

Chapter 6

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

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> (SUP 6.3); 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> (SUP 6.4); 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*.

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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

6.2.8

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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 account 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 account 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* (see ■ SUP 7 and ■ EG 8) (Variation and cancellation of permission 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*.

UK firms exercising EEA or Treaty rights

6.2.12 **G** A *UK firm* should assess the effect of any change to its *Part 4A permission*, or any *requirements*, on its ability to continue to exercise any *EEA right* or *Treaty right* and discuss any concerns with its appropriate supervisory contact(s). This may also change the *applicable provisions* with which it is required to comply by a *Host State*.

- 6.2.13 **G** A *UK firm* which, as well as applying to vary or cancel its *Part 4A permission*, wishes to vary or terminate any business which it is carrying on in another *EEA State* under one of the *Single Market Directives*, should follow the procedures in ■ SUP 13 (Exercise of passport rights by UK firms) on varying or terminating its *branch* or *cross border services* business.

The Lloyd's market
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- 6.2.14 **G** 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.