



Association of
Mortgage Intermediaries

Association of Mortgage Intermediaries' response to FCA CP20/23 Quarterly Consultation Paper 30, Question 2

This response is submitted on behalf of the Association of Mortgage Intermediaries (AMI) and the Association of Finance Brokers (AFB). AMI is the trade association representing over 80% of UK mortgage intermediaries. AFB sits within AMI and represents second charge (formerly secured loan) brokers.

Intermediaries active in this market act on behalf of the consumer in selecting an appropriate lender and product to meet the individual consumer's mortgage requirements. AMI members also provide access to associated protection products. AFB members also provide access to unsecured products.

Our members are authorised and regulated by the Financial Conduct Authority (FCA) to carry out mortgage, insurance mediation and consumer credit activities. Firms range from sole traders through to national firms and networks, with thousands of advisers.

Response

We welcome this clarification from the regulator with regards its expectations of firms in the reporting of cases of long-term temporary absences of both a FCA approved SMF manager and a FCA approved person (AP) undertaking a controlled function. We are heartened that in clarifying these requirements, the FCA is acting in response to feedback from firms and we appreciate this support from the regulator.

This consultation relates to long term temporary absences for both SMF managers and Approved Persons undertaking a controlled function. We note that whilst the two are similar in that they are both subject to regulatory approval, the responsibilities of a SMF manager and an AP undertaking a controlled function are not comparable. Approved Persons with Controlled Functions (CF) form part of the Approved Persons Regime and remain a hangover from a legislative oversight whereby appointed representative firms were not included within the scope of the Senior Managers Regime. In reality, appointed representatives (AR) and therefore the approved persons undertaking controlled functions within the AR firm, are subject to the systems and controls of their principal firm and are therefore a responsibility of the SMF manager(s) of that principal firm. AMI would like to register its concern that the FCA continues to draw parallels between the two functions.

We note that there seems to have been two different response dates used for this consultation. Whilst the consultation paper itself specifies that firms will have two months to respond to these changes and gives a deadline of 4 February 2021 for responses, the FCA's webpage indicates a shorter response time frame with a deadline of 4 January 2021. We trust that our response to this question will be considered in line with the information published within the consultation paper and would appreciate confirmation in this regard.

Questions

Q2.1. Do you agree with our proposals to clarify our expectations for firms managing Senior Manager absences of more than 12 weeks.

We agree with these proposals that individuals will be able to maintain regulatory approval for SMFs or CFs if they are on long term temporary absence from a firm and we welcome the clarification that, in these circumstances, an individual's record on the Register will not be affected. These proposals should reduce administration requirements for the firm and the regulator as well as ensuring that there are no periods of absence that could cause confusion for consumers. We welcome the FCA's transparent approach to the changes.

We are concerned by the parallels drawn between SMF managers and Approved Persons with Control Functions at Appointed Representative firms and would like to highlight that whilst both require regulatory approval this is due to a legislative oversight; these functions are not comparable. We remain of the opinion that the regulator should take steps to promote the transition of Appointed Representatives into the Senior Managers and Certification Regime.