

Powerchex warns of the consequences of non-compliance with the FSA's new rules on hiring senior personnel (SIFs)

Pre-employment due diligence a priority for firms looking to comply with new 'fit and proper' criteria for senior persons.

London, October 15th, 2009. The FSA has written to the CEOs of more than 5,000 regulated firms to explain how its new and more robust regulatory approach applies to approving and supervising senior personnel performing Significant Influence Functions (SIFs).

The FSA has been, on a discretionary basis, conducting interviews with persons applying to certain SIF roles in relevant companies. In the 12 months since October 2008, the FSA has conducted a total of 172 SIF interviews, resulting in no less than 18 candidates withdrawing their applications. This shows that there is plenty of scope for improvement in the recruitment and screening processes for a number of firms.

Alexandra Kelly is the MD of London pre-employment screening firm Powerchex, which specialises in recruitment risk in the financial sector. Kelly thinks that a significant proportion of firms will not be compliant with the new SIF guidelines:

"Firms need to be working closely with their screening provider to ensure that they comply fully with the new measures. I have no doubt that the FSA will be seeking for examples of non-compliance, so it is probably a good idea to conduct an audit of the files of senior individuals and make sure that all the required information is in place."

In a press release, Graeme Ashley-Fenn, FSA Director of Permissions, Decisions and Reporting, reminds companies' CEOs *'that the responsibility to assess whether a candidate is fit and proper to carry out a role rests with the firm and that firms should, therefore, have robust recruitment, referencing and due diligence processes in place.'*¹

Kelly continues; *"firms which do not comply with the new guidelines are likely to have SIF appointments delayed or even vetoed by the FSA, with retrospective compliance likely to be very costly. The best course of action for firms is to ensure that they have robust recruitment due-diligence processes in place so that they have all their bases covered, and, if they outsource their pre-screening, to liaise with their provider to ensure that the checks made are adequate in terms of providing proof of fitness and propriety."*

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¹ <http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/139.shtml>

NOTES TO EDITORS:

About Powerchex

Powerchex is the UK's premier pre-employment screening firm for financial institutions. Based in the City of London, Powerchex checks the background, employment history, criminal records and professional qualifications of applicants on behalf of financial institutions. It sets the industry benchmark of 5 days for a background check.

www.powerchex.co.uk.