



Dear Member

## A digestible aid to compliance

Since FSA started the regulation of our sector, members expressed a need for an easy-to-understand compliance manual which could act as a source of reference as well as explanation of key rules and requirements. The result was, and is, the BIBA Compliance Manual which has developed into an “industry standard” since it was first produced in 2004.

The BIBA Compliance Manual for 2014 has been **fully updated from FSA to FCA and includes a brand new section on Consumer Credit (CONC)** to cover the instances where you act as a credit broker (arranging the credit agreement). Each chapter explains in plain English what the rules mean and then you use clear templates in order to assist you achieve, maintain and demonstrate compliance.

**The templates continue to be offered in either Word or Excel format which means you can easily download them, alter them etc, without having to spend time retyping them. In other words, they are yours to modify as you wish so that they can help you support a compliant regime in your business.**

It is available on a convenient CD for £495 + VAT. This is a one-off cost and when the next manual is ready (following key FCA changes) we will invite you to pay for a renewal service. Any changes we make in 2014 will be included at no extra cost – we are anticipating new client money rules (CASS) and if in place this year the update will be provided FOC.

A full list of contents and the templates available is detailed in the manual's contents pages, which are replicated overleaf. To order your CD please see the order form which follows.

For more information, please contact the publishers directly: **Branko Bjelobaba at Branko Ltd on (0800) 619 6619; Email: [branko@branko.org.uk](mailto:branko@branko.org.uk)**

Many thanks for your continuing support.

With kind regards,

Steve White Cert CII  
CEO, BIBA.

## SECTION 1 – BACKGROUND AND INTRODUCTION TO FCA

1. Background
2. Scope of New Regime
3. Statutory Objectives of the FCA
4. The FCA's Approach
5. FCA Handbook

## SECTION 2 – HIGH LEVEL STANDARDS

1. Principles for Business (**PRIN**)
2. Senior Management Arrangements and Systems and Controls (**SYSC**).

### General requirements:

- Governance
- Business continuity
- Regular monitoring
- Audit committee
- Person's directing the business
- Responsibility of senior personnel
- Apportionment of responsibility
- Skills, knowledge and expertise:
- Segregation of functions
- Awareness of procedures

### Compliance:

- Internal audit
- Risk management
- Outsourcing
- Record keeping
- Conflicts of interest

### Other controls:

- Business strategy
- Management information

### Whistle blowing

- Financial Crime
- Proceeds of Crime Act 2002
- Reporting Requirements
- Data Security

### Anti-bribery and corruption

- What is a bribe?
- When does the act apply?
- What are adequate procedures?
- Consequences of getting it wrong
- What is the FCA's involvement in the Bribery Act?

### Financial Sanctions

- SYSC Template 1** - Reporting Team – Large Firm
- SYSC Template 2** - Reporting Team – Small Firm
- SYSC Template 3** - Job Authority Matrix
- SYSC Template 4** - Compliance Breach Report
- SYSC Template 5** - Compliance Breach log (example)
- SYSC Template 6** - Compliance Activity Log
- SYSC Template 6a** - Compliance Monitoring Programme
- SYSC Template 7** - Regulatory Risk Log
- SYSC Template 8** - Risk Assessment Form
- SYSC Template 9** - Audit Checklist
- SYSC Template 10** - Business Strategy Plan
- SYSC Template 11** - Business Continuity Plan
- CASS Continued**

- SYSC Template 12** – Whistle Blowing Procedure
- SYSC Template 13** - Summary of SYSC Rules & Guidance
- SYSC Template 14** – Financial Crime Checklist
- SYSC Template 15** – Anti Bribery Risk Assessment Checklist

### 3. Threshold Conditions (**COND**)

### 4. Approved Persons (**APER**) and (**FIT**)

#### Controlled functions:

What is an approved person

Statements of principle

The code of practice for approved persons:

Key elements

Key areas to consider

The individual's wider responsibility

The FIT and Proper test:

Personal files for approved persons

**APER Template 1** – Register of control functions and approved persons

**APER Template 2** – Declaration of fitness and propriety

### 5. General Provisions (**GEN**)

Referring to approval by the FCA

Statutory status disclosure

Use of the FCA logo and Keyfacts logo

General interpretation of the Handbook

Insurance against financial penalties

Fees

## SECTION 3 – BUSINESS STANDARDS

### 1. Prudential Sourcebook (**MIPRU**)

Responsibility for mediation activities

Knowledge ability and good repute

Financial safeguards

Solvency margins

Compulsory professional indemnity cover

Statutory audit

**MIPRU Template 1** – Limited Company Balance Sheet

**MIPRU Template 2** – Partnership or Sole Trader Balance Sheet

**MIPRU Template 3** – Solvency Test – received basis

**MIPRU Template 4** – Professional Indemnity Insurance

### 2. Client Asset Sourcebook (**CASS**)

Handling Client Money

Holding client money as an agent

Segregating client money in a statutory or non statutory trust account

Co-mingling insurer monies and client money

Client bank accounts

Information to be provided to the customer

**ICOBs Continued**

Holding client money:  
Segregating client money

Passing money to a third party  
Discharging your fiduciary duty  
Withdrawing commission and fees  
Controlling client money

Client Money Calculation:

Client money calculation using the accruals method  
Client money calculations using the client money balance method  
Notifying and reporting to the FCA

Appointed Representatives:

Risk transfer  
Segregating client money held by ARs  
Monitoring appointed representatives

Client Money Audit:

What must be covered in a client money audit

Record Keeping  
Credit Write Backs  
Changes to Consumer Credit Licensing

**CASS Template 1** – Account set up letters  
**CASS Template 2** – Client Money Calculations  
**CASS Template 3** – Risk Transfer Checklist  
**CASS Template 4** – Holding Client Money Checklist  
**CASS Template 5** – Insurer TOBA Checklist

### 3. Insurance: Conduct of Business (**ICOBS**)

General Rules

Application and purpose  
General Rules

Financial Promotions

What is a financial promotion?  
Media of Communication  
General Rules  
Websites  
Use of third party financial promotions  
White labelling of Insurance Products

Compliant Sales Process

Pre Approach  
Introduction  
Statement of Demands and Needs  
Presenting the solution  
Closing the Sale

On-Going Servicing

Renewals  
Claims handling  
Mid term adjustments

Insurer Disclosure Exemptions

Add On Products

Contract Certainty

How is contract certainty achieved  
Contract Certainty Code of Practice

OFT Guidelines on sales of Payment Protection

Insurance

Information in Marketing Communications and Statements

## **SECTION 4 – REGULATORY PROCESSES**

Annual Review/Reminder  
Quotations  
Prohibition of sale of PPI at credit sale

Single Premium PPI  
Compliance Officer  
Consumer Insurance Disclosure and Representations Act 2012

**ICOBS Template 1** – Terms of Business Agreement (initial Disclosure Document.)  
**ICOBS Template 2** –Statement of Demands and Needs Letter  
**ICOBS Template 3** – Demands and needs statement  
**ICOBS Template 4** – Compliant Sales Process – face-to-face  
**ICOBS Template 5** – Compliant Sales Process – telephone  
**ICOBS Template 5a** – Compliant Sales Process – web site  
**ICOBS Template 6** – File Control Checklist  
**ICOBS Template 7** – Policy Summaries and Policy Documents  
**ICOBS Template 8** – The Compliant Sales Process Checklist  
**ICOBS Template 9** – Commission Disclosure  
**ICOBS Template 10** - Contract Certainty Log  
**ICOBS Template 11** - Consumer Insurance Disclosure and Representations Act

### 4. Training and Competency (**TC**)

Application  
Competence  
Assessment of Competence and Supervision  
Assessment of competence  
Supervision

Training

Maintenance of Competence  
Training and Competence Scheme, including  
Recruitment  
Job Descriptions  
Induction  
Appraisals  
Training  
Maintenance of Competence  
Record Keeping

