

**The Compliance Manual is designed to complement the firm's policies and procedures, bringing together much of the ancillary rules and regulations into one easily understood document.**

***Available as a digital download and easily edited.***



The contents that are covered in the Compliance Manual covered (alphabetically) are:

- Advertising for New Business
- Anti-Money Laundering
- Breaches, Discipline & Enforcement
- Bribery, Facilitation and Unethical Payments
- Business Continuity
- Client classification
- Company introduction and areas of business
- Company's compliance structure
- Complaints handling & procedure
- Complaints Sample Logs (General, RFCs)
- Conduct Risk
- Conflicts of Interest
- Controlled Functions and Governance
- Customer Assets
- Data Protection 2018
- Data Protection & Employees Rights
- Dealing with Customers
- FCA/PRA Principles for Business
- Financial Promotions
- High Level Regulatory Requirements
- Inducements/Gifts and Entertaining
- Introduction and responsibilities of staff
- Market Abuse & Insider Dealing
- Notifications to the FCA/PRA
- Outsourcing
- Principles & Code of Practice for Approved Persons
- Record Keeping
- Regulatory environment and Scope of permissions overview

- Remuneration
- Risk assessment
- Senior Management Systems and Controls
- Senior Managers & Certification Regime (SMCR)
- Senior Staff/Management listing
- Specific Permissions for company
- Table of Contents
- Terms of Business
- Training & Competence
- Treating Customers Fairly (TCF) — Overview
- Treating Customers Fairly (TCF) — Application
- Version Control log
- Whistle-blowing
- **Plus** an extra section with hyperlinks to current rules and legislation, categorised for ease of your reference



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## 1. Introduction

- 1.1 The purpose of this manual is to summarise the obligations imposed on all owner/s, directors, managers and employees of {regulated firm name} IFA trading as {regulated firm name} (*The Company*) in relation to their conduct and to provide information which the firm is required to impart to all employees in relation to the regulations which affect the company and investment carried on by the Company.
- 1.2 The explanation of rules contained in this manual is not exhaustive and if you are in any doubt as to the rules and procedures which you are obliged to follow you should consult the Compliance Officer, Mr {specific person}. This Manual applies to all company staff. Every employee must read this Manual. Each section of the Manual contains a summary of the rules, as well as the relevant operating procedures, for the conduct of the business.
- 1.3 {regulated firm name} is authorised and regulated in the UK by the Financial Services Authority ("FSA")/Financial Conduct Authority ("FCA")/Prudential Regulatory Authority ("PRA") under the powers granted it by the Financial Services and Markets Act 2000 ("FSMA") to regulate the UK financial services industry. In addition to making staff aware of their regulatory obligations, this manual outlines the procedures, which have been put in place to ensure compliance with the regulator's regulations.

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### Company Introduction

- 1.9 The company is owned by Mr/Mrs/Sir/Ms {specific owner's name} as a sole trader. ALT1: The company is owned by Mr/Mrs/Sir/Ms {specific owner's name}, as a partner with ALT1A: Mr/Mrs/Sir/Ms {specific owner's name} as a partner. ALT2: The company is owned by Mr/Mrs/Sir/Ms {specific owner's name} and; ALT2A: Mr/Mrs/Sir/Ms {specific owner's name} as
- 1.10 The company has been established in order to take advantage of opportunities available in its customers in xxxxxxxx areas. FCA/PRA.
- 1.11 Part of the strategic objectives of the company is to xxxxxxxx.
- 1.12 The company will focus on providing the highest quality service to customers and be a full service company, offering products and services to both personal



