Notification to candidates of recent changes made to the Edition 27 workbook.

Chapter 2, Section 7 has been amended to read:

The following activities fall within the scope of the TC Sourcebook, when they are conducted with or for retail clients:

- providing basic advice on stakeholder products
- advising on/giving personal recommendations in the following investments – securities*, derivatives*, packaged products*, friendly society life policies, friendly society tax-exempt policies*, long-term care insurance contracts*, corporate finance advice*, and advising on Lloyd’s syndicate participation*
- giving personal recommendations and dealing in the following investments – securities* (which are not stakeholder pension schemes, personal pension schemes or broker funds)
- dealing – securities (which are not stakeholder pension schemes, personal pension schemes or broker funds), derivatives
- acting as broker fund adviser*
- acting as pension transfer specialist*
- managing investments*

Chapter 2, Section 9.4.2 has been amended to read:

2. **Variation of permission.** Only these points have been amended.

   1. in relation to the grounds for exercising the power under Section 55L of the Act, the firm appears to be failing, or appears likely to fail, to satisfy the threshold conditions relating to one or more, or all, of its regulated activities, because for instance:
   2. in relation to the grounds for exercising the power under Section 55L, it appears that the interests of consumers are at risk because the firm appears to have breached any of the Principles 6 to 10 of the FCA Principles of Businesses (see PRIN 2.1.1R) to such an extent that it is desirable that limitations, restrictions, or prohibitions are placed on the firm’s regulated activities.

3. **Withdrawal of a firm’s authorisation**

   The grounds on which the regulator may exercise its power to cancel an authorised person’s permission under Section 55J of FSMA (as enacted by the Financial Services Act 2012) and are the same as for a variation, they are described in EG 8.1. Examples of the circumstances in which the FCA may cancel a firm’s Part 4A permission include:

   1. non-compliance with an FOS award against the firm
   2. material non-disclosure in an application for authorisation or approval, or material non-notification after authorisation or approval has been granted. The information which is the subject of the non-disclosure or non-notification may also be grounds for cancellation
   3. failure to have or maintain adequate financial resources, or a failure to comply with regulatory capital requirements
   4. non-submission of, or provision of false information in, regulatory returns, or repeated failure to submit such returns in a timely fashion
   5. non-payment of the relevant regulatory fees or repeated failure to pay fees, except under the threat of enforcement action
   6. failure to provide the regulator with valid contact details or failure to maintain the details provided, so that the regulator is unable to communicate with the firm
   7. repeated failures to comply with rules or requirements
8. a failure to cooperate with the regulator which is of sufficient seriousness that ceases to be satisfied that the firm is fit and proper; for example, failing without reasonable excuse to:
   a. comply with the material terms of a formal agreement made with the regulator to conclude or avoid disciplinary or other enforcement action, or
   b. provide material information or take remedial action reasonably required by the regulator.

Section 55L and 55M of the Act sets out further grounds on which the regulator may cancel the permission of authorised persons which are investment firms.

Chapter 2, End of Chapter Question

9. State the four types of SIF.
   Answer Reference: Section 5.2

Chapter 3, Section 4.4.3 has been amended to read:

Simplified due diligence means not needing to conduct the same level of standard due diligence due to the lower risk of counterparties like:

Chapter 3, Section 8.4 has been amended to read:

In July 2019, the Prospectus Regulation replaced the Prospectus Directive.

The Regulation builds on the aims of the Directive, providing for a single prospectus regime, governing when a prospectus is needed, what information it must contain and how it is approved.

The overarching aim of the Regulation is, therefore, to improve access to finance and to simplify information to investors. It can be thought of as a single passport for issuers. This means that once a prospectus has been approved by a home state listing authority (such as the FCA), it must be accepted for the purpose of listing or public offers throughout all EU member states.

A secondary objective of the Regulation is to make it easier and cheaper for issuers (companies) to raise capital in Europe.

Chapter 5, Section 3.2 the following sentence has been deleted:

Candidates should note the FCA will be increasing the limit to 100% of the claim.

Multiple Choice Questions and Answers – have been amended to read

8. Which of the following is a specified investment under the Regulated Activities Order?
   A. National savings and investments (NS&i) certificates
   B. Building society current account
   C. Commodity futures for commercial purposes
   D. Open-ended investment company (OEIC) shares

Q8. Answer: D Ref: Chapter 2, Section 1.2.1

Commodity futures for commercial purposes, NS&i products and a building society current account are specifically excluded from the RAO, whereas OEIC shares are part of the list of specified investments.

Q38. Answer: D Ref: Chapter 4, Section 4.3

Options A, B & C would require the firm to undertake a suitability assessment. Whereas option D is captured by the requirement for the firm to complete an appropriateness assessment because it is providing an MiFID investment service.
50. For complaints about acts or omissions by a regulated firm that took place after 1 April 2019, what is the maximum amount of monetary award against an authorised firm that the Financial Ombudsman Service (FOS) can make?

A. £35,000
B. £50,000
C. £160,000
D. £350,000

Q50. Answer: D Ref: Chapter 5, Section 2.3

The maximum monetary amount that the FOS can award against a firm is £350,000.