

NACFB

COMPLIANCE

Members FCA Authorisation Support Service

Cost effective solution designed to support existing and prospective Members of the NACFB

NACFB Vision

To be the professional Association of choice for all commercial finance brokers and lenders servicing the needs of business borrowers and property investors

NACFB Mission

We will partner with our Members to foster professional expertise. We will embrace the highest industry and regulatory standards, including engagement with our stakeholders, to help your business prosper

Who we are

Our Association comprises of commercial finance brokers covering the whole of the UK. They are required to have Professional Indemnity Insurance, a Data Protection Licence and a strong track record with nationally recognised lenders. FCA Consumer Credit Permissions are strongly encouraged and recommended.

We are striving to be the professional association of choice for all commercial finance brokers and lenders servicing the needs of business borrowers and property investors.

At the heart of our thinking are three core principles. The first of which is to foster professional expertise further enabling the NACFB to remain both a kite mark and hall mark for quality and professionalism. Secondly, we want to uphold the highest industry and regulatory standards. This is not about reluctantly adopting the regulations but understanding why they are required and considering the benefits of making sure your business is fit for purpose. Finally, we want to help your business prosper – this is your Association and everything we do should be for your benefit.

Does your firm require FCA Authorisation?

Any firms wishing to engage in regulated activities must be authorised by (or, in some limited instances, registered with) the Financial Conduct Authority (FCA). A full list of regulated activities covered by the FCA can be found here: <https://www.fca.org.uk/firms/authorisation/how-to-apply/activities>

If you deal exclusively with commercial transactions which do not and will never involve dealing with an individual, sole trader or partnership of up to 3 individuals, it is unlikely you will be engaged in regulated activities. If, however, you intend to serve such customers, you will need to be approved by the FCA before doing so.

In order to ensure they do not inadvertently engage in unauthorised regulated activity, NACFB Member firms should be able to identify the perimeter of FCA regulation. Failing to do so could result in your committing a criminal offence. Guidance can be provided to Members via our compliance team, when and where necessary.

Some firms engaged in regulated activity do not, depending on their circumstances, require authorisation. These include:

- Appointed Representatives working on behalf of a Principal firm already authorised by the FCA;
- Professional firms, such as solicitors, accountants or actuaries.

We are aware that some Firms only wish to engage in relatively small volumes of regulated activity or wish to be regulated to meet lender/funder onboarding requirements. Such Firms should be aware that becoming authorised will mean all business activities will need to be conducted in line with the FCA's Principles for business (PRIN).

The NACFB provide a free consultation service to assist member firms in identifying whether you require FCA authorisation for your businesses activities and whether you are currently prepared to meet regulatory expectations.

What is involved when seeking authorisation?

The principal items which must be supplied to the FCA for review and assessment includes:

- Information demonstrating the applicant firm meets the FCA's Threshold conditions (COND):
 - (1) Location of offices
 - (2) Effective supervision
 - (3) Appropriate resources
 - (4) Suitability
 - (5) Business model
- A regulatory business plan:, which must contain (but not limited to):
 - Background information about your firm and why it seeks regulatory permissions
 - Short and long-term plans and strategies
 - Experience of senior management and / or the governing body which makes them suitable to perform regulated activities
 - Details of the applicant's policies and procedures designed to ensure the fair treatment of customers
 - Summary of risks present within the business, the risks the business poses to customers and to the FCA generally, with associated mitigation / controls information
 - Information on your compliance monitoring procedures
 - Information on your disaster recovery / business continuity planning
- Financial information, including:
 - your estimated annual income from regulated activities
 - details of your constitution (if applicable) and the different sources of capital, any subordinated loans and/or external funding
 - opening balance sheet, forecast balance sheet, monthly cash flow forecast, and monthly profit and loss forecast
 - the most recent annual accounts and management accounts
- Full details relating to the applicants Controllers, proposed Senior Managers and detailed systems and controls information.

How can the NACFB assist your firm?

1. A free consultation

- ✓ We will provide a free no-obligation consultation, answering your questions and confirming your suitability for NACFB authorisation support

2. Set up on the FCA Connect System

- ✓ We will set you on the FCA Connect system and manage your application from beginning to end

3. Request relevant information from you

- ✓ This will be about your business activities, history, future plans, financial details, systems and controls and approved persons / senior managers

4. Support and guidance in relation to Senior Managers and Certification Regime

- ✓ Including selection of senior managers, and assignment of Senior Management Functions and prescribed responsibilities.

