

# Supervision

## Supervision

<b>SUP 2</b>	<b>Information gathering by the FCA or PRA on its own initiative</b>
2.1	Application and purpose
2.2	Information gathering by the appropriate regulator on its own initiative: background
2.3	Information gathering by the FCA on its own initiative: cooperation by firms
2.4	'Mystery shopping'
<b>SUP 3</b>	<b>Auditors</b>
3.1	Application
3.2	Purpose
3.3	Appointment of auditors
3.4	Auditors' qualifications
3.5	Auditors' independence
3.6	Firms' cooperation with their auditors
3.7	Notification of matters raised by auditor
3.8	Rights and duties of auditors
3.10	Duties of auditors: notification and report on client assets
3.11	Review of auditor's client assets report
3 Annex 1	SUP 3 Annex 1
<b>SUP 4</b>	<b>Actuaries</b>
4.1	Application
4.2	Purpose
4.3	Appointment of actuaries
4.4	Appropriate actuaries
4.5	Provisions applicable to all actuaries
<b>SUP 5</b>	<b>Reports by skilled persons</b>
5.1	Application and purpose
5.2	The FCA's power
5.3	Policy on the use of skilled persons
5.4	Appointment and reporting process
5.5	Duties of firms
5.6	Confidential information and privilege
5 Annex 1	Non-exhaustive list of examples of when the FCA may use the skilled person tool (This Annex belongs to SUP 5.3.1AG)

<b>SUP 6</b>	<b>Applications to vary and cancel Part 4A permission and to impose, vary or cancel requirements</b>
6.1	Application, interpretation and purpose
6.2	Introduction
6.3	Applications for variation of permission and/or imposition, variation or cancellation of requirements
6.4	Applications for cancellation of permission
6.5	Ending authorisation
6 Annex 4	Additional guidance for a firm winding down (running off) its business
6 Annex 5	Variation of permission application form
6 Annex 6	Cancellation of permission application form
<b>SUP 6A</b>	<b>Permission to approve financial promotions</b>
6A.1	Application and purpose
6A.2	Applications relating to approver permission
6A.3	FCA's own-initiative power
<b>SUP 7</b>	<b>Individual requirements</b>
7.1	Application and purpose
7.2	The FCA's powers to set individual requirements and limitations and cancel Part 4A permissions on its own initiative
7.3	Criteria for varying a firm's permission or imposing, varying or cancelling requirements on the FCA's own initiative
7.4	Annulment of FCA decision to exercise its additional own-initiative variation power
<b>SUP 8</b>	<b>Waiver and modification of rules</b>
8.1	Application and purpose
8.2	Introduction
8.3	Applying for a waiver
8.4	Reliance on waivers
8.5	Notification of altered circumstances relating to waivers
8.6	Publication of waivers
8.7	Varying waivers
8.8	Revoking waivers
8.9	Decision making
8 Annex 2	Application form for a waiver or modification of rules
<b>SUP 8A</b>	<b>Directions and determinations by the FCA waiving, varying or disapplying CCA requirements</b>
8A.1	Application, purpose and interpretation
8A.2	Introduction and conditions
8A.3	Applying for a direction or determination by the FCA waiving, varying or disapplying CCA requirements
8A.4	Notification of altered circumstances relating to directions or waivers

8A.5	Revoking or varying directions and determinations
8A Annex 1	Application form for a direction under section 60(3) of the CCA
8A Annex 2	Application form for a direction under section 101(8) of the CCA
8A Annex 3	Information form in support of an application for a direction under section 101(8) of the CCA

## SUP 9 Individual guidance

9.1	Application and purpose
9.2	Making a request for individual guidance
9.3	Giving individual guidance to a firm on the FCA's own initiative
9.4	Reliance on individual guidance

## SUP 10A FCA Approved Persons in Appointed Representatives

10A.1	Application
10A.2	Purpose
10A.3	Provisions related to the Act
10A.4	Specification of functions
10A.5	Significant-influence functions
10A.6	FCA governing functions
10A.7	FCA required functions
10A.8	Systems and controls functions
10A.9	Significant management functions [deleted]
10A.10	Customer-dealing functions
10A.12	Procedures relating to FCA-approved persons
10A.13	Application for approval and withdrawing an application for approval
10A.14	Changes to an FCA-approved person's details
10A.15	References and accurate information
10A.16	How to apply for approval and give notifications
10A.17	Further questions [deleted]
10A Annex 1	Frequently asked questions [deleted]
10A Annex 2	Approved persons regime: summary of forms and their use for applications for approval to perform an FCA-controlled function [deleted]
10A Annex 3	[Not used]
10A Annex 4	Form A: Application to perform controlled functions under the approved person regime [deleted]
10A Annex 5	Form B: Notice to withdraw an application to perform controlled functions (including senior management functions) [deleted]
10A Annex 6	Form C: Notice of ceasing to perform controlled functions (including senior management functions) [deleted]
10A Annex 7	Form D: Notification of changes in personal information or application details and conduct breaches/disciplinary action related to conduct [deleted]
10A Annex 8	Form E: Internal transfer of an approved person [deleted]
10A Annex 9	Form G: The Retail Investment Adviser Complaints Alerts Form
10A Annex 10	MiFID Article 4 APER Information Form [deleted]

## SUP 10B PRA Approved Persons

10B.1	Application
10B.2	Purpose

10B.3	Basic rules for all PRA controlled functions
10B.4	Specification of functions
10B.5	Temporary vacancies
10B.6	PRA governing functions
10B.7	Other functions included in the governing functions
10B.8	PRA required functions
10B.9	Systems and controls function
10B.10	Procedures relating to PRA-approved persons
10B.11	Application for approval and withdrawing an application for approval
10B.12	Changes to a PRA-approved person's details
10B.13	References and accurate information
10B.14	How to apply for approval and give notifications
10B Annex 1	[Not used]
10B Annex 2	Approved person regime: summary of forms and their use for applications for approval to perform a PRA-controlled function
10B Annex 3	[Not used]
10B Annex 4	Form A: Application to perform controlled functions under the approved person regime
10B Annex 5	Form B: Notice to withdraw an application to perform controlled functions under the approved persons regime
10B Annex 6	Form C: Notice of ceasing to perform controlled functions
10B Annex 7	Form D: Notification of changes in personal information or application details
10B Annex 8	Form E: Internal transfer of an approved person

## SUP 10C FCA senior managers regime for approved persons in SMCR firms

10C.1	Application
10C.2	Purpose
10C.3	General material about the definition of controlled functions
10C.4	Specification of functions
10C.4A	FCA governing functions: General
10C.5	FCA governing functions: Executive
10C.5A	FCA governing functions: Oversight
10C.5B	FCA governing functions: Group entities
10C.6	FCA required functions
10C.6A	Systems and controls functions: Finance, risk and internal audit
10C.6B	Systems and controls functions: Other
10C.7	Other overall responsibility function (SMF18)
10C.8	The other local responsibility function (SMF22)
10C.8A	EEA branch senior manager function (SMF21)
10C.9	Minimising overlap with the PRA approved persons regime
10C.10	Application for approval and withdrawing an application for approval
10C.11	Statements of responsibilities
10C.12	Conditional and time-limited approvals
10C.13	Variation of conditional and time-limited approvals
10C.14	Changes to an FCA-approved person's details
10C.15	Forms and other documents and how to submit them to the FCA
10C.16	References and accurate information
10C Annex 1	What functions apply to what type of firm
10C Annex 2G	Summary of forms and their use in the senior managers regime
10C Annex 3D	Form A: Application to perform senior management functions
10C Annex 4R	Form B: Notice to withdraw an application to perform controlled functions (including senior management functions)
10C Annex 5R	Form C: Notice of ceasing to perform controlled functions including senior management functions

10C Annex 6R	Form D: Notification: Changes to personal information/application details and conduct breaches/disciplinary action related to conduct
10C Annex 7D	Form E: Internal transfer of a person performing a controlled function
10C Annex 8D	Form I: Application to add, vary or remove a conditional approval for the performance of a senior management function
10C Annex 9D	Form J: Notification of significant changes in responsibilities of a person performing a senior management function
10C Annex 10D	Statement of responsibilities
10C Annex 11D	MiFID Article 4 SMR Information Form

## SUP 11                      Controllers and close links

11.1	Application
11.2	Purpose
11.3	Requirements on controllers or proposed controllers under the Act
11.4	Requirements on firms
11.5	Notifications by firms
11.6	Subsequent notification requirements by firms
11.7	Acquisition or increase of control: assessment process and criteria
11.8	Changes in the circumstances of existing controllers
11.9	Changes in close links
11 Annex 1	Summary of notification requirements
11 Annex 2	[deleted]
11 Annex 3	[deleted]
11 Annex 4	[deleted]
11 Annex 5	[deleted]
11 Annex 6G	Aggregation of holdings for the purpose of prudential assessment of controllers

## SUP 12                      Appointed representatives

12.1	Application and purpose
12.2	Introduction
12.3	What responsibility does a firm have for its appointed representatives or FCA registered tied agents?
12.4	What must a firm do when it appoints an appointed representative or an FCA registered tied agent?
12.5	Contracts: required terms
12.6	Continuing obligations of firms with appointed representatives or FCA registered tied agents
12.6A	Assessment of compliance
12.7	Notification and reporting requirements
12.8	Termination of a relationship with an appointed representative or FCA registered tied agent
12.9	Record keeping
12 Annex 1	Guidance on steps a firm should take in assessing the financial position of an appointed representative (other than an introducer appointed representative). See ■ SUP 12.4.3 G
12 Annex 2	Guidance on information firms should take reasonable steps to obtain to verify and to assess the fitness and propriety of an appointed representative (other than an introducer appointed representative). See ■ SUP 12.4.4 G (1).
12 Annex 3	Appointed representative appointment form
12 Annex 4	Appointed representative or tied agent – change details

- 12 Annex 5 Appointed representative termination form
- 12 Annex 6 On-going reporting by principal firms on their appointed representatives
- 12 Annex 7 Guidance on steps to be taken where relevant conditions are not satisfied

