Chapter 1

Application and Purpose
1.1 Who, what and where?

Who and what?

1.1.1 This sourcebook applies to a firm where its employee carries on an activity in TC App 1 for retail clients, customers or consumers (subject to the limitations set out in TC App 3).

1.1.1A The application of this sourcebook is modified for:

(1) a MiFID investment firm and a third country investment firm by the provisions in TC 4.1 where its employee carries on an activity in TC App 1 which is also an activity in TC 4.1.2R; and

(2) a firm carrying on insurance distribution activities by the provisions in TC 4.2.

1.1.1B ESMA has issued guidelines specifying criteria for the assessment of knowledge and competence. The ESMA guidelines can be found at https://www.esma.europa.eu/document/guidelines-assessment-knowledge-and-

Where?

1.1.2 The territorial scope of this sourcebook is set out in TC App 2.

Purpose

1.1.3 The competent employees rule is the main requirement relating to the competence of employees. The purpose of this sourcebook is to support the FCA’s supervisory function by supplementing the competent employees rule for retail activities.

Meaning of competence

1.1.4 In this sourcebook, competence means having the skills, knowledge and expertise needed to discharge the responsibilities of an employee’s role. This includes achieving a good standard of ethical behaviour.
1.2 Actions for damages

1.2.1 A contravention of the rules in TC does not give rise to a right of action by a private person under section 138D of the Act (and each of those rules is specified under section 138D(3) of the Act as a provision giving rise to no such right of action).