

# **Completing the application to cancel your firm's authorisation**

This information will be useful if you want to cancel your firm's authorisation.

It will also help you to complete the application accurately. A complete and detailed application will assist the team in assessing your application and reduces delay.

This is not a checklist of what all firms have to do, neither does it qualify as guidance on FCA rules, as defined in section 139a of the Financial Services and Markets Act.

Before completing the form, you should check the sections of the Handbook that are relevant to your firm's business model.

## Completing the application

### **Associated Individual - Please enter the contact details of the person we will get in touch with about this application.**

The associated individual must be available for us to contact as further information may be required.

In certain situations, we may also request that an SMF3 (Director) sign documents. For example, signing an attestation or a deed poll when we need further assurance that your firm has appropriately dealt with potential harm that cancellation could cause to consumers.

### **Are your firm's fees paid up to date?**

Please note a cancellation being approved does not absolve your firm from any fees that are outstanding. Any outstanding fees must be paid, if you wish to discuss your fees you can contact the fees team by:

- phone: 0300 500 0597
- webchat: [contact us](#)
- email: [fcafees@fca.org.uk](mailto:fcafees@fca.org.uk)
- post: Revenue Department, Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN

If you submit your cancellation application to us before 31 March (or before the last day in February, if you're also regulated by the PRA), you won't have to pay the annual fee for the following financial year. If, however, your business continues to operate for 3 months beyond this deadline – that's to say, past 30 June – then you'll have to pay the annual fee for the financial year.

### **Can you confirm that there are no unresolved, unsatisfied or undischarged complaints against the firm that have not been fully dealt with in accordance with your firm's complaints procedures?**

Before completing this section, check your firm's internal complaints records to make sure there are no outstanding complaints. If there are outstanding complaints recorded then these should be disclosed in the application. You should also ensure that any complaints that have been escalated to the Financial Ombudsman Service (**FOS**) have been settled or reached a final determination, and that your firm has paid any outstanding FOS awards.

## **If your firm has not already ceased its regulated activities, will your firm do so within the next 6 months?**

If a date within 6 months has been entered we expect your firm to cease all regulated activities before or by this date, in accordance with [SUP 6.4.3G](#). The application form will not accept a date later than 6 months after the date of the application form.

### **Reasons for cancellation**

We would like you to use this section of the application to clearly state why your firm wishes to cancel. We would like to understand what has brought about this decision.

Please select the most appropriate reason for your cancellation from the provided options. If you cannot see an appropriate reason please use the free text box to explain your specific reason.

### **Further points to consider for options provided**

*Please note the reasons outlined below are not exhaustive, rather they highlight where we may ask for further clarification.*

#### **Business Transfer:**

We would like to understand what the transfer involves and the arrangements for such a transfer, i.e. what was the value paid for the assets?

Does the legal entity to which your firm is transferring its business and/or clients have the same permissions as your firm? Please confirm how clients with an ongoing service will have this need met.

We would also like you to provide any documentation regarding the transfer which outlines what has been transferred including the specific agreement between the two firms. This should include the transfer of liabilities including current and future complaints relating to past business.

#### **Administration or Liquidation (A/L):**

If your firm is in the process of entering into A/L or has already entered A/L, please provide full details of why this has happened.

Please provide us with additional documentation which also shows your firm's current assets and liabilities. This should include a breakdown of all creditors and should show the total deficit amount.

If the firm is already in A/L, then we would like:

- the name and contact details of the assigned insolvency practitioner (**IP**); and
- a copy of the reports produced by the assigned insolvency practitioner.

**Becoming an appointed representative (AR):**

Before we cancel a firm which is becoming an AR the principal firm should submit the relevant AR notification to us. This is because once your firm's authorisation is cancelled you will no longer be permitted to carry on any regulated activities unless the principal firm has complied with the notification requirement in [SUP 12.7.1R](#) of the Handbook. You may wish to request the principal firm to submit the AR notification. Please provide us with the AR notification reference number so we can link these cases and liaise with the relevant case officer.

## Holding Client Money for Insurance Mediation Purposes

**If you receive or hold Client Money for insurance mediation purposes, you may need to provide additional documentation to assure us that you no longer hold Client Money.**

Depending on the account type and the amount of Client Money your firm has held we will require either an accountant's letter or your most recent annual Auditor's Report. The criteria for this are detailed below:

- **Client Money held in a statutory trust account below £30,000 at any time since being authorised:**

If your firm has only ever held client money in a statutory trust account that has not exceeded £30,000, then we require an accountant's letter confirming the closure of the Client Money account(s).

- **Client Money held in a non-statutory trust account or Client Money that has exceeded £30,000 within a statutory trust account at any time since being authorised:**

We require an auditor's report confirming that nothing has come to the auditor's attention that causes them to believe that, at the period end, your firm held Client Money. If available and provided it is not dated more than a year before the cancellation application is submitted, the most recent annual clean Limited Assurance or Hybrid CASS Auditor's Report can be used as evidence that the firm no longer holds client money and may therefore remove its CASS requirement. The Hybrid Report can be used where the firm held client money during but not at period end and for this reason contains both reasonable and limited assurance. If this evidence is not available, the firm must instruct its CASS Auditor to commission a new CASS Assurance Report for a 52-week period covering the point at which the firm claimed to no longer hold Client Money.

The Auditor's Report **must** be in the format outlined in [SUP 3 Annex 1R](#). Should the Report provided not be in the relevant format, it may not be accepted.