**TC Template 1** – Recruitment Interviews Guidance Notes

**TC Template 2** – Interview Checklist

**TC Template 3** – Example Employee Supervision Form

**TC Template 4** - Job Description (Blank)

**TC Template 5** – Job Description – Compliance Manager

**TC Template 6** – Job Description – Insurance Sales Executive

**TC Template 7** – Job Description – Account Handler

**TC Template 8** – Job Description – Claims Handler

**TC Template 9** – Job Description – Office Manager

**TC Template 10** – Induction Programme

**TC Template 11** – Appraisal Guidance Notes (for appraisers)

**TC Template 12** – Pre-Appraisal Form

**TC Template 13** – Appraisal Report

**TC Template 14** – Training and Development Action Planner

**TC Template 15** – Individual Training Record

## **SECTION 6 – SPECIAL TOPICS**

### 1. Treating Customers Fairly

<p>1. Decision Making and Penalties (<b>DEPP</b>)</p> <p>2. Supervision (<b>SUP</b>)  The Supervision Framework  Proactive firm supervision  Reactive supervision</p> <p>Issues and products  Reporting to the FCA  Submission of returns  Data Collection  Auditors  Notification of Changes to the FCA  General Notification Requirements  Core information requirements  Inaccurate, false or misleading information  On Line Notification and Applications  Applications to vary permissions  Applications to vary permissions  Changes to approved persons  Cancelling Permission  Close Links Reporting</p> <p><b>SUP Template 1</b> - Retail Mediation Activities Return (RMAR) and Complaints Return</p> <p><b>SECTION 5 – REDRESS</b></p> <p>1. Dispute Resolution and Complaints (<b>DISP</b>)  Identification  Eligible Complainant  Definition of a Complaint  Investigation  Resolving Complaints  Complaints resolved by close of business the next day  Timescales for dealing with complaints  Written acknowledgement  Final Response or 8 week holding letter  The Final Response  Closing the Case  Dealing with correspondence after the final response  when is complaint deemed as closed  Referrals to Third Parties  Complaints received outside FOS set timescales  Record Keeping  Payment Protection Complaints  Assessment  Considering evidence  Effect of the breach  Redress</p> <p>2. Compensation (<b>COMP</b>)</p> <p>3. Complaints Against the FCA (<b>COAF</b>)</p> <p><b>DISP Template 1</b> – Complaint Checklist  <b>DISP Template 2</b> – Complaint Log  <b>DISP Template 3</b> – Complaints Procedure – What the customer receives</p>	<p>Conduct for Treating Customers Fairly  What you need to do to implement TCF  TCF Culture  TCF Management Information  Tips for sole traders/advisers</p> <p>2. Conflicts of Interest  Conflict of Interest Management Controls</p> <p>3. FCA Conduct Risk  What is conduct risk?  Monitoring conduct risk  Key messages for firms</p> <p>4. Business Risk Awareness  Stage 1 – FCA workshop  Stage 2 – The review  Stage 3 – Follow up work</p> <p>5. Introducers</p> <p>6. Appointed Representatives  What is an Appointed Representative?  What is an Introducer Appointed Representative?  Responsibilities of the principal firm for its ARs and IARs  Contracts  AR training  Principal firm’s supervisory responsibilities  PI cover  Client money  Record keeping,  Management information  Treating Customers Fairly</p> <p>7. Non-Executive Directors  The Role  Function  Appointment</p> <p>8. Industry Guidance on Commission Disclosure  Conflicts of Interest  Capacity  Status/Breadth of search  Commercial customer’s right to information and disclosure  Distribution Chains  Top 10 tips</p> <p><b>Template 1</b> - TCF – areas to review  <b>Template 2</b> – TCF examples of good and poor practice  <b>Template 3</b> - Example Conflict Management Policy  <b>Template 4a</b> – 72c Exclusion introducer contract  <b>Template 4b</b> – Introducer/introducer appointed representative contract  <b>Template 4c</b> – Appointed representative contract  <b>Template 5</b> – Compliance monitoring checklist (ARs)</p>
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