## 2. Regulatory environment and scope of permissions

- 2.1 Today the FCA/PRA regulations place an even greater responsibility both on the firm and on individuals to evidence {regulated firm name}'s compliance with the rules.
- 2.2 It is important that {regulated firm name} can satisfy the regulator that appropriate steps have been taken to ensure compliance with FCA/PRA rules. Without such evidence it can be difficult at a later date to demonstrate that the relevant requirements have been met.
- 2.3 The conduct of investment business in the UK is governed by a single piece of primary legislation, The Financial Services and Markets Act 2000 ("FSMA").
- 2.4 The most notable feature of FSMA is that it sets four statutory objectives for FCA/PRA and in so doing, makes the regulator accountable in a way that it has not previously been accustomed. This accountability is shaping the FCA/PRA's approach to the way in which it interacts with the industry and has resulted in the regulator adopting a more risk based approach to its monitoring of firms. In monitoring the company's activities therefore, FCA/PRA's prime focus will be

## 3. High-level Regulatory Requirements

- 3.1 The FCA/PRA adopts a twin-track approach to regulation, and places obligations upon both regulated firms and upon registered individuals within those firms ("Approved Persons").

### High-level requirements for {regulated firm name}

- 3.2 In order to obtain status of an FCA/PRA authorised person, the company must satisfy certain minimum requirements set out in FSMA. These are referred to as 'threshold conditions' and relate to:

- **Location of office:** {regulated firm name}'s head office is at Unit 2, Bronze Way, Silverton, Goldstaff, Hampshire. PO15 9XX;
- **Close links:** close links with another person/entity must not in any way hinder the regulator's effective supervision of the company. The company's close links were notified to the regulator as part of the application process and approved by the regulator. The company will therefore only need to ensure that any additional/new close links will not cause FCA/PRA to have concerns over whether it can effectively

These are what  
form your  
Threshold  
Conditions

## Principles for Approved Persons

- 3.6 Individuals who are Approved Persons are required to meet a minimum standard of fitness and propriety.
- 3.7 An Approved Person is an individual who is responsible for specified activities within the company. These specified activities are 'controlled functions'. A person carrying out a controlled function until approved by the FCA/PRA.
- 3.8 A key theme in the FCA/PRA's Senior Management Arrangements, Systems and Controls ("SYSC") requires that a firm must take reasonable care to maintain a clear and appropriate apportionment of significant responsibilities among its owner and senior managers. The Handbook stresses the importance of firms' making it clear who has what responsibilities, as well as having adequate

This is a vital section for APER. All firm's Approved Persons have to be aware of their responsibilities and the APER Code of Conduct

**PLEASE NOTE** – APPROVED PERSONS HAS BEEN TRANSITIONED NOW TO SENIOR MANAGERS & CERTIFICATION REGIME FROM 9<sup>th</sup> December 2019 AND HAS BEEN FULLY UPDATED IN THE LATEST VERSION

3.11 The controlled functions are: [See Appendix A](#)

- *Governing functions:* owners, directors and chief executive etc. CF1 to 6.
- *Required functions:* apportionment and oversight, compliance oversight and money laundering reporting functions. CF8 to 12B.
- *Systems & Controls Function.* CF28

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{regulated\_firm\_name} Compliance Manual - Draft Version 0.4

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As per the APER rule, the governing functions are explained

{regulated\_firm\_name}

Compliance Manual

- *Significant management function:* This function only applies to a firm which has apportioned a significant responsibility, within the description of the significant management function to a senior manager of a significant business unit. The company has not appointed anyone to this function due its size and management structure. CF29



#### 4. The company's Compliance Structure

- 4.1 The company's overarching policy is to practice compliance proactively and to ensure that as far as possible the company, its customers and its employees will be protected and that the FCA/PRA is satisfied with our compliance systems and controls.
- 4.2 Although the overall responsibility for compliance ultimately rests with the company, the Compliance Manual will determine how successfully it is implemented by the employees, who are responsible for the company.
- 4.3 The Compliance Officer is required to be independent from the business. The Compliance function must have an appropriate number of competent employees who are able to perform their duties objectively and who are provided with sufficient resources to carry out compliance tasks. It is vital that the Compliance Officer have unrestricted access to the company's records and ultimate recourse to the FCA/PRA.
- 4.4 The Compliance Faculty is responsible for:

