

**INDIVIDUAL ACCOUNTABILITY (FCA-AUTHORISED FIRMS) (COVID-19 AND
EXTENSION OF DEADLINES) INSTRUMENT 2020**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 63E (Certification of employees by authorised persons);
 - (2) section 63F (Issuing of certificates);
 - (3) section 64A (Rules of conduct);
 - (4) section 64C (Requirements for authorised persons to notify regulator of disciplinary action);
 - (5) section 137A (The FCA’s general rules);
 - (6) section 137T (General supplementary powers);
 - (7) section 139A (Power of the FCA to give guidance);
 - (8) section 347 (The record of authorised persons etc); and
 - (9) paragraph 23 of Schedule 1ZA (Fees).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 23 October 2020 except as follows:

Annex	Date comes into force
Part 2 of Annex B	7 December 2020
Part 2 of Annex A	31 March 2021
Part 2 of Annex C	31 March 2021

Amendments to the Handbook

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2) below:

(1)	(2)
Glossary of definitions	Annex A
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex B
Code of Conduct (COCON)	Annex C
Client Assets (CASS)	Annex D
Supervision manual (SUP)	Annex E

Amendments to the Individual Accountability (FCA-Authorised Firms) Instrument 2019

- E. Part 3 of Annex B (Amendment to the Glossary definition of certification employee coming into force on 9 December 2020) and Part 3 of Annex D (Amendments to the Code of Conduct sourcebook coming into force on 9 December 2020) of the Individual Accountability (FCA-Authorised Firms) Instrument 2019 are revoked.

Citation

- F. This instrument may be cited as the Individual Accountability (FCA-Authorised Firms) (COVID-19 and Extension of Deadlines) Instrument 2020.

By order of the Board
22 October 2020

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part 1: Comes into force 23 October 2020

Amend the following definition as shown.

certification employee ...

- (3) (in relation to an *SMCR firm* that is an *FCA-~~authorised~~* *person* and subject to SYSC TP 8 (Bank of England and Financial Services Act 2016: Application to claims management companies)) an employee (as defined in section 63E of the *Act*) of an *SMCR firm* who performs a *certification function* under an arrangement entered into by the *SMCR firm* in relation to the carrying on by the *SMCR firm* of a *regulated activity*, even though the obligation of the *SMCR firm* to issue a certificate under section 63F of the *Act* has not yet come into force.

[Note: Paragraph (3) of this definition applies until ~~9 December 2020~~ 31 March 2021.]

Part 2: Comes into force 31 March 2021

Amend the following definition as shown.

certification employee ...

- ~~(3)~~ (~~in relation to an *SMCR firm* that is an *FCA-~~authorised~~* *person* and subject to SYSC TP 8 (Bank of England and Financial Services Act 2016: Application to claims management companies))~~ an employee (as defined in section 63E of the *Act*) of an *SMCR firm* who performs a *certification function* under an arrangement entered into by the *SMCR firm* in relation to the carrying on by the *SMCR firm* of a *regulated activity*, even though the obligation of the *SMCR firm* to issue a certificate under section 63F of the *Act* has not yet come into force.

[Note: Paragraph (3) of this definition applies until ~~31 March 2021~~.]

Annex B

Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part 1: Comes into force 23 October 2020

TP 7 Bank of England and Financial Services Act 2016: Certification and regulatory references

7.1 Application, purpose and definitions

...

7.1.2 R Table: Application of SYSC TP 7

Type of firm	Parts of SYSC TP 7 that apply
...	...
A <i>firm</i> in SYSC TP 7.4.8R	Does not apply, except as follows. SYSC TP 7.4.6R, SYSC TP 7.4.7G, SYSC TP 7.4.8R and SYSC TP 7.6 apply. <u>The material in the row of SYSC TP 7.2.4G (Table: How the certification regime applies in the certification transitional period) whose first column is labelled “SYSC 22” about providing references applies.</u>
All other <i>firms</i>	Does not apply, except as follows. <u>The material in the row of SYSC TP 7.2.4G (Table: How the certification regime applies in the certification transitional period) whose first column is labelled “SYSC 22” about providing references applies to an SMCR firm.</u> ...

...

7.1.4 G (1) The main time period for which SYSC TP 7 operates is 2018 to ~~2020~~ 2021.

(2) ...

...