**SUP 13** Exercise of passport rights by UK firms [deleted]

**SUP 13A** Qualifying for authorisation under the Act [deleted]

**SUP 14** Incoming EEA firms changing details, and cancelling qualification for authorisation [deleted]

**SUP 15** Notifications to the FCA

- 15.1 Application
- 15.2 Purpose
- 15.3 General notification requirements
- 15.4 Notified persons
- 15.5 Core information requirements
- 15.6 Inaccurate, false or misleading information
- 15.7 Form and method of notification
- 15.8 Notification in respect of particular products and services
- 15.9 Notifications by members of financial conglomerates
- 15.10 Reporting suspicious transactions or orders (market abuse)
- 15.11 Notification of COCON breaches and disciplinary action
- 15.12 Ongoing alerts for retail adviser complaints
- 15.13 Notification by CBTL firms
- 15.14 Notifications under the Payment Services Regulations
- 15.15 Notification by retail intermediaries of qualification as an enhanced scope SMCR firm
- 15.16 Notification of changes in the management body
- 15.17 Notification of regulated income by limited scope SMCR benchmark firm
- 15 Annex 1 Application of SUP 15 to incoming EEA firms, incoming Treaty firms, EEA authorised payment institutions and EEA authorised electronic money institutions [deleted]
- 15 Ann 2 Form F: Changes in notified persons
- 15 Ann 3 Notification to amend firm details form
- 15 Ann 4 Notification form
- 15 Ann 5 Indications of Possible Suspicious Transactions or Orders
- 15 Annex 6 Notifications by UK AIFMs
- 15 Annex 6A R AIFMD new fund under management notification
- 15 Annex 6B R AIFMD notification of senior personnel amendments or removal form
- 15 Annex 6C R AIFMD full-scope UK AIFM material change notification
- 15 Annex 6D R AIFMD notice of sub-threshold AIFM exceeding AuM limit
- 15 Annex 6E D AIFMD small registered AIFM change form
- 15 Annex 6F G SEF and RVECA management and marketing notifications
- 15 Annex 7R Form H: Form for the notification of disciplinary action relating to conduct rules staff (other than SMF managers) in SMCR firms
- 15 Annex 8R Form G: The Retail Investment Adviser Complaints Notifications Form



15 Annex 9D	Form NOT002 Payment Account Service rejections or withdrawals (notification by credit institutions under regulation 105)
15 Annex 10	Form NOT003 AIS/PIS denial (notification by account servicing payment service providers under regulation 71)
15 Annex 11D	Form Notification of major operational or security incidents – PSD2
15 Annex 12D	Form NOT004 Notification that the fraud rate exceeds the reference fraud rate under SCA-RTS article 20
15 Annex 13D	Form NOT005 Notification that there are problems with a dedicated interface under SCA-RTS article 33(3)
15 Annex 14R	Notification Procedures for Changes to the Management Body for Non-SMF Directors

## **SUP 15A            Application and notifications under EMIR**

15A.1	Application and notifications under EMIR
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## **SUP 15B            Applications and notifications under the benchmarks regulation and powers over Miscellaneous BM persons**

15B.1	Application
15B.2	Notifications under the benchmarks regulation
15B.3	Applications to endorse a third country benchmark
15B.4	Applications for recognition of third country administrators
15B.5	Powers over Miscellaneous BM persons

## **SUP 15C            Applications under the Payment Services Regulations**

15C.1	Application
15C.2	Request for exemption from the obligation to set up a contingency mechanism (Article 33(6) of the SCA RTS)
15C Annex 1D	Form: Request for exemption from the obligation to set up a contingency mechanism

## **SUP 16            Reporting requirements**

16.1	Application
16.2	Purpose
16.3	General provisions on reporting
16.4	Annual controllers report
16.5	Annual Close Links Reports
16.6	Compliance reports
16.7A	Annual report and accounts
16.8	Persistency reports from insurers and data reports on stakeholder pensions
16.9	Appointed representatives annual report
16.10	Verification of firm details
16.11	Product Sales Data Reporting
16.12	Integrated Regulatory Reporting
16.13	Reporting under the Payment Services Regulations
16.14	Client money and asset return



16.15	Reporting under the Electronic Money Regulations
16.16	Prudent valuation reporting [deleted]
16.18	AIFMD reporting
16.19	Immigration Act compliance reporting
16.20	Submission of recovery plans and information for resolution plans [deleted]
16.21	Reporting under the MCD Order for CBTL firms
16.22	Reporting under the Payment Accounts Regulations
16.23	Annual Financial Crime Report
16.23A	Employers' Liability Register compliance reporting
16.24	Retirement income data reporting
16.25	Claims management reporting
16.26	Reporting of information about Directory persons
16.27	General insurance value measures reporting
16.28	Home insurance and motor insurance pricing reporting
16.29	MIFIDPRU Remuneration Report
16.30	Baseline Financial Resilience Report
16.31	Financial promotion approval reporting
16 Annex 1	[deleted]
16 Annex 1A	FIN-A Annual Report and Accounts
16 Annex 1B	Guidance notes for the completion of FIN-A in SUP 16 Annex 1AR
16 Annex 2	[deleted]
16 Annex 3	[deleted]
16 Annex 4	[deleted]
16 Annex 5	[deleted]
16 Annex 6R	Persistency report
16 Annex 6A	Guidance notes for completion of the FCA Persistency Report
16 Annex 9R	Annual questionnaire for authorised professional firms
16 Annex 9AG	Guidance notes for completion of annual questionnaire for authorised professional firms in SUP 16 Annex 9R
16 Annex 12	Reports from depositaries of ICVCs, AUTs and ACSs [deleted]
16 Annex 12A	Reports from depositaries of authorised funds
16 Annex 12B	Guidance notes on reports from depositaries of authorised funds
16 Annex 13	Return cover sheet
16 Annex 14	Quarterly and annual returns for Credit Unions [deleted]
16 Annex 15	Notes on completing the quarterly and annual returns for Credit Unions [deleted]
16 Annex 16	[deleted]
16 Annex 16A	Firm details (See SUP 16.10.4R)
16 Annex 17	[deleted]
16 Annex 18	[deleted]
16 Annex 18A	Retail Mediation Activities Return ('RMAR')
16 Annex 18B	Notes for Completion of the Retail Mediation Activities Return ('RMAR')
16 Annex 19A	Mortgage Lenders & Administrators Return ('MLAR')
16 Annex 19AA	Mortgage Lenders & Administrators Return ('MLAR') - sub-forms for second charge regulated mortgage activity
16 Annex 19B	Notes for completion of the Mortgage Lenders & Administrators Return ('MLAR')
16 Annex 20	Products covered by the reporting requirement in SUP 16.11
16 Annex 21	Reporting Fields
16 Annex 22	[deleted]
16 Annex 23	[deleted]
16 Annex 24	Data items for SUP 16.12
16 Annex 25	Guidance notes for data items in SUP 16 Annex 24R
16 Annex 25A	Guidance notes for data items in SUP 16 Annex 24R
16 Annex 26	Guidance on designated liquidity groups in SUP 16.12
16 Annex 27	[deleted]
16 Annex 27A	[deleted]

16 Annex 27B	[deleted]
16 Annex 27C	Authorised Payment Institution Capital Adequacy Return
16 Annex 27D	Notes on completing FSA056 (Authorised Payment Institution Capital Adequacy Return – SUP 16 Annex 27CD)
16 Annex 27E	REP017 Payments Fraud Report
16 Annex 27F	Notes on completing REP017 Payments Fraud Report
16 Annex 27G	REP018 Operational and Security Risk reporting form
16 Annex 27H	Notes on completing REP018 Operational and Security Risk form
16 Annex 28	[deleted]
16 Annex 28A	[deleted]
16 Annex 28B	[deleted]
16 Annex 28C	Small Payment Institution Return
16 Annex 28D	Notes on completing FSA057 (Small Payment Institution Return)
16 Annex 29	Client Money and Asset Return (CMAR)
16 Annex 29A	Guidance notes for the data item in SUP 16 Annex 29R
16 Annex 30	Electronic money: returns
16 Annex 30A	[deleted]
16 Annex 30B	[deleted]
16 Annex 30C	[deleted]
16 Annex 30D	[deleted]
16 Annex 30E	[deleted]
16 Annex 30F	[deleted]
16 Annex 30G	Small electronic money institutions - total outstanding electronic money return
16 Annex 30H	Authorised electronic money institution questionnaire
16 Annex 30I	Notes on completing authorised electronic money institution questionnaire
16 Annex 30J	Small electronic money institution questionnaire
16 Annex 30K	Notes on completing small e-money institution questionnaire
16 Annex 31A	Prudent Valuation Return
16 Annex 31B	Guidance notes for data items in SUP 16 Annex 31AR
16 Annex 32	Bidding in emissions auctions return
16 Annex 33	[deleted]
16 Annex 33A	Remuneration Benchmarking Information Report [deleted]
16 Annex 33B	Guidance notes for data items in SUP 16 Annex 33AR [deleted]
16 Annex 34	[deleted]
16 Annex 34A	High Earners Report [deleted]
16 Annex 34B	Guidance notes for data items in SUP 16 Annex 34AR [deleted]
16 Annex 35A	Close Links Monthly Report
16 Annex 35B	Guidance notes for completion of the close links monthly report in SUP 16 Annex 35AR
16 Annex 36A	Close Links Annual Report
16 Annex 36B	Guidance notes for completion of close links annual report in SUP 16 Annex 36AR
16 Annex 37A	Controllers Report
16 Annex 37B	Guidance notes for completion of controllers report in SUP 16 Annex 37AR
16 Annex 38A	Data Items relating to Consumer Credit activities
16 Annex 38B	Notes for completion of Data Items relating to Consumer Credit activities
16 Annex 39A	Consumer buy-to-let return
16 Annex 39B	Guidance notes for completion of consumer buy-to-let return in SUP 16 Annex 39AD
16 Annex 40	Data items related to recovery and information for resolution plans [deleted]
16 Annex 41	Compliance Reporting Return
16 Annex 41A	Payment accounts report

