



Compliance

W I Z A R D

Quick Guide to Manuals

This guide should help you decide whether to write your own manual or to buy one with or without an updating service.

It doesn't contain legal, regulatory or accounting advice. If that's what you need, please speak to the appropriate specialist.

But if you need to decide on the best manual option for your firm, you've come to the right place.

COMPLIANCE MANUALS

CONSIDERATIONS

Why do we need a manual?

It's a condition of FCA authorisation that you have a compliance manual to augment your procedures and controls. When you apply for authorisation, you'll need to provide extracts from the manual on various topics. For example, money laundering, financial crime, conflicts of interest and your mechanism for monitoring.

The FCA will use your manual as a 'route map'. Essentially, it's evidence of the controls and processes you've put in place to prevent investor loss and to comply with the rules and regulations. The FCA will also refer to it during any supervision and thematic review visits.

What should it contain?

The purpose of the manual is to help you make sure your firm, and everyone in it, complies with the rules and regulations that apply to you. This means the content will vary depending on the kind of business you do (for example, investment management, private equity) and who you do it with (for example, retail clients, professional clients).

The manual enables you to keep the majority of your compliance procedures in one place, making life easier for everyone. It reflects the level of conduct expected from everyone in the firm and should be wide-ranging, covering all aspects of the business.

The Typical Content section of this guide lists the topics you'd expect to find in the manual of a small to medium-sized MiFID retail firm.

How long and/or detailed should it be?

Some firms take the approach of having a short, rules-based manual supported by a raft of documented policies and procedures. If you choose this approach, you'll need a failsafe mechanism for making sure each and every policy and procedure is in line with the manual. And with regular changes to the manual. And that they're all in line with each other and stay that way...

An easier option is to have a comprehensive manual that's easy to navigate and search. This will inevitably be longer, but length doesn't really matter given it's generally used as a reference source rather than a regular end-to-end read.

A comprehensive manual – provided it's written in concise, plain language – has a number of advantages. It's an excellent source of reference. It's easier (and less daunting) to read and understand than a list of rules and regulations. It can double up as a training tool. And it's much easier keeping one document (rather than a conglomeration) up to date and in line with the rules and rule changes.



DEVELOPING YOUR MANUAL

Should we develop the manual ourselves?

Your options are:

- Write your own manual from scratch.
- Buy a manual from a reputable FCA regulatory consultancy and tailor it yourselves.
- Spend a little more to have a manual written and/or specifically tailored.

If you're a new firm, you may not have the time or resources to write your manual from scratch.

If you choose to buy one, you'll need to decide whether to buy it with an updating service, or whether you have the time and resources to maintain it yourselves to account for FCA rule changes.

What format should it take?

As long as your manual is easily accessible to all members of staff, it doesn't matter if it's in hard copy or electronic format. Or both. But it's generally quicker and easier to search an electronic copy.

If you distribute hard copies, you'll need a mechanism to make sure obsolete copies are destroyed whenever the manual is updated. The same applies if people download it to their local drives.

We recommend that your manual is held on a shared electronic platform – whether in Word, PDF or web format – and clearly dated. Making sure all staff know how frequently the manual is updated will help avoid the danger of them using out-of-date versions they may have saved down or printed.

MAINTAINING YOUR MANUAL

How often should we review our manual?

Your manual will need to keep pace with your business as it grows and develops. For example, if you take on appointed representatives as you grow, or start to deal with retail as well as non-retail clients, this will need to be reflected in your manual. So you'll need to add new sections (if you write and/or maintain it yourself) or buy a different version.

You'll also need to make sure you keep it up to date with FCA rule changes which are introduced from time to time.

We recommend you review your manual every quarter.

Do we need to keep previous versions?

Whenever you update your manual, it's important to keep previous versions. If you ever need to defend a course of action you've taken, you want to be able to refer back to the processes and procedures that were in place alongside the rules that applied at that time.



TYPICAL CONTENT

Below is an example of the content of a compliance manual for a small to medium-sized MiFID retail firm. This is taken from the contents list of ComplianceWizard's standard MiFID retail manual.

1. INTRODUCING COMPLIANCE

- Background and Legislation
- The Financial Conduct Authority (FCA)
- The Principal Objectives of FCA Compliance
- The FCA's Approach to Supervising Firms
- Compliance Responsibilities
- Investment Business
- Investments
- Treating Customers Fairly, Conduct Risk and Product Design
- The Compliance Cycle

2. GENERAL

- The Purpose of the Compliance Manual
- The FCA's Principles for Business
- Our Compliance Structure and Scope of Permission
- Senior Managers and Certification Regime
- Client Categorisation
- Conflicts of Interest
- Inducements
- Training and Competence
- Client Agreements
- Outsourcing
- Non-Outsourced Referral or Delegation
- Information About our Firm and our Services
- Remuneration Code

3. INVESTMENT BUSINESS

- Suitability
- Dealing on Behalf of Customers
- Market Abuse
- Market Manipulation
- Best Execution
- Insider Dealing
- Contract Notes
- Reporting
- Client Assets
- Execution-Only Deals
- Personal Account Dealing



- Telephone Recording
- Notification of Major Shareholdings
- Transaction Reporting
- Alternative Investment Fund Managers Directive