7.1.6 R Table: glossary of bespoke terms used in SYSC TP 7

Part One: General	
Defined term	Meaning
...	...
solo firms commencement SI	The Bank of England and Financial Services Act 2016 (Commencement No. 6 and Transitional Provisions) Regulations 2019 (SI 1136/2019) (SI 2019/1136) as amended by <u>The Bank of England and Financial Services Act 2016 (Commencement No. 6 and Transitional Provisions) (Amendment) Regulations 2020 (SI 2020/929)</u>
...	...

Part Two: Dates		
(1) Defined term	(2) Meaning: Insurers	(3) Meaning: Others
certification transitional period	...	the one year period beginning on the general commencement date and ending on 9 December 2020 <u>31 March 2021</u> (as referred to in regulation 2(6) of the solo firms commencement SI)
...		

7.2 Certification: The certification transitional period

...

7.2.4 G Table: How the certification regime applies in the certification transitional period

Provision in the Act or the Handbook	What that provision is about	How it applies in the certification transitional period

...		...
<p><i>SYSC 27.2 and the parts of the Act on which it gives guidance</i></p>	<p>Issuing certificates and fitness</p>	<p>Does not apply <u>except as follows.</u></p> <p><u>A firm may issue a certificate during the certification transitional period. The reason it may wish to do this is so that when the requirement in the Act to issue certificates comes into force, the firm will have issued all the certificates that it needs to have issued to allow its certification employees to carry on their jobs after the certification transitional period.</u></p> <p><u>If it does issue a certificate during the certification transitional period, that certificate is valid after the end of the certification transitional period for the twelve-month period provided for in section 63F of the Act (Issuing of certificates). That twelve-month period runs from the date of issue, even though it was issued during the certification transitional period.</u></p> <p><u>This means that a certificate issued before 31 March 2020 will not be effective.</u></p> <p><u>All the provisions of the Act and the FCA Handbook about certificates apply to a certificate issued in the certification transitional period.</u></p>
...

SYSC 22	Regulatory references	<p>Obligation <u>Except as explained later in this row about SYSC 22, the obligation to obtain a reference does not apply because the obligation to get a reference is triggered by issuing a certificate.</u></p> <p>SYSC TP 7.4 has exemptions that apply after the certification transitional period.</p> <p><u>If a firm wishes to issue a certificate during the certification transitional period as described in the row of this table column 1 of which is titled “SYSC 27.2 and the parts of the Act on which it gives guidance” the obligation on the firm to ask for a reference and the obligation of other firms to give one apply.</u></p>
...

...

7.4 Transitional provisions about regulatory references

7.4.1 R (1) If on the **general commencement date** an *employee* (P) is already performing an *FCA certification function* for an *SMCR firm* (A), the obligation under SYSC 22 (Regulatory references) for A to obtain a reference when issuing a certificate (including reissuing a certificate) for P for that *FCA certification function* does not apply ~~either on~~ during, at the end of or after the end of the **certification transitional period**.

(2) ...

...

TP 8 Bank of England and Financial Services Act 2016: Application to claims management companies

8.1 Application, purpose and definitions

...

8.1.5 R Table: glossary of bespoke terms used in SYSC TP 8

Part One: General	
Defined term	Meaning
...	...
individual transitional period	<p>the one-year period of <u>fifteen months and twenty two days</u> referred to in regulation 3(2) of the solo-regulated firms' commencement SI.</p> <p>If a <i>firm's permission</i> is varied to include <i>regulated activities</i> in addition to <i>regulated claims management activities</i>, it means the shorter period (if any) provided for by regulations 3(2) and 3(3) of the solo-regulated firms' commencement SI.</p>
solo-regulated firms' commencement SI	<p>The Bank of England and Financial Services Act 2016 (Commencement No. 6 and Transitional Provisions) Regulations 2019 (SI 1136/2019) (<u>SI 2019/1136</u>) as amended by <u>The Bank of England and Financial Services Act 2016 (Commencement No. 6 and Transitional Provisions) (Amendment) Regulations 2020 (SI 2020/929)</u></p>

...