16 Annex 41B	Notes for completion of payment accounts report in SUP Annex 41AD
16 Annex 42A	Annual Financial Crime Report
16 Annex 42B	Guidance notes for completion of the Annual Financial Crime Report
16 Annex 42C	Guidance Notes: Geographical breakdown for section 2 of SUP 16 Annex 42AR
16 Annex 43A	Forms REP015 and REP016
16 Annex 43B	Guidance notes for completion of the Retirement income flow data return ('REP015') and the Retirement income stock and withdrawals flow data return ('REP016')
16 Annex 44A	Employers' Liability Register compliance return
16 Annex 44B	Guidance notes for the completion of Employers' Liability Register compliance return in SUP 16 Annex 44AR
16 Annex 45A	Annual Claims Management Report form
16 Annex 45B	Guidance notes for completion of the Annual Claims Management Report form
16 Annex 46AD	REP020 Statistics on the availability and performance of a dedicated interface
16 Annex 46BG	Notes on completing REP020 Statistics on the availability and performance of a dedicated interface
16 Annex 47AR	Directory persons report
16 Annex 47BG	Guidance notes for Directory persons report in SUP 16 Annex 47AR
16 Annex 48R	Products covered by the reporting requirement in SUP 16.27.7R
16 Annex 48AR	Value measures report form (REP019)
16 Annex 48BG	Notes on completing the value measures report form (REP019)
16 Annex 49A	General insurance pricing information report forms (REP 021, REP021a, REP021b, REP021c, REP021d and REP021e)
16 Annex 49B	Notes on completing the general insurance pricing information report forms (REP 021, REP021a, REP021b, REP021c, REP021d and REP021e)
16 Annex 50A	Funeral Plan
16 Annex 50B	Funeral Plan
16 Annex 51	MIF008 remuneration report
16 Annex 52	Guidance notes for the MIF008
16 Annex 53R	Data items for FIN073 (the Baseline Financial Resilience Report)
16 Annex 54G	Guidance notes on the data items for FIN073 (the Baseline Financial Resilience Report)
16 Annex 55	Categories of investment for notifications and reports relating to approvals of financial promotions

## SUP 17 Transaction reporting [deleted]

## SUP 17A Transaction reporting and supply of reference data

17A.1	Application
17A.2	Connectivity with FCA systems

## SUP 18 Transfers of business

18.1	Application
18.2	Insurance business transfers
18.3	Insurance business transfers outside the United Kingdom
18.4	Friendly Society transfers and amalgamations

18 Annex 1 Friendly Society transfer or amalgamation (Information requirements related to Schedule 15 Friendly Societies Act 1992) (This belongs to SUP 18.4.22G)

## SUP 20 Fees Rules

20 Annex 1 The provisions relating to periodic fees rules are set out in FEES 4 (Periodic fees)

20 Annex 2 The provisions relating to periodic fees rules are set out in FEES 4 (Periodic fees)

20 Annex 3 The provisions relating to periodic fees rules are set out in FEES 4 (Periodic fees)

20 Annex 4 These provisions have been moved to FEES 3 Annex 6R

## SUP 21 Waiver

21.1 Form of waiver for energy market participants

21 Annex 1

## SUP App 2 Insurers: Regulatory intervention points and run-off plans

App 2.1 Application

App 2.2 Interpretation

App 2.3 Purpose

App 2.7 Capital resources below the level of individual capital guidance

App 2.8 Ceasing to effect contracts of insurance

App 2.9 Under control of a new parent undertaking

App 2.10 Grant or variation of permission

App 2.11 Submission of a scheme of operations or a plan for restoration

App 2.14A Fairness issues for with-profit firms in difficulty or in an irregular situation

App 2.15 Run-off plans for closed with-profits funds

## SUP App 3 Guidance on passporting issues [deleted]

### Transitional provisions and Schedules

TP 1 Transitional provisions

TP 3 Transitional provisions relating to SUP 10A and SUP 10B: Transition from the FSA to the FCA and PRA

TP 5 Transitional provisions for SUP 10A

TP 6 Financial Services (Banking Reform) Act 2013: Approved persons

TP 7 Financial Services (Banking Reform) Act 2013: Approved persons in Solvency II firms

TP 8 Financial Services (Banking Reform) Act 2013: Approved persons in small non-directive insurers

TP 9 Transitional Provisions in relation to the MiFID Regulation

TP 10 Benchmarks Regulation Transitional Provisions

TP 11	Bank of England and Financial Services Act 2016: Approved persons in insurers
TP 11A	Bank of England and Financial Services Act 2016: Approved persons in soloregulated firms
TP 12	Transitional provisions relating to tied agents
TP 13	Transitional provisions relating to appointed representatives
TP 14	Transitional provisions relating to financial promotion notifications and reports
Sch 1	Record keeping requirements
Sch 4	Powers exercised
Sch 5	Rights of actions for damages
Sch 5A	Rights of actions for damages
Sch 6	Rules that can be waived



## Chapter 2

# Information gathering by the FCA or PRA on its own initiative



2.1 Application and purpose

Application

- 2.1.1RThe application of this chapter is the same as the application of *Principle 11* (Relations with regulators).
- 2.1.2G■ PRIN 3 (Rules about application) specifies to whom, to what and where *Principle 11* applies.
- 2.1.2AGCBTL firms are subject to a duty to deal with the FCA in an open and co-operative manner under article 18(1)(d) of the MCD Order. ■ SUP 2.3 applies to CBTL firms in relation to complying with that duty as though:

(1) a reference to *firm* included a reference to a CBTL firm;

(2) a reference to the *regulatory system* were a reference to the provisions of the MCD Order, rules, directions and guidance applicable to CBTL firms;

(3) a reference to *Principle 11* were a reference to the duty imposed by article 18(1)(d) of the MCD Order;

(4) a reference to the *appropriate regulator's* functions under the Act were a reference to the FCA's functions under Part 3 of the MCD Order;

(5) a reference to ■ SUP 12.5.3G were a reference to ■ SUP 12.5.13G;

(6) a reference to *material outsourcing* were a reference to *outsourcing* services of such importance that weakness, or failure, of the services would cast serious doubt upon the CBTL firm's continuing satisfaction of any condition for registration in article 8(2) or 8(3) of the MCD Order; and

(7) the *rules* were guidance in the same terms but with the word "must" replaced with the word "should".

Purpose

- 2.1.3GAchieving the *regulatory objectives* involves the FCA informing itself of developments in *firms* and in markets. The Act requires the FCA to maintain arrangements for supervising *authorised persons* (section 1L(1)). The Act also requires the FCA to take certain steps to cooperate with other relevant

bodies and regulators (section 354A). For these purposes, the *FCA* needs to have access to a broad range of information about a *firm's* business.

**2.1.4** **G** The *FCA* receives the information in **■ SUP 2.1.3 G** through a variety of means, including notifications by *firms* (see **■ SUP 15**) and regular reporting by *firms* (see **■ SUP 16**). This chapter is concerned with the methods of information gathering that the *FCA* may use on its own initiative in the discharge of its functions under the *Act*. This chapter does not deal with the information gathering powers that the *FCA* has under the *Unfair Terms Regulations* and the *CRA*. These are dealt with in *UNFCOG*.

**2.1.5** **G** Part XI of the *Act* (Information Gathering and Investigations) gives the *FCA* statutory powers, including:

- (1) to require the provision of information (see sections 165 and **■ EG 3**);
- (2) to require reports from *skilled persons* (see section 166 and **■ SUP 5**);
- (3) to appoint investigators (see sections 167, 168 and 169 of the *Act* and **■ EG 3**); and
- (4) to apply for a warrant to enter premises (see section 176 of the *Act* and **■ EG 4**).

**2.1.6** **G** The *FCA* prefers to discharge its functions by working in an open and cooperative relationship with *firms*. The *FCA* will look to obtain information in the context of that relationship unless it appears that obtaining information in that way will not achieve the necessary results, in which case it will use its statutory powers. The *FCA* has exercised its *rule-making* powers to make *Principle 11* which requires that a *firm* must deal with its regulators in an open and cooperative way, and must disclose to the *FCA* appropriately anything relating to the *firm* of which the *FCA* would reasonably expect notice.

**2.1.7** **G** The *FCA* operates in the context of the *Act* and the general law. The purpose of **■ SUP 2.2** is to explain how certain provisions of the *Act* and the general law are relevant to the *FCA's* methods of information gathering described in **■ SUP 2.3** and **■ SUP 2.4**.

**2.1.8** **G** The purpose of **■ SUP 2.3** is to amplify *Principle 11* in the context of information gathering by the *FCA* on its own initiative in the discharge of its functions under the *Act*. **■ SUP 2.3** therefore sets out, in *guidance on Principle 11* and in *rules*, how the *FCA* expects *firms* to deal with the *FCA* in that context, including the steps that a *firm* should take with a view to ensuring that certain connected persons should also cooperate with the *FCA*.

**2.1.9** **G** The purpose of **■ SUP 2.4** is to explain a particular method of information gathering used by the *FCA*, known as "mystery shopping". Information about how a *firm* sells products and services can be very difficult to obtain, and the purpose of this method is to obtain such information from individuals who approach a *firm* in the role of potential retail *consumers* on

2.1.10

G

the *FCA*'s initiative. The *FCA* may seek information about particular issues or the activities of individual *firms* by means of mystery shopping.

The purpose of applying the provisions set out in ■ SUP 2.1.2AG to *CBTL firms* is to amplify the duty of *CBTL firms* to deal with the *FCA* in an open and co-operative manner under article 18(1)(d) of the *MCD Order*.



2.2

Information gathering by the appropriate regulator on its own initiative: background

Link to the statutory information gathering and investigation powers

- 2.2.1
- G
- Breaching *Principle 11*, or the *rules* in this chapter, makes a *firm* liable to regulatory sanctions, including discipline under Part XIV of the *Act* (Disciplinary Measures), and may be relevant to the use of the *appropriate regulator's* other powers, including the statutory information gathering and investigation powers (see further ■ PRIN 1.1.7 G to ■ PRIN 1.1.9 G). But, unlike a breach of a requirement imposed under the statutory powers listed in ■ SUP 2.1.5 G, a breach of *Principle 11* or a *rule*:
- (1) is not a criminal offence; and

(2) cannot lead to a *person* being treated as if in contempt of court (see section 177 of the *Act* (Offences)).

- 2.2.2
- G
- Neither *Principle 11* nor ■ SUP 2.3.5 R (1) (Access to premises) enable the *appropriate regulator* to force access to premises.

