code of ethics and to ensure that its code of ethics and verification service terms and conditions do not contain any provisions that conflict with *APER* or *COCON* (as applicable).

Ongoing cooperation with the FCA

18. The *FCA* will expect an *accredited body* to provide the *FCA* with such documents and information as the *FCA* reasonably requires, and to cooperate with the *FCA* in an open and transparent manner.
19. The *FCA* will expect an *accredited body* to share information as soon as reasonably practicable with the *FCA* (subject to any legal constraints, including those in *data protection legislation*) in relation to the professional standards of the *retail investment advisers* who use its service as appropriate. Examples might include conduct issues, complaints, dishonestly obtaining or falsifying qualifications or continuing professional development, a failure to complete appropriate continuing professional development, or the *accredited body's* decision to withdraw or not renew a *retail financial adviser's* statement of professional standing. The *FCA* will expect an *accredited body* to notify the *firm* if issues such as these arise.
20. The *FCA* will expect an *accredited body* to submit to the *FCA*, every 2 years, a report by a suitable independent auditor which sets out that auditor's assessment of the quality of the body's satisfaction of the criteria in paragraphs 10 to 19 in the preceding 24 *months* and whether, in the auditor's view, the body is capable of satisfying the criteria in the subsequent 24 *months*. The *FCA* will expect this report to be submitted to the *FCA* every 2 years, within 3 *months* of the anniversary of the date on which the *accredited body* was added to the *Glossary* definition of *accredited body*.

Withdrawal of accreditation

21. If an *accredited body* fails or, in the *FCA's* view, is likely to fail to satisfy the criteria, the *FCA* will discuss this with the *accredited body* concerned. If, following a period of discussion, the *accredited body* has failed to take appropriate corrective action to ensure that it satisfies and will continue to satisfy the criteria, the *FCA* will withdraw

the *accredited body's* accreditation. Withdrawal of an *accredited body's* accreditation will be reflected in the *Handbook* by amending the list published under the *Glossary* definition of *accredited body*. The *FCA* will expect the body to notify each *retail investment adviser* holding a current statement of professional standing of the *FCA's* decision. A statement of professional standing issued by the *accredited body* before the withdrawal of accreditation will continue to be valid until its expiration.