You may wish to make your auditors aware of the relevant rules. ([SUP 3.10.4R](#) and [SUP 3.10.4AR](#)).

Please also review the relevant sections of the Handbook which explain why we request independent reports ([SUP 6.4.15G](#)).

## Safeguarding and Administration of Assets & Client Money

If you have the permission to Safeguard & Administer Assets and/or hold Client Money for Designated Investment business, you will need to have ceased this activity and disseminated all Client Money and/or Custody Assets.

If you claim your firm no longer holds Client Money and/or Custody Assets, we will require an Auditor's Report to confirm that nothing has come to the auditor's

attention that causes them to believe that, at the period end, your firm held Client Money and/or Custody Assets. If available and provided it is dated no more than a year before the cancellation application is submitted, the most recent annual clean Limited Assurance or Hybrid CASS Auditor's Report can be used as evidence that the Firm no longer holds Client Assets and may then remove its CASS permission and requirement. The Hybrid Report can be used where the firm held Client Money and/ or Custody Assets during but not at period end and for this reason contains both reasonable and limited assurance. If this evidence is not available, the firm must instruct its CASS Auditor to commission a new CASS Assurance Report for a 52-week period covering the point at which the firm claimed to no longer hold Client Assets.

The Auditor's Report **must** be in the format outlined in [SUP 3 Annex 1R](#). Should the Report provided not be in the relevant format it may not be accepted. You may wish to make your auditors aware of the relevant rules ([SUP 3.10.4R](#) and [SUP 3.10.4AR](#)).

Please review the relevant sections of the Handbook which explains why we request independent reports ([SUP 6.4.15G](#)).

## **Managing an un-authorised AIF, Managing an authorised AIF & Small registered AIFM**

If you have any of the permissions above you may need to submit additional forms in order to satisfy our concerns.

### **Managing an authorised AIF**

In order to terminate any fund(s) you no longer manage, you will need to submit an [AIFMD material change form](#) to [AIFMDMaterialChange@fca.org.uk](mailto:AIFMDMaterialChange@fca.org.uk).

Once this has been received, the relevant team will notify you whether any further form(s)/documentation is required.

### **Managing an unauthorised AIF**

In order to terminate any fund(s) you no longer manage, you will need to submit an [AIFMD material change form](#) to [AIFMDMaterialChange@fca.org.uk](mailto:AIFMDMaterialChange@fca.org.uk).

If the fund(s) has been transferred to another Manager, they will need to submit an [AIFMD material change form](#) in addition.

### **Small registered AIFM**

If you are a Small registered AIFM, you will need to complete a Small registered AIFM Change Form. Once completed, please send this to the following email address: [Authsubmissions@fca.org.uk](mailto:Authsubmissions@fca.org.uk).

If the fund(s) has been transferred to another Manager, both firms will additionally need to submit an [AIFMD New Fund Under Management Notification](#) to [AIFMDMaterialChange@fca.org.uk](mailto:AIFMDMaterialChange@fca.org.uk).

## **Has the firm written to its clients to notify them of the change?**

Communications to clients should outline how the management of the fund(s) is changing, how they will be serviced in the future and where to go if they have a complaint.

## **Does the firm have run-off Professional Indemnity Insurance in place?**

For the protection of both consumers and authorised firms we require firms to have a plan in place to deal with liabilities such as redress from complaints. While run-off is not compulsory it may be a good option to deal with any complaints that may arise in the future.

Have you considered how any liabilities that arise in the future will be dealt with? If you have not taken out run-off cover you are still expected to put in place suitable arrangements to deal with any complaints and liabilities that might arise.

### **What we require:**

- Details of who the run-off cover is with, including policy documents.
- How long the cover is in place.
- Whether there are any policy exclusions that you are aware of.
- Whether there are any excesses in the policy and, if so, how much capital you intend to retain to meet them.

### **At the time of submission, does the firm have any complaints currently under consideration with the Financial Ombudsman Service?**

We expect you to have liaised with the [Financial Ombudsman Service](#) if they are currently assessing any complaints against your firm. We require details of any complaints being assessed including their status and the provision firms have made to settle potential awards that the Financial Ombudsman Service may make against the firm.



## **What will happen to the assets and liabilities of the firm?**

If your firm is transferring business, is the transferee firm taking on the liabilities? This includes historic complaints that may arise. We will require any signed agreements / contracts between the purchaser and the transferee specifying the nature and total amount of liabilities if these are to be transferred. Where your firm has a substantial volume of high-risk business in its back book (such as Defined Benefit pension transfer advice), you should include the steps that have been taken to mitigate the risk of consumer harm, such as a third-party review of this business and payment of any necessary redress, or a deed poll by the purchaser taking on liability.

We will require full details of the above.

Where we consider there is a high risk that liabilities may arise in the future (for example, if your firm gave advice on Defined Benefit pension transfers), we may ask you to take additional steps to protect customers, such as entering into a deed poll with a purchasing firm or conducting a review of past business.

### **Declaration**

Please ensure you read the declaration before submitting this application.

### **The statutory deadline**

If the application is complete, a case officer has 6 months to make a decision. However, we aim to make a decision as soon as possible.

If your application is incomplete, our decision may take up to 12 months.

### **Contact us**

If you require any assistance or have any queries regarding this application, please contact the Supervision Hub using the details below:

- phone: 0300 500 0597
- webchat: [contact us](#)