Banking confidentiality and legal privilege

- 2.2.3
- G
- The *FCA* would not normally seek to gather information using the methods described in ■ SUP 2.3 or ■ SUP 2.4 in a situation where the *FCA* could not have obtained it under the powers in Part XI of the *Act* (Information Gathering and Investigations). In particular, the limitations in the following sections of the *Act* are relevant to this chapter:
- (1) section 175(5) (Information and documents: supplementary powers) under which no *person* may be required under Part XI of the *Act* (Information Gathering and Investigations) to disclose information or produce a document subject to banking confidentiality (with exceptions); the *FCA* would not normally seek such information using the methods described in ■ SUP 2.3 or ■ SUP 2.4; and

(2) section 413 (Protected items), under which no *person* may be required under the *Act* to produce, disclose or permit the inspection of *protected items*; a *firm* would not breach *Principle 11* or the *rules* in this chapter by not producing such items.

2.2.4

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Confidentiality of information

When the *FCA* obtains confidential information using the methods of information gathering described in ■ SUP 2.3 or ■ SUP 2.4, it is obliged under Part XXIII of the *Act* (Public Record, Disclosure of Information and Co-operation) to treat that information as confidential. The *FCA* will not disclose confidential information without lawful authority, for example if an exception applies under the Financial Services and Markets Act 2000 (Disclosure of Confidential Information) Regulations 2001 (SI 2001/2188) or with the consent of the *person* from whom that information was received and (if different) to whom the information relates.

2.2.5

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Admissibility of information in proceedings

Information obtained by the *FCA* using the methods described in ■ SUP 2.3 and ■ SUP 2.4 is admissible in evidence in any proceedings, so long as it complies with any requirements governing the admissibility of evidence in the circumstances in question.

		<div>2.3</div> <div>Information gathering by the FCA on its own initiative: cooperation by firms</div>	2
		<div>Introduction: Methods of information gathering requiring cooperation</div>	
2.3.1	G	<div>The FCA uses various methods of information gathering on its own initiative which require the cooperation of <i>firms</i>:</div> <div><div>(1) Visits may be made by representatives or appointees of the FCA. These visits may be made on a regular basis, on a sample basis, for special purposes such as theme visits (looking at a particular issue across a range of <i>firms</i>), or when the FCA has a particular reason for visiting a <i>firm</i>. Appointees of the FCA may include persons who are not FCA staff, but who have been appointed to undertake particular monitoring activities for the FCA (paragraph 6(2) of Schedule 1 to the Act). The FCA needs to have access to a <i>firm's documents</i>, personnel and business premises to carry out a visit.</div><div>(2) The FCA may seek meetings at the FCA's <i>appropriate regulator's</i> offices or elsewhere.</div><div>(3) The FCA may seek information or request <i>documents</i> by telephone, at meetings or in writing, including by electronic communication.</div></div>	
2.3.2	G	<div>The FCA expects to request meetings or access to business premises during reasonable business hours. The FCA also normally expects to be able to give reasonable notice to a <i>firm</i> or connected person when it seeks information, <i>documents</i>, meetings or access to business premises. On rare occasions, however, the FCA may seek access to premises without notice. The prospect of unannounced visits is intended to encourage <i>firms</i> to comply with the requirements and standards under the <i>regulatory system</i> at all times.</div>	
2.3.3	G	<div>Access to a firm's documents and personnel</div> <div>In complying with <i>Principle 11</i>, the FCA considers that a <i>firm</i> should, in relation to the discharge by the FCA of its functions under the Act:</div> <div><div>(1) make itself readily available for meetings with representatives or appointees of the FCA as reasonably requested;</div><div>(2) give representatives or appointees of the FCA reasonable access to any records, files, tapes or computer systems, which are within the</div></div>	

*firm's* possession or control, and provide any facilities which the representatives or appointees may reasonably request;

- (3) produce to representatives or appointees of the *FCA* specified *documents*, files, tapes, computer data or other material in the *firm's* possession or control as reasonably requested;
- (4) print information in the *firm's* possession or control which is held on computer or on microfilm or otherwise convert it into a readily legible *document* or any other record which the *FCA* may reasonably request;
- (5) permit representatives or appointees of the *FCA* to copy *documents* or other material on the premises of the *firm* at the *firm's* reasonable expense and to remove copies and hold them elsewhere, or provide any copies, as reasonably requested; and
- (6) answer truthfully, fully and promptly all questions which are reasonably put to it by representatives or appointees of the *FCA*.

2.3.4 G In complying with *Principle 11*, the *FCA* considers that a *firm* should take reasonable steps to ensure that the following *persons* act in the manner set out in ■ SUP 2.3.3 G:

- (1) its *employees*, agents and *appointed representatives*; and
- (2) any other members of its *group*, and their *employees* and agents.

(See also, in respect of *appointed representatives*, ■ SUP 12.5.3 G (2)).

**Access to premises**

- 2.3.5 R
- (1) A *firm* must permit representatives of the *FCA* or *persons* appointed for the purpose by the *FCA* to have access, with or without notice, during reasonable business hours to any of its business premises in relation to the discharge of the *FCA's* functions under the *Act* or its obligations under the *short selling regulation*.
  - (2) A *firm* must take reasonable steps to ensure that its agents, suppliers under *material outsourcing* arrangements and *appointed representatives* permit such access to their business premises. (See also, in respect of *appointed representatives*, ■ SUP 12.5.3 G (2)).

2.3.6 G The *FCA* normally expects to give reasonable notice of a visit (See ■ SUP 2.3.2 G).

**Suppliers under material outsourcing arrangements**

- 2.3.7 R
- (1) A *firm* must take reasonable steps to ensure that each of its suppliers under *material outsourcing* arrangements deals in an open and cooperative way with the *FCA* in the discharge of its functions under the *Act* in relation to the *firm*.
  - (2) The requirement in (1) does not apply to a *regulated benchmark administrator* where the *material outsourcing* arrangements relate to the carrying on of the *regulated activity* of *administering a benchmark*.



- 2.3.8** **G** The cooperation that a *firm* is expected to procure from such suppliers is similar to that expected of the *firm*, in the light of the *guidance* in ■ SUP 2.3.3 G to ■ SUP 2.3.4 G, but does not extend to matters outside the scope of the FCA's functions in relation to the *firm*. ■ SUP 2.3.5 R (2) also requires a *firm* to take reasonable steps regarding access to the premises of such suppliers.
- 2.3.9** **G** When a *firm* appoints or renews the appointment of a supplier under a *material outsourcing* arrangement, it should satisfy itself that the terms of its contract with the supplier require the supplier to give the FCA access to its premises as described in ■ SUP 2.3.5 R (2), and to cooperate with the FCA as described in ■ SUP 2.3.7 R. The FCA does not consider that the 'reasonable steps' in ■ SUP 2.3.7 R would require a *firm* to seek to change a contract, already in place either when that *rule*: (1) was made by the FCA on 21 June 2001; or (2) was designated by the FCA, until renewal of the contract.
- 2.3.10** **G** The FCA will normally seek information from the *firm* in the first instance, but reserves the right to seek it from a supplier under a *material outsourcing* arrangement if the FCA considers it appropriate.
- 2.3.10A** **G**
- (1) ■ SUP 2.3.7R(2) provides that the requirement in ■ SUP 2.3.7R(1) does not apply to a *regulated benchmark administrator* where the *material outsourcing* arrangements relate to the carrying on of the *regulated activity of administering a benchmark*.
  - (2) That is because article 10(3)(f) of the *benchmarks regulation* imposes equivalent requirements on *firms* which outsource functions in relation to *administering a benchmark*.
- Information requested on behalf of other regulators**
- 2.3.11** **G** The FCA may ask a *firm* to provide it with information at the request of or on behalf of other regulators to enable them to discharge their functions properly. Those regulators may include *overseas regulators* or the *Takeover Panel*. The FCA may also, without notifying a *firm*, pass on to those regulators information which it already has in its possession. The FCA's disclosure of information to other regulators is subject to the obligation described in ■ SUP 2.2.4 G (Confidentiality of information).
- 2.3.12A** **G** In complying with *Principle 11*, the FCA considers that a *firm* should cooperate with it in providing information for other regulators. Sections 169 (Investigations etc. in support of overseas regulator) of the *Act* gives the FCA certain statutory powers to obtain information and appoint investigators for *overseas regulators* if required (see ■ DEPP 7 and ■ EG 3).



2.4 'Mystery shopping'

- 2.4.1

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Representatives or appointees of the *FCA* (which may include individuals engaged by a market research firm) may approach a *firm*, its agents or its *appointed representatives* in the role of potential retail *consumers*. This is known as 'mystery shopping'.
- 2.4.2

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The *FCA* uses mystery shopping to help it protect *consumers*. This may be by seeking information about a particular practice across a range of *firms* (■ SUP 2.4.3 G (1)) or the practices of a particular *firm* (■ SUP 2.4.3 G (2)). One of the risks *consumers* face is that they may be sold products or services which are inappropriate to them. A problem in protecting *consumers* from this risk is that it is very difficult to establish after the event what a *firm* has said to a 'genuine' *consumer* in discussions. By recording what a *firm* says in discussions with a 'mystery shopper', the *FCA* can establish a *firm's* normal practices in a way which would not be possible by other means.
- 2.4.3

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The *FCA* may carry out mystery shopping:

(1) together with a programme of visits to obtain information about a particular practice, looking at a particular issue across a range of *firms*, when the *FCA* may advise the *firms* of the issues beforehand; the practice being scrutinised may be that of *firms* or a class of *firms* in carrying on *regulated activities* or *ancillary activities* or in *communicating* or *approving financial promotions*;

(2) together with focused visits (concentrating on particular aspects of a *firm's* business) to obtain information about the practices of a *firm*; these practices may be in carrying on *regulated activities* or *ancillary activities* or in *communicating* or *approving financial promotions* when the *FCA* has particular concerns about those practices;

(3) using recording devices, telephonic or other communications; the *FCA* may monitor and store the contents of the materials obtained by these devices or communications.
- 2.4.4

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Telephone calls and meetings held during mystery shopping will be recorded. The *FCA* expects that any mystery shopping it arranges will be conducted in accordance with the Market Research Society Code of Practice.
- 2.4.5

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The *FCA* may use the information it obtains from mystery shopping in support of both its supervisory functions and its enforcement functions. This

includes sharing any information so obtained with *firms* and *approved persons*.



