

# Appendix 6

## Accredited bodies

### 6.1 Accredited bodies

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#### 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 specify the requirements that the *accredited body* must meet. These will include the matters set out in paragraphs 10 to 20. 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 2.1.28 R 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 it is provided with:

- (a) false information in relation to a *retail investment adviser's* qualifications or continuing professional development; or
- (b) a false declaration in relation to a *retail investment adviser's* compliance with *APER* or *COCON* (as applicable).

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 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 with the *FCA* (subject to any legal constraints) 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 or a failure to complete appropriate continuing professional development. 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* an annual 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 12 *months* and whether, in the auditor's view, the body is capable of satisfying the criteria in the subsequent 12 *months*. The *FCA* will expect this annual report to be submitted to the *FCA* within three *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 by removing its name from the list of *accredited bodies* published in the *Glossary*. 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.

