

Professional firms

Chapter 1

Professional firms

1.1 Application and Purpose

Application

- 1.1.1 **R** This sourcebook applies as follows:
- (1) ■ PROF 1 to ■ PROF 4 apply to *exempt professional firms*;
 - (2) ■ PROF 5 applies to *authorised professional firms*; and
 - (3) [deleted]
 - (4) PROF 7 applies to every *designated professional body* and every *exempt professional firm* that is carrying on, or proposing to carry on, *insurance distribution activity*.

- 1.1.1A **R** [deleted]

- 1.1.2 **G** This sourcebook is also relevant to *designated professional bodies*.

Purpose

- 1.1.3 **G** Under Part XX of the Act (Provision of Financial Services by Members of the Professions) certain individuals, partnerships or corporate entities, known as *exempt professional firms*, can carry on particular *regulated activities* (which the Act terms *exempt regulated activities*) under supervision and regulation by *designated professional bodies*.

- 1.1.4 **G** This sourcebook outlines:
- (1) the arrangements for designation of professional bodies;
 - (2) the conditions for activities to be treated as *exempt regulated activities* (see ■ PROF 2.1.3 G);
 - (3) the FCA's duty to keep itself informed about how *designated professional bodies* supervise and regulate the *exempt regulated activities* of *exempt professional firms* and how *exempt professional firms* carry on *exempt regulated activities*;
 - (4) the FCA's power under section 328 of the Act (Directions in relation to the general prohibition) to make a direction to deny the exemption to different classes of *person* or to different descriptions of *regulated activity*;

(5) the implications for an *authorised professional firm* that carries on an *non-mainstream regulated activities*; and

(6) the arrangements made by the *FCA* in relation maintaining a record of *unauthorised persons*, including *exempt professional firms*, that carry on, or are proposing to carry on, *insurance distribution activity*.

1.1.5 **G** This sourcebook also contains disclosure *rules* made by the *FCA* under the power conferred by section 332(1) of the *Act* (Rules in relation to persons to whom the general prohibition does not apply). These *rules* apply to *exempt professional firms* for the purpose of ensuring that their *clients* are made aware that *exempt professional firms* are not *authorised persons*.

1.1.6 **G** The *rules* and *guidance* in this sourcebook are intended to:

- (1) assist the protection of *clients* of *exempt professional firms* by ensuring that the *FCA* has information which allows it to keep under review the exercise of the direction power under section 328 of the *Act* (see ■ PROF 1.1.4 G (4));
- (2) secure an appropriate degree of protection for *consumers* by ensuring that the *clients* of an *exempt professional firm* are made aware that the firm is not an *authorised person*;
- (3) enable the *FCA* to use its resources in an efficient and effective way in the collection of information relevant to its duty to keep itself informed under 325 of the *Act* (*FCA's* general duty); and
- (4) explain the background to and the arrangements made by the *FCA* for the registration of *unauthorised persons*, including *exempt professional firms*, that carry on, or are proposing to carry on, *insurance distribution activity*.

1.1.7 **G** *Professional firms* should refer to ■ PERG 8 (Financial promotion and related activities) for general *guidance* on financial promotion and to ■ PERG 8.15 (Financial promotions by members of the professions (articles 55 and 55A)) for *guidance* on the exemptions which are specifically intended for *professional firms*.

