

COVID-19 Financial Conduct Authority (FCA) Regulatory Update

Two changes announced by the Financial Conduct Authority (FCA) recently that we wanted to make you aware of.

Extension of the maximum period firms can arrange cover for a senior manager without being approved

Firstly, the Financial Conduct Authority (FCA) has extended the maximum period firms can arrange cover for a senior manager without being approved, from 12 weeks to 36 weeks, in a consecutive 12-month period.

This change is open to all solo regulated firms and aims to provide flexibility for governance arrangements during the Coronavirus pandemic. It also allows firms to allocate an absent senior manager's prescribed responsibilities to the individual who is covering the role.

Firms can use the modification by consent if they think they may need to make or extend temporary arrangements to cover absences as a result of the pandemic, for example, if a senior manager is absent, or if recruitment to replace a senior manager has been delayed. Firms can also apply for the modification by consent as a precautionary measure, in advance of them needing it.

For more information, visit the FCA website here - <https://www.fca.org.uk/firms/waivers-modifications/consent>

Expectations in relation to 'wet signatures'

Secondly, the FCA has set out its expectations for receiving documents with 'wet signatures' i.e. signing a document by hand, using a pen, during the current pandemic whilst many staff members are working from home. The FCA rules do not explicitly require wet-ink signatures in agreements, nor do the rules prevent firms from using electronic signatures in agreements. In summary, the FCA has confirmed that firms may use electronic signatures for all interactions with them for all regulatory matters.

For more information, click here - <https://www.fca.org.uk/news/statements/expectations-wet-ink-signatures-coronavirus-restrictions>

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