The firm have to understand the compliance structure and who is responsible for what

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#### 6. Senior management arrangements, systems and controls

- 6.1 FCA/PRA requires that firms have in place senior management arrangements and systems and controls that are appropriate to manage their business to:
- Encourage senior managers to take practical responsibility because the Manual deals with SYSC issues and explains the requirements for the staff as well as Approved Persons; including Senior Management responsibilities
  - Amplify and take reasonable and effective control their affairs responsibly
  - Encourage and/or senior directors in specific named directors

##### Senior management

- 6.2 The company's senior management must be of sufficiently good reputation and sufficiently experienced as to ensure the sound and prudent management of the firm. At least two members of the company's senior management must be involved in both the formulation and implementation of the company's policies. Each individual should have sufficient experience and knowledge of the



## 7. Conflict of Interests

7.1 The company may at some stage, have a material interest in a transaction or a relationship that might give rise to a conflict of interest. A conflict of interest may arise between:

- the company and a
- Two different customers

This area is a regulatory hotspot and again, needs explanation for all the staff

7.2 The company is required to take steps to manage conflicts. This is achieved by the company's CoI Policy, which is consistent with the overall control environment of the company. The Policy identifies the conflicts that may arise by reference to the business activities carried out by the company. The Policy also sets out the procedures to manage a conflict should one arise.

7.3 When identifying conflicts of interest, you must at least consider whether the party/parties involved:

## 8. Dealing with Customers

8.1 Prior to conducting any business with, or on behalf of a customer, FCA/PRA require that reasonable steps are taken to establish the classification of the customer.

8.2 The customer classification is an essential part of the advice process as it determines the level of regulatory protection which the customer is to be afforded, based on their familiarity with the financial markets. There are three customer classification

- Although not all areas suitable for all firms, it is good practice to describe the category of customer and ensure the firm is clear who they deal with and who they may not want to.
- 
- 

8.3 The FCA/PRA are setting out how firms should conduct designated investment business in the UK in its New Conduct of

## Complaints Procedure

- 9.3 The FCA/PRA has issued specific rules governing the manner in which regulated firms must handle complaints.
- 9.4 The FCA/PRA has issued a Complaints Handling Manual designed to lay down minimum standards for the handling of complaints received from customers.
- 9.5 This is to ensure that complaints are handled fairly, effectively and promptly, and resolved to the satisfaction of the complainant, minimising the number of unresolved complaints which need to be referred to the Financial Ombudsman Service. This purpose is consistent with the FCA/PRA's consumer protection regulatory objective. Firms are expected to:

- Acknowledge complaints promptly;
- Make an objective, prompt and thorough initial investigation of complaints;
- Provide a timely reply to the complainant after that initial investigation;
- Inform the complainant of his/her right to apply to the Financial Ombudsman Service; and

## 11. Bribery, Facilitation and Unethical Payments

- 11.1 It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.
- 11.2 We will uphold all laws relevant to bribery and corruption in [in all the jurisdictions in which we operate]. However, we will also comply with the laws of the UK, including the Bribery Act 2010, in respect of bribery, facilitation and unethical payments, wherever we operate.
- 11.3 The purpose of this policy is to:
- (a) set out our responsibilities, and the responsibilities of those working for us, in observing and upholding our policy on bribery and corruption; and
  - (b) provide information and guidance to those working for us on how to recognise and deal with bribery and corruption issues.
- 11.4 Bribery and corruption are punishable for individuals by up to ten years' imprisonment and if we are found to have taken part in corruption we could face an unlimited fine, be excluded from tendering for public contracts and face damage to our reputation.

