

Specified modified requirements

Chapter 4

Specified modified
requirements

4.2 Specified requirements for firms carrying on insurance distribution activities

- 4.2.1** **R** For a *firm* which carries on *insurance distribution activities* the *rules* and *guidance* set out in column 1 of the table in ■ TC 4.2.5R below are amended as set out in column 2.
- 4.2.2** **R** ■ TC 4.2.1R is limited as set out in ■ TC App 2 and ■ TC App 3.
- 4.2.3** **R** In this section, and the provisions in column 1 of ■ TC 4.2.5R, relevant employees are employees and other *persons*:

 - (1) directly involved in the carrying on of the *firm's insurance distribution activities*; or
 - (2) within the management structure responsible for the *firm's insurance distribution activities*; or
 - (3) responsible for the supervision of a relevant employee acting in the capacity as set out in (1).
- 4.2.4** **R** In ■ TC 4.2 'employee':

 - (1) is not restricted to an individual working under a contract of employment; and
 - (2) includes (without limitation) any natural or legal person whose services are placed at the disposal of the *firm*, under an arrangement between the *firm* and a third party; and
 - (3) also includes *appointed representatives* and their employees.
- 4.2.5** **R**

| Column 1 Relevant rules or guidance | Column 2 Amendments either extending the scope, or adding and/or replacing rules and guidance in Column 1 |
|---|--|
| TC 2.1.1R(1) | <p>The provision is amended by adding after TC 2.1.1R(1):</p> <p>'A <i>firm</i> must ensure that a relevant employee's appropriate knowledge and ability includes the requirements set out in SYSC 28.2.3R and is appropriate to the:</p> <p>(a) role and activity carried out by the relevant employee within the <i>firm</i>; and</p> <p>(b) type of distribution and the nature of the products sold.'</p> |
| TC 2.1.15R; TC 2.1.17R; TC 2.1.24R and TC 2.1.25R | <p>The <i>rules</i> apply as if references to <i>retail investment advisers</i> included 'relevant employees'.</p> |
| TC 2.1.15R | <p>(1) For <i>firms</i> whose relevant employees are not also <i>retail investment advisers</i>, the <i>rule</i> applies as if '35 hours' was a reference to '15 hours'.</p> <p>(2) The <i>rule</i> is amended by adding at the end:</p> <p>'Where the relevant employee is also a <i>retail investment adviser</i>, the minimum 35 hours appropriate continued professional development requirement in TC 2.1.15R must include a minimum 15 hours covering the requirements in SYSC 28.2.3R.'</p> |
| TC 2.1.16G | <p>For relevant employees acting in that capacity, the <i>guidance</i> is replaced by the following:</p> <p>'To meet the requirements in TC 2.1.15R (as modified by TC 4.2.5R) a relevant employee's continued training and development can encompass various types of facilitated learning opportunities including courses, e-learning and mentoring.'</p> |
| TC 2.1.18G, TC 2.1.19G, and TC 2.1.23G | <p>The <i>guidance</i> applies as if references to <i>retail investment advisers</i> included 'relevant employees'.</p> |
| TC 2.1.24R | <p>The <i>rule</i> is amended by adding after TC 2.1.24R(2):</p> <p>'the <i>firm</i> must be in a position to make available to the <i>FCA</i>, on request, the name of the <i>person</i> responsible for this record keeping requirement.'</p> |
| TC 3.1.1R | <p>The provision is amended by adding after TC 3.1.1R(3):</p> <p>'a <i>firm</i> must keep an up-to-date record of the continued professional training or development completed by each relevant employee in each 12 <i>month</i> period,</p> |

| Column 1 | Column 2 |
|----------------------------|---|
| Relevant rules or guidance | Amendments either extending the scope, or adding and/or replacing rules and guidance in Column 1 |
| | (a) for not less than 3 years after the relevant employee stops carrying out the activity; and |
| | (b) the <i>firm</i> must be in a position to provide any version of the record to the <i>FCA</i> on request.' |

4.2.6 R Where the relevant employee is also a *retail investment adviser* the *rules and guidance* in ■ TC 4.2.5R apply as follows (unless otherwise stated in ■ TC 4.2.5R):

- (1) the unamended *TC rules and guidance* in column 1 of ■ TC 4.2.5R apply in relation to the *person* when acting in the capacity of a *retail investment adviser*; and
- (2) the amended *TC rules and guidance* in column 2 apply in relation to the *person* when acting in the capacity of a relevant employee.

4.2.7 G *Rules and guidance* in this section relate to the requirements in ■ SYSC 28 (Minimum knowledge and competence requirements for carrying out insurance distribution activities).