4. ALTERNATIVE INVESTMENT FUNDS

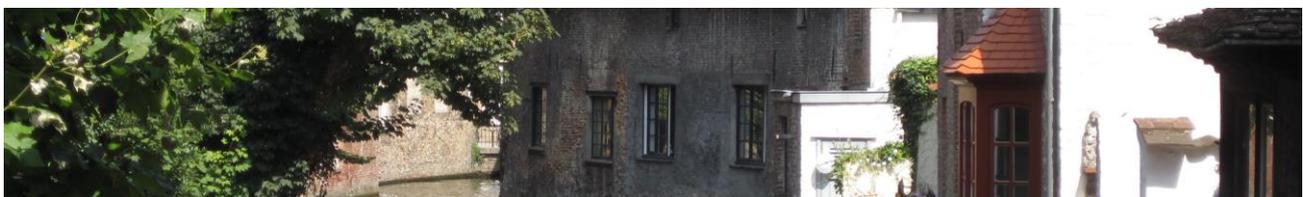
- Full-Scope AIFM
- Investor Information
- Adequate Information
- Periodic Statements
- Reporting to the FCA
- Capital Requirements
- Valuation Requirements
- Delegation of Functions
- Risk Management
- Liquidity
- Depositary
- AIFMD Remuneration Code
- Shareholder Rights Directive

5. ADVISORY BUSINESS

- Advisory Investment Business
- Disclosing Packaged Product Information
- Personal Recommendations
- Assessing Suitability (Including Fact-Finding)
- Suitability Reports
- Understanding Risk
- Giving Basic Advice on a Stakeholder Product
- Appropriateness (for Non-Advised Services)
- Insurance Mediation
- Providing Product Information to Clients
- Reporting to Clients
- Pensions – Supplementary Provisions
- File Reviews

6. NON-INVESTMENT INSURANCE BUSINESS

- Non-Investment Insurance
- Types of Firm Subject to ICOBS
- Types of Customer Protected by ICOBS
- Other FCA Rules
- ICOBS and Customers We Deal With
- Non-Investment Insurance Business We Handle
- General
- Distance Communications



- Information About our Firm, Services and Remuneration
- Client Needs and Advising
- Product Information
- Cancellation
- Claims Handling
- Training and Competence
- Client Money
- Complaints

7. MONEY LAUNDERING AND FINANCIAL CRIME

- Money Laundering
- The Stages of Money Laundering
- AML Laws, Regulations and Guidance
- Senior Management Responsibility
- Internal Controls/MLRO
- Risk-Based Approach
- Customer Due Diligence
- Due Diligence for Legal Entities
- Suspicious Activity Reporting
- Staff Awareness Training
- Record-Keeping

8. APPOINTED REPRESENTATIVES

- An Overview of the Rules and Guidance
- Appointment
- Ongoing Monitoring
- Termination
- Record-Keeping
- FCA Expectations

9. OTHER FCA TOPICS

- Advertising/Financial Promotions
- E-Commerce
- Distance Marketing Disclosure Rules
- Complaints and Breaches
- Compliance Monitoring
- Compliance Manual Updates
- Notification of Changes
- FCA Clearances and Notifications
- Client Data Protection and Business Continuity
- Professional Indemnity Insurance
- Disclosures in the Public Interest – Whistleblowing
- Corporate Finance
- Record-Keeping



- Compensation
- Financial Resources and Reporting
- FCA Reporting Summary

HOW WE CAN HELP

If you don't want – or don't have the resource – to write your own manual, you can download one from us at ComplianceWizard.

We take pride in trying to produce the most reader-friendly compliance material you'll find. Our manuals are written by award-winning compliance specialist Gordon McMurray, founder of NRS Regulatory Services Ltd (which traded as National Regulatory Services in the UK). He has over 30 years of international regulatory experience at the coalface – as a compliance officer, consultant and investigator. So he knows exactly what's required.

The manuals on this site are in Word format, so they're full editable. This means you can tailor them and add in your company-specific information. For example, your permissions, approved persons and controlled functions.

Just choose the most appropriate manual to suit your type of business from the following styles:

- MiFID retail firm – full version
- MiFID retail firm with no appointed reps
- MiFID retail firm with no non-investment insurance business
- MiFID retail firm with no alternative investment funds
- MiFID non-retail firm – full version
- MiFID non-retail firm with no appointed reps
- MiFID non-retail firm with no alternative investment funds
- Non-MiFID retail firm – full version
- Non-MiFID retail firm with no appointed reps
- Non-MiFID retail firm with no alternative investment funds
- Non-MiFID non-retail firm – full version
- Non-MiFID non-retail firm with no appointed reps
- Non-MiFID non-retail firm with no alternative investment funds

You can download the manual and maintain it yourself. Or, if you want it maintained for you to reflect FCA Handbook rule changes, you can choose the quarterly updating option as well. The updating option gives you a fresh version each quarter for a year. At the end of that year, we'll send you an invitation to re-subscribe for the following year.

If you'd like more personalisation, or would like your manual in a webhelp (HTML) format (rather than Word) to add to your intranet, just give us a call and we'll see what we can do.

For more information, call us on 07710 444670 or visit our website www.compliancewizard.co.uk

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