# Chapter 3

## Auditors



3.1 Application

3.1.1 R

- (1) Except as provided for in (2), this chapter applies to:  
every *firm* within a category listed in column (1) of the table in ■ SUP 3.1.2 R; and  
the external auditor of such a *firm* (if appointed under ■ SUP 3.3 or appointed under or as a result of a statutory provision other than in the Act);
- (2) This chapter does not apply in relation to a *firm’s benchmark activities*.

3.1.1A G

For the avoidance of doubt, this chapter does not apply to the following *firms* if they do not hold *client money* or client assets and do not appoint an auditor under or as a result of a statutory provision other than in the Act:

- (1) *authorised professional firms*;
- (2) *energy market participants*, including *oil market participants* to whom ■ IPRU(INV) 3 does not apply;
- (3) *exempt insurance intermediaries*;
- (4) *insurance intermediaries* not subject to ■ SUP 3.1.2 R(10);
- (5) *investment management firms*;
- (6) *home finance administrators*;
- (7) *home finance intermediaries*;
- (8) *home finance providers*;
- (9) *personal investment firms*, including *small personal investment firms*;
- (10) *securities and futures firms*; and
- (11) *service companies*.

3.1.2 R

Applicable sections (see ■ SUP 3.1.1 R)

This table and the provisions in SUP 3 should be read in conjunction with GEN 2.2.23 R to GEN 2.2.25 G. In particular, the *PRA* does not apply any of the

provisions in SUP 3 in respect of *FCA-authorised persons*. SUP 3.10 and SUP 3.11 are applied by the FCA only.

(1) Category of firm		(2) Sections applicable to the firm	(3) Sections applicable to its auditor
(1)	<i>Authorised professional firm</i> which is required by IPRU(INV) 2.1.2R to comply with chapters 3, 5 or 13 of IPRU(INV) and which has an auditor appointed under or as a result of a statutory provision other than in the Act (Notes 1 and 6)	SUP 3.1 - SUP 3.7, SUP 3.11	SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10
(2)	<i>Authorised professional firm</i> not within (1) to which the <i>custody chapter</i> or <i>client money chapter</i> applies	SUP 3.1 - SUP 3.7, SUP 3.11	SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10
(3)	<i>Authorised professional firm</i> not within (1) or (2) which has an auditor appointed under or as a result of a statutory provision other than in the Act	SUP 3.1, SUP 3.2, SUP 3.7	SUP 3.1, SUP 3.2, SUP 3.8
(4)	<i>Bank, building society or dormant asset fund operator</i> which in each case carries on <i>designated investment business</i> (Notes 2A and 6)	SUP 3.1-SUP 3.7, SUP 3.11	SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10
(5)	<i>Bank, building society or a dormant asset fund operator</i> which in each case does not carry on <i>designated investment business</i> (Note 2A)	SUP 3.1 - SUP 3.7	SUP 3.1, SUP 3.2, SUP 3.8
(5A)	<i>Credit union</i>	SUP 3.1 - SUP 3.7	SUP 3.1, SUP 3.2, SUP 3.8
(5B)	<i>CASS debt management firm</i> unless subject to a <i>requirement</i> imposed under section 55L of the Act stating that it must not hold <i>client money</i> or such a <i>requirement</i> to the same effect	SUP 3.1 SUP 3.10 SUP 3.11	SUP 3.1 SUP 3.10
(5C)	<i>CASS 7 loan-based crowdfunding firm</i>	SUP 3.1-3.7, SUP 3.11	SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10
(5D)	<i>A CASS 13 claims management firm</i>	SUP 3.1-3.7, 3.11	SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10



(1) Category of firm		(2) Sections applicable to the firm	(3) Sections applicable to its auditor
(6)	<i>Insurer, the Society of Lloyd's, underwriting agent or members' adviser, UK ISPV (Note 5)</i>	SUP 3.1 - SUP 3.7	SUP 3.1, SUP 3.2, SUP 3.8
(7)	<i>Investment management firm, personal investment firm (other than a small personal investment firm), securities and futures firm or collective portfolio management firm that is an external AIFM which, in each case, has an auditor appointed under or as a result of a statutory provision other than in the Act (Notes 3 and 6)</i>	SUP 3.1 - SUP 3.7, SUP 3.11	SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10
(7A)	<i>Investment management firm, personal investment firm (other than a small personal investment firm), securities and futures firm or collective portfolio management firm that is an external AIFM not within (7) to which the custody chapter or client money chapter applies</i>	SUP 3.1 - SUP 3.7, SUP 3.11	SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10
(7B)	<i>Collective portfolio management firm that is a UCITS firm or an internally managed AIF (Note 6)</i>	SUP 3.1 - SUP 3.7, SUP 3.11	SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10

(1) Category of firm		(2) Sections applicable to the firm	(3) Sections applicable to its auditor
(7C)	<i>MiFID investment firm</i> , which has an auditor appointed under or as a result of a statutory provision other than in the Act (Notes 3B and 6)	SUP 3.1 - 3.7, SUP 3.11	SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10
(7D)	<i>Sole trader or partnership</i> that is a <i>MiFID investment firm</i> (Notes 3C and 6)	SUP 3.1 - SUP 3.7, SUP 3.11	SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10
(8)	<i>Small personal investment firm</i> or <i>service company</i> which, in either case, has an auditor appointed under or as a result of a statutory provision other than in the Act	SUP 3.1, SUP 3.2, SUP 3.7	SUP 3.1, SUP 3.2, SUP 3.8
(9)	<i>Home finance provider</i> which has an auditor appointed under or as a result of a statutory provision other than in the Act	SUP 3.1 - SUP 3.7	SUP 3.1, SUP 3.2, SUP 3.8
(10)	<i>Insurance intermediary</i> (other than an <i>exempt insurance intermediary</i> ) to which the <i>insurance client money chapter</i> (except for <a href="#">CASS 5.2</a> (Holding money as agent)) applies (see Note 4)	SUP 3.1 - SUP 3.7, SUP 3.11	SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10
(11)	<i>Exempt insurance intermediary</i> and <i>insurance intermediary</i> not subject to SUP 3.1.2 R(10) which has an auditor appointed under or as a result of a statutory provision other than in the Act	SUP 3.1, SUP 3.2, SUP 3.7	SUP 3.1, SUP 3.2, SUP 3.8
(12)	<i>Home finance intermediary</i> or <i>home finance administrator</i> which has an auditor appointed under or as a result of a statutory provision other than in the Act.	SUP 3.1, SUP 3.2, SUP 3.7	SUP 3.1, SUP 3.2, SUP 3.8
Note 1 = This chapter applies to an <i>authorised professional firm</i> in row (1) (and its auditor) as if the <i>firm</i> were of the relevant type in the right-hand column of <i>IPRU(INV)</i> 2.1.4R.			

(1) Category of firm	(2) Sections applicable to the firm	(3) Sections applicable to its auditor
Note 2 [deleted]		
<p>Note 2A = For this purpose, <i>designated investment business</i> does not include either or both:</p> <p>(a) <i>dealing</i> which falls within the exclusion in article 15 of the <i>Regulated Activities Order</i> (Absence of holding out etc) (or agreeing to do so); and</p> <p>(b) <i>dealing in investments as principal</i> (or agreeing to do so):</p> <p>(i) by a <i>firm</i> whose <i>permission to deal in investments as principal</i> is subject to a <i>limitation</i> to the effect that the <i>firm</i>, in carrying on this <i>regulated activity</i>, is limited to entering into transactions in a manner which, if the <i>firm</i> was an <i>unauthorised person</i>, would come within article 16 of the <i>Regulated Activities Order</i> (Dealing in contractually based investments); and</p> <p>(ii) in a manner which comes within that <i>limitation</i>;</p> <p>having regard to article 4(4) of the <i>Regulated Activities Order</i> (Specified activities: general).</p>		
<p>Note 3 = This note applies in relation to an <i>oil market participant</i> to which <i>IPRU(INV) 3</i> does not apply and in relation to an <i>energy market participant</i> to which <i>IPRU(INV) 3</i> does not apply. In SUP 3:</p> <p>(a) only SUP 3.1, SUP 3.2 and SUP 3.7 are applicable to such a <i>firm</i>; and</p> <p>(b) only SUP 3.1, SUP 3.2 and SUP 3.8 are applicable to its auditor;</p> <p>and, in each case, only if it has an auditor appointed under or as a result of a statutory provision other than in the <i>Act</i>.</p>		
Note 3A [deleted]		
<p>Note 3B = <i>MiFID investment firms</i> include <i>firms</i> that are eligible to be <i>MiFID optional exemption firms</i> but have chosen not to exercise the article 3 exemption. However, such <i>firms</i> may still benefit from the audit exemption for small companies in the Companies Act legislation.</p>		
<p>Note 3C = A <i>sole trader</i> or a <i>partnership</i> that is a <i>MiFID investment firm</i> to which the <i>custody chapter</i> or <i>client money chapter</i> applies must have its annual accounts audited.</p>		
<p>Note 4 = The <i>client money</i> audit requirement in SUP 3.1.2 R(10) therefore applies to all <i>insurance intermediaries</i> except:</p> <ul style="list-style-type: none"> <li>• those which do not hold <i>client money</i> or other client assets in relation to <i>insurance distribution activities</i>; or</li> <li>• those which only hold up to, but not exceeding, £30,000 of <i>client money</i> under a statutory trust arising under CASS 5.3.</li> </ul> <p><i>Insurance intermediaries</i> which, in relation to <i>insurance distribution activities</i>, hold no more than that amount of <i>client money</i> only on a statutory trust are <i>exempt insurance intermediaries</i>.</p>		
<p>Note (5) = In row (6):</p> <p>(a) SUP 3.1 - SUP 3.7 applies to a <i>managing agent</i> in respect of its own business and in respect of the <i>insurance business</i> of each <i>syndicate</i> which it manages; and</p>		

(1) Category of firm	(2) Sections applicable to the firm	(3) Sections applicable to its auditor
(b)	SUP 3.1, SUP 3.2 and SUP 3.8 apply to the auditors of a <i>managing agent</i> and the auditors of the <i>insurance business</i> of each <i>syndicate</i> which the <i>managing agent</i> manages.	
Note 6 = Where SUP 3.11 applies to a <i>firm</i> , and SUP 3.10 applies to the auditor of that <i>firm</i> , those sections apply whether or not that <i>firm's permission</i> prevents it from holding <i>client money</i> or <i>custody assets</i> and whether or not it holds <i>client money</i> or <i>custody assets</i> . A <i>collective portfolio management firm</i> that is an <i>internally managed AIF</i> is required to appoint an auditor under FUND 3.3.6R (2) (Annual report of an AIF) because the <i>AIFM</i> is also an <i>AIF</i> .		

