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# Briefing Doc

## SI78 – Change in Control



## Detailed Briefing Document

### S178 – Change in Control

This briefing document summarises the key information from the FCA webpage titled "Submit a change in control notification". It outlines the process of notifying the FCA about changes in control of regulated firms and highlights important factors to consider.

#### Key takeaways:

**Mandatory Notification & Approval:** Acquiring or increasing control of an FCA-authorized firm requires prior FCA approval. Failure to obtain this approval constitutes a criminal offence.

**Notification Routes:** The notification process differs depending on whether the firm is solely regulated by the FCA or jointly with the Prudential Regulation Authority (PRA). If only the FCA is involved, notifications are submitted through the Connect system. For firms regulated by both, options include submitting through Connect and separately to the PRA or submitting to both via email or post.

**Notification Preparation:** Thorough preparation is crucial for a smooth process. Applicants should:

- 🕒 Consult relevant sections of the FCA Handbook, particularly COND, for understanding threshold conditions.
- 🕒 Review guidance on adequate financial resources and the IFPR regime.
- 🕒 Identify and submit Section 178 notification forms for all proposed controllers.
- 🕒 Prepare ownership charts, risk mitigation explanations, and conflict of interest management plans.
- 🕒 Provide evidence of secured funding.

- 🕒 **Business Plan Essentials:** A detailed business plan is essential for certain acquisitions. It should address:
- 🕒 **Business to be Undertaken:** This includes future plans, changes to regulated activities and strategy, and projected financials demonstrating compliance with minimum capital requirements.
- 🕒 **Governance:** Outline the firm's governance arrangements, including board composition and sub-committees.
- 🕒 **Staff:** Provide an organisational chart detailing all controllers, close links, key staff, and roles. Justify the suitability of governing board members, the compliance officer, and individuals in significant roles.
- 🕒 **Outsourcing:** Indicate outsourced business areas and their oversight mechanisms.
- 🕒 **Systems and Controls/Risk Management:** Detail the firm's approach to identifying and managing conduct risks, including financial crime controls, anti-money laundering procedures, and due diligence processes.
- 🕒 **Consumer Duty:** Address the firm's responsibilities in meeting the FCA's Consumer Duty standards and outcomes for relevant retail market business.

#### Post-Submission Process: After submission, the FCA:

1. Confirms receipt and allocates a case officer.
2. Verifies completeness and initiates a 60-business day assessment period (excluding interruptions).
3. May request further information, potentially interrupting the assessment period for up to 30 business days. Failure to provide requested information may lead to objection.
4. Issues a decision, usually within 60 business days. An objection will be communicated through a warning notice outlining the reasons. Applicants then have the opportunity to make representations.

**Important quote:**

"You can't acquire or increase a control in a firm authorised by us or the PRA without getting our approval first. If you do, it's a criminal offence."

**Conclusion:**

The FCA's change in control notification process is rigorous and necessitates careful preparation. This briefing document highlights essential elements to consider, emphasising the importance of thoroughness and adherence to FCA regulations.

# Why Compliance Consultant?

## Our Services

1. FCA Authorisation Application Support: Streamline VOPs and related processes.
2. Tailored Compliance Advisory Services:
  - Risk Evaluation
  - Strategic Business Expansion
  - Rigorous Governance Analysis
  - Detailed File Audits
  - Wind Down Planning
  - Bespoke Technical Support
  - Focused Training Programs
  - Annual Reporting (RegData)
  - Oversight of Financial Promotions
  - Strategies for Vulnerable Persons & Consumer Duty
3. Continuous Compliance Monitoring: Align with FCA's vigilant oversight.
4. Dynamic Regulatory Change Management: Stay at the forefront of compliance.
5. In-Depth Compliance Training and Education: Build a culture of compliance.
6. Proactive Risk Assessment & Management: Identify and curb regulatory risks, particularly in consumer credit activities.

## Why Choose Us?

Our tailored solutions have helped numerous firms achieve regulatory excellence, ensuring they remain compliant while focusing on business growth. Clients have praised our fast response times, in-depth knowledge, and proactive support.

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Email: [info@complianceconsultant.org](mailto:info@complianceconsultant.org)

Tel: **0800 689 0190**