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## Consultation response

### FCA Mission: Our Approach to Authorisation

12 March 2018

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The Association for Financial Markets in Europe (AFME)<sup>1</sup> welcomes the opportunity to respond to the FCA Consultation Paper 'FCA Mission: Our Approach to Authorisation'.

#### Generally

AFME supports the FCA's efforts to streamline the authorisations process both for new and for existing market participants. We welcome the proportionate approach to authorisation that seeks to facilitate innovation and competition, whilst also ensuring that firms fulfil their regulatory requirements. We also support measures to improve governance and culture at firms, and have been fully engaged with the FCA during the introduction and extension of the Senior Managers' and Certification Regime.

We support the FCA's general approach to authorisation, but we also recognise that the political landscape is changing as we move towards the date of the UK's withdrawal from the European Union (EU). We recognise that currently the FCA is limited in what it can say publicly on this, but we wish to stress the importance of early firm engagement with the FCA on critical Brexit topics such as relicensing of EEA Banks and, once information is available, on equivalence and access and how this might need to be adapted for UK firms wishing to provide services within the EU27, as well as for EU27 firms seeking to provide services within the UK.

We are hopeful that the FCA will be able to say more on this in the coming months, particularly in relation to transitional arrangements and the practicalities of the various permission, notifications and authorisations that may be required following Brexit. AFME would be happy to work with the FCA on this important work.

We have responded to each of the specific questions below. We valued participating in the Authorisation Roundtable event on 19 February 2018, and we would be pleased to participate in further discussion and consultation if it would be helpful. We await the forthcoming publication of the FCA's Approaches to Supervision and to Enforcement.

#### ***Q1 Do you have a clear understanding of the Threshold Conditions that firms and individuals must meet for authorisation? If not, in which areas would you like us to be more specific?***

We support the approach set out in the paper and suggest that whilst the proposed threshold conditions are clear, they could benefit from further detail, including perhaps using case studies to illustrate your thinking on such subjects as mind and management. We would also support measures to modernise and improve the quality and usefulness of the public-facing information that the FCA provides on its website, e.g. the

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<sup>1</sup> AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society.

AFME is the European member of the Global Financial Markets Association (GFMA) a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia.

AFME is registered on the EU Transparency Register, registration number 65110063986-76.

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Financial Services Register and the FCA Handbook, always provided that such changes were functional improvements with no interpretation or judgement applied and with appropriate prior consultation.

***Q2 What are your views on our approach to supporting firms and individuals to meet the minimum standards and promoting competition? How could we improve it?***

We would welcome further clarity from the FCA on how these would apply in practice and note that they are two distinct, albeit related, objectives. We support practical measures such as pre-application meetings with applicants and information from the FCA on how a firm or individual might be benchmarked against their peers. We are also supportive of measures that seek to address concerns relating to competition, although we suggest the FCA must ensure that any final approach does not inadvertently create an unlevel playing field for existing market participants (and thus, counter-intuitively, becomes anti-competitive) and that sufficient safeguards are in place to prevent risk of consumer harm including the protection of data and cybercrime; these risks are at least worrying for small firms seeking to enter the markets as for established, larger firms, if not more so given those small firms' comparative lack of resources. Where it is appropriate to do so, we would suggest the FCA consider how the process can be aligned to and integrated with other regulatory bodies.

***Q3 Do you think we have suggested the correct commitments to make to firms making authorisation applications? If not, what other commitments could we make?***

We fully support measures designed to enhance and make accountable the service provided by the FCA. The paper sets out a high-level framework that would benefit from additional detail. It is important that service standards are calibrated in a way so that they are realistic and proportionate. We are interested in how the FCA might deliver on what sounds like an ambitious and resource-intensive set of commitments.

***Q4 Do you think we have prioritised the right strategic goals? If not, what additional strategic goals do you think would add most public value to our work?***

As stated in response to question 2, we believe that any final approach should preserve competition and not inadvertently create an unlevel playing field for existing market participants, and should ensure that sufficient safeguards are in place to prevent risk of consumer harm including the protection of individuals data and cybercrime. Where it is appropriate to do so, we would suggest the FCA consider how the process can be aligned to and integrated with other regulatory bodies.

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