3.1.2A G If a *firm* falls within more than one row in column (1) of the table in ■ SUP 3.1.2 R, ■ SUP 3.1.1 R requires the *firm* and its external auditor to comply with all the sections referred to in column (2) or (3).

3.1.3 R [deleted]

3.1.4 G [deleted]

3.1.5 R [deleted]

3.1.6 G [deleted]

**Auditors of lead regulated firms**.....

3.1.7 G The application of ■ SUP 3.10 to the auditor of a *lead regulated firm* is qualified in ■ SUP 3.10.3 R.

3.1.8 G [deleted]

**Material elsewhere in the Handbook**.....

3.1.9 G A *firm* which is mentioned in ■ SUP 3.1.10 G should see the Prudential Standards part of the *Handbook* for further provisions on auditors as set out in ■ SUP 3.1.10 G.

3.1.10 G Other relevant sections of the Handbook (see ■ SUP 3.1.9 G)

<i>Friendly society</i>	IPRU(FSOC)
<i>Insurer (other than a Solvency II firm or a friendly society)</i>	IPRU(INS)
<i>Investment management firm, personal investment firm, securities and futures firm and collective portfolio management firm (other than MIFIDPRU investment firms)</i>	IPRU(INV)

<i>Society of Lloyd's and Lloyd's managing agents</i>	<i>IPRU(INS)</i>
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3.2 Purpose

Purpose: general

3.2.1 G This chapter sets out *rules* and *guidance* on the role auditors play in the *appropriate regulator's* monitoring of *firms'* compliance with the requirements and standards under the *regulatory system*. In determining whether a *firm* satisfies the *threshold conditions*, the *appropriate regulator* has regard to whether the *firm* has appointed auditors with sufficient experience in the areas of business to be conducted by the *firm*. Auditors act as a source of information for the *appropriate regulator* in its supervision. They report, where required, on the financial resources of the *firm*, the accuracy of its reports to the *appropriate regulator* and its compliance with particular *rules*, such as the *Client asset rules*.

3.2.2 G The *Act*, together with other legislation such as the Companies Acts 1985, 1989 and 2006, the Building Societies Act 1986 and the Friendly Societies Act 1992, provides the statutory framework for *firms'* and auditors' obligations.

3.2.3 G [deleted]

3.2.4 G [deleted]

Insurance intermediaries and their auditors

3.2.5 G It is the responsibility of an *insurance intermediary's* senior management to determine, on a continuing basis, whether the *insurance intermediary* is an *exempt insurance intermediary* and to appoint an auditor if management determines the *firm* is no longer exempt. ■ SUP 3.7 (amplified by ■ SUP 15) sets out what a *firm* should consider when deciding whether it should notify the *FCA* of matters raised by its auditor.

Rights and duties of auditors

3.2.6 G The rights and duties of auditors are set out in ■ SUP 3.8 (Rights and duties of all auditors) and ■ SUP 3.10 (Duties of auditors: notification and report on client assets). ■ SUP 3.8.10 G includes the auditor's statutory duty to report certain matters to the *FCA* imposed by regulations made by the Treasury under sections 342(5) and 343(5) of the *Act* (information given by auditor or actuary to a *regulator*). An auditor should bear these rights and duties in mind when carrying out *client asset* report work, including whether anything should be notified to the *FCA* immediately.



3.3 Appointment of auditors

Purpose

3.3.1 G This section requires a *firm* to appoint an auditor and supply the appropriate regulator with information about its auditor. The *appropriate regulator* requires such information to ensure that the *firm* has an auditor.

Appointment by firms

3.3.2 R A *firm* to which this section applies (see ■ SUP 3.1) must:

- (1) appoint an auditor;
- (2) notify the *appropriate regulator*, without delay, on the form in ■ SUP 15 Ann 3 (Notification to amend firm details form), in accordance with the instructions on the form, when it is aware that a vacancy in the office of auditor will arise or has arisen, giving the reason for the vacancy;
- (3) appoint an auditor to fill any vacancy in the office of auditor which has arisen;
- (4) ensure that the replacement auditor can take up office at the time the vacancy arises or as soon as reasonably practicable after that; and
- (5) notify the *appropriate regulator* of the appointment of an auditor, on the form in ■ SUP 15 Ann 3 (Notification to amend firm details form), in accordance with the instructions on the form, advising the *appropriate regulator* of the name and business address of the auditor appointed and the date from which the appointment has effect.

3.3.3A G ■ SUP 3.3.2 R applies to every *firm* to which this section applies. That includes a *firm* which is under an obligation to appoint an auditor under an enactment other than the *Act*, such as the Companies Act 1985 or the Companies Act 2006, as appropriate. Such a *firm* is expected to wish to have a single auditor who is appointed to fulfil both obligations. ■ SUP 3.3.2 R is made under section 137A of the *Act* (The *FCA's* general rules), in relation to such *firms*, and under section 340(1) (Appointment) in relation to other *firms*.

3.3.4 D [deleted]



3.3.5 **R** [deleted]

3.3.6 **G** [deleted]

**Appointment by the appropriate regulator**

- 3.3.7 **R**
- (1) Paragraph (2) applies to a *firm* which is not under an obligation to appoint an auditor imposed by an enactment other than the *Act*.
  - (2) If a *firm* fails to appoint an auditor within 28 days of a vacancy arising, the *appropriate regulator* may appoint an auditor for it on the following terms:
    - (a) the auditor to be remunerated by the *firm* on the basis agreed between the auditor and *firm* or, in the absence of agreement, on a reasonable basis; and
    - (b) the auditor to hold office until he resigns or the *firm* appoints another auditor.

3.3.9 **G** ■ SUP 3.3.7 R allows but does not require the appropriate regulator to appoint an auditor if the *firm* has failed to do so within the 28 day period. When it considers whether to use this power, the *appropriate regulator* will take into account the likely delay until the *firm* can make an appointment and the urgency of any pending duties of the appointed auditor.

3.3.10 **R** A *firm* must comply with and is bound by the terms on which an auditor has been appointed by the *appropriate regulator*, whether under ■ SUP 3.3.7 R, the Building Societies Act 1986 or the Friendly Societies Act 1992.



3.4 Auditors' qualifications

Purpose

3.4.1 **G** The *appropriate regulator* is concerned to ensure that the auditor of a *firm* has the necessary skill and experience to audit the business of the *firm* to which he has been appointed. This section sets out the *appropriate regulator's rules* and *guidance* aimed at achieving this.

Qualifications

3.4.2 **R** Before a *firm*, to which **■ SUP 3.3.2 R** applies, appoints an auditor, it must take reasonable steps to ensure that the auditor has the required skill, resources and experience to perform his functions under the *regulatory system* and that the auditor:

- (1) is eligible for appointment as an auditor under Part II of the Companies Act 1989 or Part III of the Companies (Northern Ireland) Order 1990 (Eligibility for appointment) where applicable, otherwise Chapters 1, 2 and 6 of Part 42 of the Companies Act 2006 ; or
- (2) if appointed under an obligation in another enactment, is eligible for appointment as an auditor under that enactment; or
- (3) in the case of an *overseas firm*, is eligible for appointment as an auditor under any applicable equivalent laws of that country or territory.

3.4.4 **G** An auditor which a *firm* proposes to appoint should have skills, resources and experience commensurate with the nature, scale and complexity of the *firm's* business and the requirements and standards under the *regulatory system* to which it is subject. A *firm* should have regard to whether its proposed auditor has expertise in the relevant requirements and standards (which may involve access to *UK* expertise) and possesses or has access to appropriate specialist skill, for example actuarial expertise in carrying out audits of insurance companies or *friendly societies* where appropriate. The *firm* should seek confirmation of this from the auditor concerned as appropriate.

Disqualified auditors

3.4.5 **R** A *firm* must not appoint as auditor a *person* who is disqualified under Part XXII of the *Act* (Auditors and Actuaries) from acting as an auditor either for that *firm* or for a relevant class of *firm*.

**3.4.6** G If it appears to the *appropriate regulator* that an auditor of a *firm* has failed to comply with a duty imposed on him under the *Act*, it may have the power to and may disqualify him under section 345 or 345A, respectively, of the *Act*. A list of *persons* who are disqualified may be found on the *FCA's* website ( [www.fca.org.uk](http://www.fca.org.uk)).

**Requests for information on qualifications by the appropriate regulator**  
.....

**3.4.7** R A *firm* must take reasonable steps to ensure that an auditor, which it is planning to appoint or has appointed, provides information to the *appropriate regulator* about the auditor's qualifications, skills, experience and independence in accordance with the reasonable requests of the *appropriate regulator*.

**3.4.8** G To enable it to assess the ability of an auditor to audit a *firm*, the *appropriate regulator* may seek information about the auditor's relevant experience and skill. The *appropriate regulator* will normally seek information by letter from an auditor who has not previously audited any *firm*. The *firm* should instruct the auditor to reply fully to the letter (and should not appoint an auditor who does not reply to the *appropriate regulator*). The *appropriate regulator* may also seek further information on a continuing basis from the auditor of a *firm* (see also the auditor's duty to cooperate under ■ SUP 3.8.2 R).



3.5 Auditors' independence

Purpose

3.5.1 **G** If an auditor is to carry out his duties properly, he needs to be independent of the *firm* he is auditing, so that he is not subject to conflicts of interest. Many *firms* are also subject to requirements under the Companies Act 1989, or the Companies Act 2006, the Building Societies Act 1986 or the Friendly Societies Act 1992 on auditor's independence.