8.3 Transitional period for certification for claims management firms

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- 8.3.2 G (1) A *firm's individual transitional period* is the period that:
- (a) begins on (and includes) the date on which the *firm's claims management temporary permission* comes to an end under the *Claims Management Order* and the *firm's full authorisation for regulated claims management activities* comes into effect; and
 - (b) ends on (and excludes) the day falling ~~one-year~~ fifteen months and twenty two days later.
- (2) If other activities are included in a *firm's permission* part of the way through the ~~one-year~~ period in (1), its **individual transitional period** ends at once.
- (3) If other activities are included in a *firm's permission* before it receives full authorisation for its *regulated claims management*

activities, the transitional arrangements described in SYSC TP 8 do not apply and the *firm* will have no **individual transitional period**. However, the transitional arrangements in SYSC TP 7 (Bank of England and Financial Services Act 2016: Certification and regulatory references) will still apply if it is authorised before 9 ~~December 2020~~ 31 March 2021.

...

Part 2: Comes into force 7 December 2020

TP 7 Bank of England and Financial Services Act 2016: Certification and regulatory references

7.1 Application, purpose and definitions

...

7.1.2 R Table: Application of SYSC TP 7

Type of firm	Parts of SYSC TP 7 that apply
...	...
<i>A pure benchmark SMCR firm</i>	All applies, except that SYSC TP 7.2 (<u>except as explained in the following paragraph</u>), SYSC TP 7.3, SYSC TP 7.4.1R and SYSC TP 7.7.3G to SYSC TP 7.7.6G do not apply. <u>The material in the row of SYSC TP 7.2.4G (Table: How the certification regime applies in the certification transitional period) whose first column is labelled “SYSC 22” about providing references applies to an SMCR firm. The material about obtaining references does not apply as the certification regime does not apply to a pure benchmark SMCR firm.</u>
...	...

...

Annex C

Amendments to the Code of Conduct sourcebook (COCON)

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part 1: Comes into force 23 October 2020

1 Application and purpose

1.1 Application

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To whom does it apply?

...

1.1.2 R Table: To whom does COCON apply?

Persons to whom COCON applies		Comments
...
(6) (C) This row (6) also does not apply to an <i>employee</i> of an <i>SMCR firm</i> that is an <i>FCA-authorised person</i> until 9 December 2020 <u>31 March 2021</u> .
...

...

TP 1 Transitional provisions: Miscellaneous

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision coming into force
...

2	Row (6) of the table in <i>COCON</i> 1.1.2R (Table: To whom does COCON apply?)	G	<p>The effect of <i>COCON</i> TP 1.1R is that an <i>employee</i> described in column (1) of row (6) of the table in that <i>rule</i> is not subject to <i>COCON</i> during the <i>firm's</i> individual transitional period. If the <i>firm</i> does not have an individual transitional period (see <i>SYSC</i> TP 8.3.2G(3)), <i>COCON</i> TP 1.1R does not apply.</p> <p><u>The definition of individual transitional period for the purposes of <i>COCON</i> TP 1.1R takes into account the extension of the period referred to in <i>SYSC</i> TP 8.1.5R made by The Bank of England and Financial Services Act 2016 (Commencement No. 6 and Transitional Provisions) (Amendment) Regulations 2020 (SI 2020/929)</u></p>
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Part 2: Comes into force 31 March 2021

1 Application and purpose

1.1 Application

...

To whom does it apply?

...

1.1.2 R Table: To whom does COCON apply?

Persons to whom COCON Applies	Comments
...	
(6) Any <i>employee</i> of an <i>SMCR firm</i> not coming within another row of this table, except one listed in column (2) of this row (6) of this table.	<p>...</p> <p>(C) This row (6) also does not apply to an <i>employee</i> of an <i>SMCR firm</i> that is an <i>FCA authorised person</i> until 31 March 2021.</p>
...	

...

Annex D

Amendments to the Client Assets sourcebook (CASS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1A CASS firm classification and operational oversight

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1A.3 Responsibility for CASS operational oversight

...

The senior managers regime and the certification regime

...

1A.3.1B G ...

(1A) (1A) There are three elements of the regime for *SMCR firms* that are particularly relevant to CASS 1A, although they do not all apply to all *SMCR firms*:

...

(c) the certification regime (see the certification regime is explained in SYSC 27 (Senior managers and certification regime: Certification regime) and SYSC TP 7 (Bank of England and Financial Services Act 2016: Certification and regulatory references) explains that the certification regime comes into force sometime after other parts of the senior managers and certification regime).

...

...