## **YOUR RESPONSIBILITIES**

- 11.18 You must ensure that you read, understand and comply with this policy.
- 11.19 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for us or under our control. All workers are required to avoid any activity that might lead to, or suggest, a breach of this policy.
- 11.20 You must notify [your manager OR the Compliance Officer] if you believe or suspect that a conflict with this policy exists or may exist in the future. For example, if a client or potential client offers you a business advantage with us, or indicates to you that they want to secure their business. Further "red flags" that may indicate a breach are set out in Schedule 1.
- 11.21 Any employee who breaches this policy will face disciplinary action which may result in dismissal for gross misconduct. [We reserve our right to terminate the actual relationship with other workers if they breach this policy.]

The compliance manual also provides clear identification of staff responsibilities in an unambiguous way as well as record keeping requirements

## **RECORD-KEEPING**

- 11.22 We must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.
- 11.23 You must declare and keep a written record of all hospitality or gifts accepted or

## **15. Breach, Discipline and Enforcement**

### **Dealing with Breaches**

- 15.1 There are two types of breach, which may occur: regulatory or procedural.
- Regulatory breaches cover breaches of the FCA/PRA rules that also include, Inland Revenue and Data Protection Act 1998 and others.
  - Procedural breaches are breaches of internal procedures are not followed.
- 15.2 It is essential that all breaches are reported in accordance with the Breach Reporting Procedure.
- 15.3 A breach should be reported as soon as it happens or is identified together with as much detail as possible, of the steps being taken to resolve the breach. Where no breaches occur a 'nil-return' for the month is to be submitted to/by Compliance.
- 15.4 The FCA/PRA has a variety of disciplinary and enforcement powers in the event of non-compliance with its rules. These are set out in the Enforcement Guide ("EG") and Decision Procedure and Penalties Manual ("DEPP"). Actions

Explanations of what a breach is and how it should be dealt with & reported.



## 16. Data Protection

### Introduction

- 16.1 The company needs to collect and use information about individuals in order to conduct its business. These individuals include customers, current, past and prospective employees; suppliers; the company's directors and others with whom it is necessary to communicate. In addition, the company may occasionally use certain types of personal information to comply with legal requirements.
- 16.2 Any Data which relates to a living individual is referred to as Personal Data. The processing of Personal Data in the UK is governed by the Data Protection Act 1998 (the DPA) and regulated by the Information Commissioner's Office. There are eight Data protection principles in the DPA and a number of specific exemptions in the DPA all of the principles apply to the processing of Personal Data in the UK.
- 16.3 This section of the Compliance Manual outlines the requirements of the DPA and how to ensure the company remains compliant with the DPA. If the guidance given here does not provide sufficient clarity for your situation, then reference must be made to the DPA itself and guidance sought from the company's Data Protection Officer.

A major risk area is data protection and data management.

The manual explains to all staff what the principles are and what they mean as well as why.

**PLEASE NOTE DATA PROTECTION ACT WAS UPDATED IN 2018 TO INCORPORATE GDPR**

## Appendix C AML Laws

The Laws concerning Anti-Money Laundering and Prevention of Terrorist Funding are;

- ✓ Terrorism Act 2000 (*as amended by the Anti-Terrorism, Crime and Security Act 2001*)
- ✓ Proceeds of Crime Act 2002
- ✓ Drug Trafficking Act 1994
- ✓ Money Laundering Regulations 2006
- ✓ Financial Services and Market Act 2000