Independence

3.5.2 **R** A *firm* must take reasonable steps to ensure that the auditor which it appoints is independent of the *firm*.

3.5.3 **R** If a *firm* becomes aware at any time that its auditor is not independent of the *firm*, it must take reasonable steps to ensure that it has an auditor independent of the *firm*. The *firm* must notify the *FCA* and the *PRA* (if it is a *PRA-authorised firm*) or the *FCA* (in all other cases) if independence is not achieved within a reasonable time.

3.5.4 **G** The *appropriate regulator* will regard an auditor as independent if his appointment or retention does not breach the ethical guidance in current issue from the auditor's recognised supervisory body on the appointment of an auditor in circumstances which could give rise to conflicts of interest.



3.6 Firms' cooperation with their auditors

3.6.1 **R** A *firm* must cooperate with its auditor in the discharge of his duties under this chapter.

Auditor's access to accounting records

3.6.2 **G** In complying with **SUP 3.6.1 R**, a *firm* should give a right of access at all times to the *firm's* accounting and other records, in whatever form they are held, and *documents* relating to its business. A *firm* should allow its auditor to copy *documents* or other material on the premises of the *firm* and to remove copies or hold them elsewhere, or give him such copies on request.

3.6.3 **G** Section 341 of the *Act* (Access to books etc.) provides that an auditor of a *firm* appointed under **SUP 3.3.2 R**:

- (1) has a right of access at all times to the *firm's* books, accounts and vouchers; and
- (2) is entitled to require from the *firm's* officers such information and explanations as he reasonably considers necessary for the performance of his duties as auditor.

3.6.4 **G** Section 389A of the Companies Act 1985 where applicable, otherwise sections 499 and 500 of the Companies Act 2006, section 79 of the Building Societies Act 1986 and section 75 of the Friendly Societies Act 1992 give similar rights to auditors of companies, *building societies* and *friendly societies* respectively.

3.6.5 **G** Section 413 (Protected items), under which no person may be required under the *Act* to produce, disclose or permit the inspection of *protected items*, is relevant to **SUP 3.6.1 R** and **SUP 3.6.3 G**.

Access and cooperation: appointed representatives, material outsourcing, employees

3.6.6 **G** In complying with **SUP 3.6.1 R**, a *firm* should take reasonable steps to ensure that each of its *appointed representatives* or, where applicable, *tied agents* gives the *firm's* auditor the same rights of access to the books, accounts and vouchers of the *appointed representative* or *tied agent* and entitlement to information and explanations from the *appointed representative's* or *tied*

- 3.6.7

G

agent's officers as are given in respect of the *firm* by section 341 of the *Act* (see also ■ SUP 12.5.5 R (3)).

In complying with ■ SUP 3.6.1 R, a *firm* should take reasonable steps to ensure that each of its suppliers under a *material outsourcing* arrangement gives the *firm's* auditor the same rights of access to the books, accounts and vouchers of the *firm* held by the supplier, and entitlement to information and explanations from the supplier's officers as are given in respect of the *firm* by section 341 of the *Act*.
- 3.6.8

G

In complying with ■ SUP 3.6.1 R, a *firm* should take reasonable steps to ensure that all its employees cooperate with its auditor in the discharge of his duties under this chapter.
- 3.6.9

G

**Provision of false or misleading information to auditors**

*Firms* and their officers, *managers* and *controllers* are reminded that, under section 346 of the *Act* (Provision of false or misleading information to auditor or actuary), knowingly or recklessly giving false information to an auditor appointed under ■ SUP 3.3.2 R constitutes an offence in certain circumstances, which could render them liable to prosecution. This applies even when an auditor is also appointed under an obligation in another enactment.



3.7 Notification of matters raised by auditor

3.7.1 [G] [deleted]

Notification

3.7.2 [G] A firm should consider whether it should notify the FCA and the PRA (if it is a PRA-authorised firm) or the FCA (in all other cases) under Principle 11 if:

- (1) the firm expects or knows its auditor will qualify his report on the audited annual financial statements or add an explanatory paragraph; or
- (2) the firm receives a written communication from its auditor commenting on internal controls (see also SUP 15.3).

3.7.3 [G] [deleted]



3.8 Rights and duties of auditors

Purpose

3.8.1 G The auditor of a *firm* has various rights and duties to obtain information from the *firm* and both to enable and to require him to pass information to the *appropriate regulator* in specified circumstances. This section imposes or gives *guidance* on those rights and duties.

Cooperation with the appropriate regulator

3.8.2 R An auditor of a *firm* must cooperate with the *appropriate regulator* in the discharge of its functions under the *Act*.

3.8.3 G The *appropriate regulator* may ask the auditor to attend meetings and to supply it with information about the *firm*. In complying with ■ SUP 3.8.2 R, the auditor should attend such meetings as the *appropriate regulator* requests and supply it with any information the *appropriate regulator* may reasonably request about the *firm* to enable the *appropriate regulator* to discharge its functions under the *Act*.

3.8.4 R An auditor of a *firm* must give any *skilled person* appointed by the *firm* or appointed by the *appropriate regulator* all assistance that person reasonably requires (see ■ SUP 5 and section 166(5) of the *Act* (Reports by skilled persons)).

Auditor's independence

3.8.5 R An auditor of a *firm* must be independent of the *firm* in performing his duties in respect of that *firm*.

3.8.6 R An auditor of a *firm* must take reasonable steps to satisfy himself that he is free from any conflict of interest in respect of that *firm* from which bias may reasonably be inferred. He must take appropriate action where this is not the case.

3.8.7 G ■ SUP 3.5.4 G explains that an auditor whose appointment does not breach the ethical guidance in current issue from the auditor's recognised supervisory body will be regarded as independent by the *appropriate regulator*.



### Auditors' rights to information

3.8.8

G

■ SUP 3.6.1 R requires a *firm* to cooperate with its auditor. ■ SUP 3.6.3 G refers to the rights to information which an auditor is granted by the Act.  
 ■ SUP 3.6.4 G refers to similar rights granted by the Companies Act 1985 or where applicable, the Companies Act 2006, the Building Societies Act 1986 and the Friendly Societies Act 1992.

### Communication between the appropriate regulator, the firm and the auditor

3.8.9

G

Within the legal constraints that apply, the *appropriate regulator* may pass on to an auditor any information which it considers relevant to his function. An auditor is bound by the confidentiality provisions set out in Part XXIII of the Act (Public record, disclosure of information and cooperation) in respect of confidential information he receives from the *appropriate regulator*. An auditor may not pass on such confidential information without lawful authority, for example if an exception applies under the Financial Services and Markets Act 2000 (Disclosure of Confidential Information) Regulations 2001 (SI 2001/2188) or with the consent of the *person* from whom that information was received and (if different) to whom the information relates.

### Auditors' statutory duty to report

3.8.10

G

(1) Auditors are subject to regulations made by the Treasury under sections 342(5) and 343(5) of the Act (Information given by auditor or actuary to a regulator). Section 343 and the regulations also apply to an auditor of an *authorised person* in his capacity as an auditor of a *person* who has *close links* with the *authorised person*.

(2) These regulations oblige auditors to report certain matters to the *appropriate regulator*. Sections 342(3) and 343(3) of the Act provide that an auditor does not contravene any duty by giving information or expressing an opinion to the *appropriate regulator*, if he is acting in good faith and he reasonably believes that the information or opinion is relevant to any functions of the *appropriate regulator*. These provisions continue to have effect after the end of the auditor's term of appointment.

In relation to Lloyd's, an effect of the *insurance market direction* set out at ■ SUP 3.1.13 D is that sections 342(5) and 343(5) of the Act (Information given by an auditor or actuary to a regulator) apply also to auditors appointed to report on the *insurance business* of *members*.

### Termination of term of office, disqualification

3.8.11

R

An auditor must notify the *appropriate regulator* without delay if he:

- (1) is removed from office by a *firm*; or
- (2) resigns before his term of office expires; or
- (3) is not re-appointed by a *firm*.

3.8.12	R	<p>If an auditor ceases to be, or is formally notified that he will cease to be, the auditor of a <i>firm</i>, he must notify the <i>appropriate regulator</i> without delay:</p> <p>(1) of any matter connected with his so ceasing which he thinks ought to be drawn to the <i>appropriate regulator's</i> attention; or</p> <p>(2) that there is no such matter.</p>
3.8.13	R	[deleted]
3.8.14	G	[deleted]

## 3.10 Duties of auditors: notification and report on client assets

### Application

- 3.10.1** **R** [deleted]
- 3.10.2** **R** An auditor of an *authorised professional firm* need not report under this section in relation to that *firm's* compliance with the *client money rules* in the *client money chapter* or the *debt management client money rules* if:
- (1) that *firm* is regulated by:
    - (a) the Law Society (England and Wales); or
    - (b) the Law Society of Scotland; or
    - (c) the Law Society of Northern Ireland; and
  - (2) that *firm* is subject to the rules of its *designated professional body* as specified in **■ CASS 7.10.28R (2)** or **■ CASS 11.1.6 R (2)** with respect to its *regulated activities*.
- 3.10.3** **R** **■ SUP 3.10.5 R(3)** does not apply to an auditor of a *lead regulated firm*.  
[deleted]

### Client assets report: content

- 3.10.4** **R** An auditor of a *firm* must submit a client assets report addressed to the FCA which:
- (1) (a) states the matters set out in **■ SUP 3.10.5 R**; and
    - (b) specifies the matters to which **■ SUP 3.10.9 R** and **■ SUP 3.10.9A R** refer; or
  - (2) if the *firm* claims not to hold *client money* or *custody assets*, states whether anything has come to the auditor's attention that causes him to believe that the *firm* held *client money* or *custody assets* during the period covered by the report.
- 3.10.4A** **R** (1) For the purpose of **■ SUP 3.10.4 R (1)**, an auditor must ensure that the report is prepared in accordance with the terms of a *reasonable assurance engagement*.