11 Debt management client money chapter

...

11.3 Responsibility for CASS operational oversight

...

CASS large debt management firms

11.3.3 G ...

(4B) There are three elements of the regime for *SMCR firms* that are particularly relevant to *CASS 11.3*, although they do not all apply to all *SMCR firms*:

...

(c) the certification regime (see the certification regime is explained in SYSC 27 (Senior managers and certification regime: Certification regime) and SYSC TP 7 (Bank of England and Financial Services Act 2016: Certification and regulatory references) explains that the certification regime comes into force sometime after other parts of the senior managers and certification regime).

...

...

13 Claims management: client money

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13.2 Organisational requirements and responsibility for CASS operational oversight

...

13.2.5 G ...

(4) There are three elements of the senior managers and certification regime that are particularly relevant to *CASS 13.2.3R*, although they do not all apply to all *SMCR firms*:

...

(c) the certification regime (see the certification regime is explained in SYSC 27 (Senior managers and certification regime: Certification regime) and SYSC TP 7 (Bank of England and Financial Services Act 2016: Certification and regulatory references) explains that the certification regime comes into force sometime after other parts of the senior managers and certification regime).

...

...

Annex E

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

TP 1 Transitional provisions

...

TP 1.13 Reporting of information about Directory persons

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision coming into force
...
2	SUP 16.26	R	<p>...</p> <p>(4) The <i>firm</i> must submit to the FCA all reports about the <i>Directory persons</i> specified in (3) by 9 December 2020 <u>31 March 2021</u>, which is set out in Part 1, SUP 16 Annex 47AR (<i>Directory persons report</i>), submitted online through the appropriate system which is accessible from the FCA website and in the appropriate format.</p> <p>(5) SUP 16.26.13R to SUP 16.26.19R apply only on and from 9 December 2020 <u>31 March 2021</u>.</p> <p>(6) ...</p>	From 9 December 2019 to 9 December 2020 <u>31 March 2021</u>	9 December 2019
3	SUP 16.26	R	<p>...</p> <p>(2) SUP TP 1.13.2R is adjusted so that a reference to:</p>

		<p>(a) 9 December 2019 is a reference to the start of a <i>firm's</i> individual transitional period; and</p> <p>(b) 9 December 2020 <u>31 March 2021</u> is a reference to the end of a <i>firm's</i> individual transitional period.</p> <p>(3) Individual transitional period has the meaning in SYSC TP 8.1.5R (Table: glossary of bespoke terms used in SYSC TP 8), <u>taking into account the amendment to that definition made by the Individual Accountability (FCA-Authorised Firms) (COVID-19 and Extension of Deadlines) Instrument 2020.</u></p>		
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TP 11A Bank of England and Financial Services Act 2016: Approved persons in solo-regulated firms

11A.1 Application, purpose and definitions

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- 11A.1.5 R (1) The terms in the first column of the table in *SUP* TP 11A.1.5R, where they appear in bold in *SUP* TP 11A, have the meanings in the corresponding entry in column 2 for the purposes of *SUP* TP 11A.
- (2) For a **pure benchmark SMCR firm** the table is modified by *SUP* 11A.25A.3R.

Part One: General	
Defined term	Meaning
...	
solo-regulated firms commencement SI	the Bank of England and Financial Services Act 2016 (Commencement No. 6 and Transitional Provisions) Regulations 2019 (SI 1136/2019) (<u>SI 2019/1136</u>) as <u>amended by The Bank of England and Financial Services Act 2016 (Commencement No. 6 and Transitional Provisions) (Amendment) Regulations 2020 (SI 2020/929)</u>
...	

...

11A.21 Reporting under SUP 15.11

...

- 11A.21. G SUP TP 11A.21.1R(2)(a) applies however short the resulting reporting
2 period may be. It applies notwithstanding the postponement of the commencement of part of COCON by the Individual Accountability (FCA-Authorised Firms) (COVID-19 and Extension of Deadlines) Instrument 2020.

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11A.24 Claims management firms

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Reporting under SUP 15.11

...

- 11A.24. G SUP TP 11A.24.8G applies however short the resulting reporting period
9 may be. It applies notwithstanding the postponement of the commencement of part of COCON by the Individual Accountability (FCA-Authorised Firms) (COVID-19 and Extension of Deadlines) Instrument 2020.

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