Other Regulations and Legislation is cited throughout with full references



## Compliance Oversight and the Compliance Function

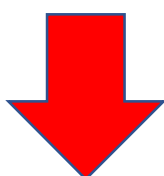
|   | Subject matter   | Source material   |
|---|--|---|
| 1 | The role of the FCA in consumer protection                 | Essential facts about the FCA<br><a href="http://www.fca.org.uk/about/what">http://www.fca.org.uk/about/what</a><br>FCA - What we do<br><a href="http://www.fca.org.uk/about/why-we-do-it">http://www.fca.org.uk/about/why-we-do-it</a><br>How we are governed<br><a href="http://www.fca.org.uk/about/how-we-are-governed">http://www.fca.org.uk/about/how-we-are-governed</a><br>Do we have a budget?<br>How are we funded?<br><a href="http://www.fca.org.uk/about/how-we-are-funded">http://www.fca.org.uk/about/how-we-are-funded</a><br>Our role<br><a href="http://www.fca.org.uk/about/our-role">http://www.fca.org.uk/about/our-role</a> |
| 2 | How firms are authorised to undertake regulated activities | Firm<br><a href="http://www.fca.org.uk/firms/being-regulated">http://www.fca.org.uk/firms/being-regulated</a><br>Ab<br><a href="http://www.fca.org.uk/firms/markets">http://www.fca.org.uk/firms/markets</a><br>Being regulated<br><a href="http://www.fca.org.uk/firms/being-regulated">http://www.fca.org.uk/firms/being-regulated</a><br>Markets<br><a href="http://www.fca.org.uk/firms/markets">http://www.fca.org.uk/firms/markets</a><br>COND – Threshold Conditions   |

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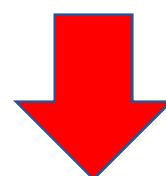
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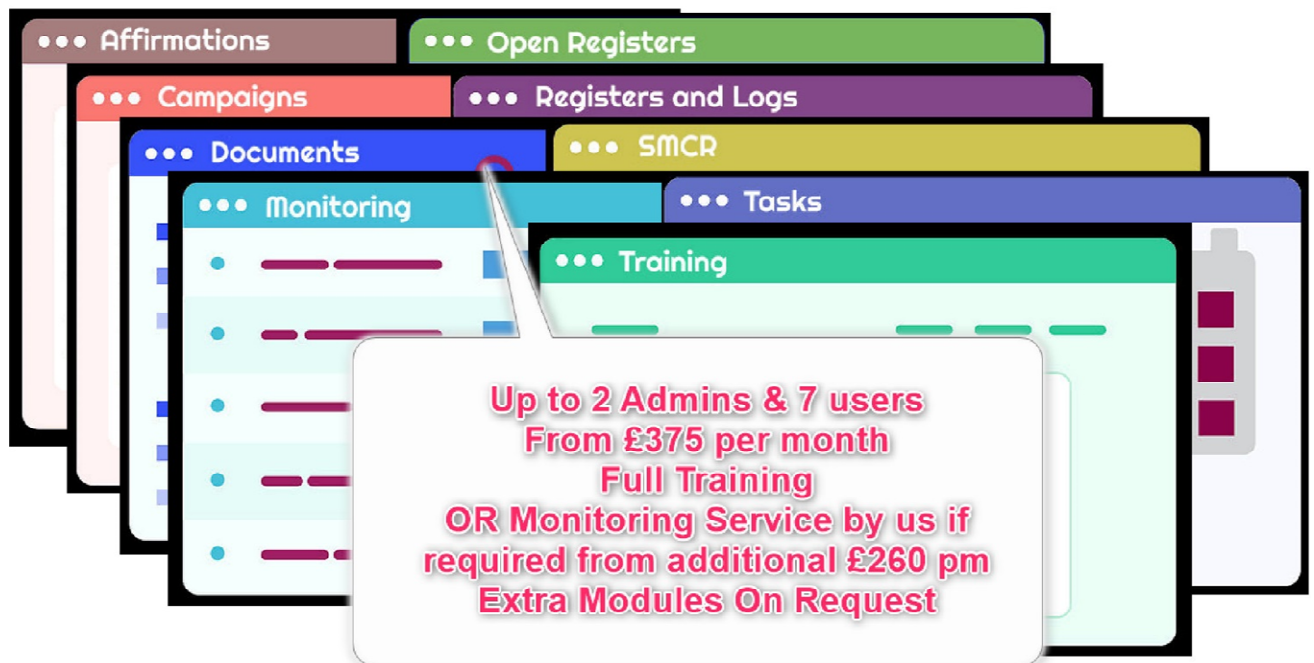


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