5. Provision of template documentation, including policies and other useful documents

- ✓ We will assist you in tailoring these to your business and perform a review prior to submission to FCA

6. Pre-submission reviews

- ✓ We will review all information pre-submission to the FCA, including validating the compliance of your business website

7. Upload of documentation to Connect

8. Provide updates and assist you with FCA questions and queries until conclusion of assessment

- ✓ We will provide direction, guidance and advice in respect to any FCA challenges to your proposed business activities

9. Supporting you post-authorisation

- ✓ We will provide you with a summary of your ongoing responsibilities and an FCA authorised firm, in addition to your ongoing member compliance support

Frequently Asked Questions (1/2)

What is a 'consumer' client?

In the context of credit-related regulated activities, a client is a 'consumer' who is defined as:

- an individual;
- a partnership consisting of two or three persons of which at least one partner is an individual; or
- an unincorporated body that does not consist entirely of bodies corporate and that is not a partnership.

What is a 'credit agreement'?

'Credit agreement' is defined in Article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (RAO) as 'an agreement between an individual or relevant recipient of credit ('A') and any other person ('B') under which B provides A with credit of any amount'

What is 'regulated credit broking'?

There are six activities that fall within credit broking. These are:

1. effecting an introduction of an individual who wishes to enter into a credit agreement to another person, with a view to that person entering as lender into a credit agreement by way of business;
2. effecting an introduction of an individual who wishes to enter into a consumer hire agreement to another person,

with a view to that person entering as owner into a consumer hire agreement by way of business (except where the exemption relating to the supply of essential services would apply to the consumer hire agreement, see PERG 2.7.19 G);

3. effecting an introduction of an individual who wishes to enter into a credit agreement or a consumer hire agreement to a person who carries on an activity in (1) or (2) by way of business;

4. presenting or offering an agreement which would (if entered into) be a credit agreement;

5. Assisting an individual by undertaking preparatory work with a view of that person entering into a regulated credit agreement;

6. Entering into a regulated credit agreement on behalf of a lender.

Can the NACFB guarantee my firm will receive FCA authorisation?

The simple answer is no. The FCA perform an assessment on the suitability of your business plan and the individuals responsible for overseeing the business. In the event the FCA are not satisfied that the proposed plans are aligned with their statutory and operational objectives, the application may be refused. With that being said, we are proud to have a 100% success rate with applications we have supported for FCA authorisation.

Frequently Asked Questions (2/2)

How much does the FCA Authorisation support service cost for NACFB members and how long it take?

The cost for member support is fixed at £4,500+ VAT in respect to credit broking (and, where necessary, debt related permissions). Where additional permissions and support is required, the price will be agreed between us following our consultation.

The FCA have 6 months to consider a complete application and 12 months to consider an incomplete application. We typically see decisions made within 6 months, but this is cannot be guaranteed due to factors outside of our control.

Does the NACFB provide FCA Authorisation support services to non-NACFB members?

We will provide support to non-members where we believe this is aligned to the NACFB's mission. The cost for Non-members is a £8,000 +VAT for support with credit broking and debt related permissions. The costs for other permissions will be agreed between us following our consultation process.

Where can I find additional information on exemptions and exclusions to FCA authorisation?

If you have any questions on exemptions and exclusions, please get in touch. Alternatively, you can find further information can be found in the Perimeter Guidance manual under PERG 2.7 and 2.8.

Will I get a refund if I change my mind, withdraw my application or am refused by the FCA?

Unfortunately, we are unable to provide refunds unless exceptional circumstances apply.

Is this service suitable for someone who is completely new to financial services and/or credit broking and with no relevant experience?

The support service provided assumes the management of the applicant firm is sufficiently experienced and competent in financial services and the specific activities they seek to be authorised to perform. In the event you are lacking experience of competency, please speak to us, as we may have other options available to assist you.

How much work is involved for me and my business?

Our service is designed to provide guidance and support to your application only. The applicant firm will need to set aside time to complete key documents, such as the regulatory business plan and key policies and the various application forms. Several areas will need to be discussed and considered internally, such as the application of senior management functions within your management team and ownership of specific responsibilities. Much will depend on the size of your business and complexity of your activities and we discuss this in more detail during our consultation with you.

More information

Please visit www.nacfb.org.uk for more information on our services and how we may assist your organization.

Contact the team at compliance@nacfb.org.uk with your questions and requirements.

The NACFB compliance team has a wealth of experience within the team, including staff with direct experience of working for the FCA within Consumer Credit Authorisations.

The FCA Perimeter guidance can be found here:
<https://www.handbook.fca.org.uk/handbook/PERG.pdf>

A full list of regulated activities covered by the FCA can be found here:
<https://www.fca.org.uk/firms/authorisation/how-to-apply/activities>

Payment for FCA Authorisation Support can be made to the NACFB via our online payment portal:
<https://nacfb.org/compliance/>