3.10.5 R

Client assets report

Whether in the auditor's opinion	
(1)	the <i>firm</i> has maintained systems adequate to enable it to comply with the <i>custody rules</i> (except CASS 6.7), the <i>collateral rules</i> , the <i>client money rules</i> (except CASS 5.2), the <i>debt management client money rules</i> , the <i>claims management client money rules</i> and the <i>mandate rules</i> throughout the period ;
(2)	the <i>firm</i> was in compliance with the <i>custody rules</i> (except CASS 6.7), the <i>collateral rules</i> , the <i>client money rules</i> (except CASS 5.2), the <i>debt management client money rules</i> , the <i>claims management client money rules</i> and the <i>mandate rules</i> , at the date as at which the report has been made;
(3)	<div>in the case of an <i>investment management firm</i>, <i>personal investment firm</i>, a <i>UCITS firm</i>, <i>securities and futures firm</i>, <i>firm acting as trustee or depositary of an AIF</i>, <i>firm acting as trustee or depositary of a UK UCITS</i> or a <i>MIFID-PRU investment firm</i>, when a <i>subsidiary of the firm</i> is during the period a <i>nominee company</i> in whose name <i>custody assets</i> of the <i>firm</i> are registered during the period, that <i>nominee company</i> has maintained throughout the period systems for the custody, identification and control of <i>custody assets</i> which:</div> <div><div>(a)</div><div>were adequate; and</div></div> <div><div>(b)</div><div>included reconciliations at appropriate intervals between the records maintained (whether by the <i>firm</i> or the <i>nominee company</i>) and statements or confirmations from <i>custodians</i> or from the <i>person</i> who maintained the record of legal entitlement; and</div></div>
(4)	if there has been a <i>secondary pooling event</i> during the period, the <i>firm</i> has complied with the <i>rules</i> in CASS 5.6 and CASS 7A (Client money distribution), CASS 11.13 ( <i>debt management client money distribution rules</i> ) and CASS 13.11 ( <i>claims management client money distribution rules</i> ) in relation to that pooling event.

3.10.5A R

In relation to a client assets report provided in accordance with SUP 3.10.4 R, an auditor must ensure that it:

- (1) is submitted in the form prescribed by SUP 3 Annex 1 R; and
- (2) is signed on behalf of the audit firm by the individual with primary responsibility for a *firm's* client assets report and in that individual's own name.

3.10.5B G

SUP 3.10.4 R provides that an auditor must ensure that a client assets report is prepared in accordance with the terms of, as the case may be, a *reasonable assurance engagement* or a *limited assurance engagement*.

However, the *FCA* also expects an auditor to have regard, where relevant, to material published by the Financial Reporting Council that deals specifically with the client assets report which the auditor is required to submit to the *FCA*. In the *FCA*'s view, a client assets report that is prepared in accordance with that material is likely to comply with ■ SUP 3.10.4 R and ■ SUP 3.10.5 R where that report is prepared for a *firm* within the scope of the material in question.

- 3.10.5C** **R**
- (1) An auditor must ensure that the information provided to it by a *firm* in accordance with ■ SUP 3.11.1 G is included in the client assets report.
  - (2) If by the date at which the report is due for submission in accordance with ■ SUP 3.10.7 R or ■ SUP 3.10.8A R an auditor has not received the information prescribed in ■ SUP 3.11.1 G it must submit the report without that information, together with an explanation for its absence.

#### Client assets report: period covered

- 3.10.6** **R**
- The period covered by a report under ■ SUP 3.10.4 R must end not more than 53 weeks after the period covered by the previous report on such matters, or, if none, after the *firm* is *authorised* or becomes subject to ■ SUP 3.11 and its auditor becomes subject to ■ SUP 3.10.

#### Client assets report: timing of submission

- 3.10.7** **R**
- An auditor must deliver a client assets report under ■ SUP 3.10.4 R to the *FCA* within four months from the end of each period covered, unless it is the auditor of a *firm* falling within category (10) of ■ SUP 3.1.2 R.

[Note: article 8 of the *MiFID Delegated Directive*]

- 3.10.7A** **G**
- [deleted]

- 3.10.8** **R**
- (1) If an auditor expects that it will fail to comply with ■ SUP 3.10.7 R, it must no later than the end of the four month period in question:
    - (a) notify the *FCA* that it expects that it will be unable to deliver a client assets report by the end of that period; and
    - (b) ensure that the notification in (a) is accompanied by a full account of the reasons for its expected failure to comply with ■ SUP 3.10.7 R.
  - (2) If an auditor fails to comply with ■ SUP 3.10.7 R, it must promptly:
    - (a) notify the *FCA* of that failure; and
    - (b) ensure that the notification in (a) is accompanied by a full account of the reasons for its failure to comply with ■ SUP 3.10.7 R.

- 3.10.8A** **R**
- The auditor of a *firm* falling within category (10) of ■ SUP 3.1.2 R must deliver a report under ■ SUP 3.10.4 R:

		<p>(1) to the <i>firm</i> so as to be received within four months of the end of each period covered; and</p> <p>(2) to the <i>FCA</i> upon request within six years of the end of the period covered.</p>
3.10.8B	G	<p>The rights and duties of auditors are set out in ■ SUP 3.8 (Rights and duties of all auditors) and ■ SUP 3.10 (Duties of auditors: notification and report on client assets). ■ SUP 3.8.10 G also refers to the auditor's statutory duty to report certain matters to the <i>FCA</i> imposed by regulations made by the Treasury under sections 342(5) and 343(5) of the Act (information given by auditor or actuary to a regulator). An auditor should bear these rights and duties in mind when carrying out <i>client</i> asset report work, including whether anything should be notified to the <i>FCA</i> immediately.</p>
3.10.8C	G	<p>It is the responsibility of an <i>insurance intermediary's</i> senior management to determine, on a continuing basis, whether the <i>firm</i> is an <i>exempt insurance intermediary</i> for the purposes of this requirement and to appoint an auditor if management determines the <i>firm</i> is no longer exempt. ■ SUP 3.7 (amplified by ■ SUP 15) sets out what a firm should consider when deciding whether it should notify the <i>FCA</i> of matters raised by its auditor.</p>
3.10.8D	R	<p>An auditor must:</p> <p>(1) deliver to a <i>firm</i> a draft of its client assets report such that the <i>firm</i> has an adequate period of time to consider the auditor's findings and to provide the auditor with comments of the kind to which ■ SUP 3.11.1 G refers; and</p> <p>(2) unless it is the auditor of a <i>firm</i> falling within category (10) of ■ SUP 3.1.2 R, deliver to the <i>firm</i> a copy of the final report at the same time as it delivers that report to the <i>FCA</i> in accordance with ■ SUP 3.10.7 R.</p>
		<p><b>Client assets report: requirements not met or inability to form opinion</b></p>
3.10.9	R	<p>If the client assets report under ■ SUP 3.10.4 R states that one or more of the applicable requirements described in ■ SUP 3.10.5 R(1) to ■ (4) has or have not been met, the auditor must specify in the report each of those requirements and the respects in which it has or they have not been met.</p>
3.10.9A	R	<p>(1) Whether or not an auditor concludes that one or more of the requirements specified in ■ SUP 3.10.5 R(1) to ■ (4) has or have been met, the auditor must ensure that the client assets report identifies each individual <i>rule</i> in respect of which a breach has been identified.</p> <p>(2) If an auditor does not identify a breach of any individual <i>rule</i>, it must include a statement to that effect in the client assets report.</p>
3.10.9B	R	<p>For the purpose of ■ SUP 3.10.9 R and ■ SUP 3.10.9A R, an auditor must ensure that the information prescribed under those <i>rules</i> is submitted using,</p>

		respectively, Part 1 (Auditor’s Opinion) and Part 2 (Breaches Schedule) of ■ SUP 3 Annex 1 R.
3.10.9C	G	<p>(1) The <i>FCA</i> expects that the list of breaches will include every breach of a <i>rule</i> in <i>CASS</i> insofar as that <i>rule</i> is within the scope of the client assets report and is identified in the course of the auditor’s review of the period covered by the report, whether identified by the auditor or disclosed to it by the <i>firm</i>, or by any third party.</p> <p>(2) For the purpose of determining whether to qualify its opinion or express an adverse opinion, the <i>FCA</i> would expect an auditor to exercise its professional judgment as to the significance of a <i>rule</i> breach, as well as to its context, duration and incidence of repetition. The <i>FCA</i> would expect an auditor to consider the aggregate effect of any breaches when judging whether a <i>firm</i> had failed to comply with the requirements described in ■ SUP 3.10.5 R (1) to ■ (4).</p>
3.10.10	R	If an auditor is unable to form an opinion as to whether one or more of the applicable requirements described in ■ SUP 3.10.5 R have been met, the auditor must specify in the report under ■ SUP 3.10.4 R those requirements and the reasons why the auditor has been unable to form an opinion.
3.10.11	G	[deleted]
		<b>Method of submission of reports</b>
3.10.12	R	An auditor of a <i>firm</i> must submit a report under ■ SUP 3.10.4 R in accordance with the rules in ■ SUP 16.3.6 R to ■ SUP 16.3.13 R as if those <i>rules</i> applied directly to the auditor.
		<b>Service of Notice Regulations</b>
3.10.13	G	The Financial Services and Markets Act 2000 (Service of Notices) Regulations 2001 (SI 2001/1420) contain provisions relating to the service of documents on the <i>FCA</i> . They do not apply to reports required by ■ SUP 3.10 because of the specific provisions in ■ SUP 3.10.12 R.

## 3.11 Review of auditor's client assets report

- 3.11.1** **G** A *firm* should ensure that:
- (1) it considers the draft client assets report provided to the *firm* by its auditor in accordance with ■ SUP 3.10.8DR (1) in order to provide an explanation of:
    - (a) the circumstances that gave rise to each of the breaches identified in the draft report; and
    - (b) any remedial actions that it has undertaken or plans to undertake to correct those breaches; and
  - (2) the explanation provided in accordance with (1):
    - (a) is submitted to its auditor in a timely fashion and in any event before the auditor is required to deliver a report to the *FCA* in accordance with ■ SUP 3.10.7 R or to the *firm* in accordance with ■ SUP 3.10.8A R as the case may be; and
    - (b) is recorded in the relevant field in the draft report submitted to it by its auditor.
- 3.11.2** **R** A *firm* must ensure that the final client assets report delivered to it in accordance with ■ SUP 3.10.8A R or ■ SUP 3.10.8DR (2) is reported to that *firm's* governing body.
- 3.11.3** **G** The *FCA* expects a *firm* to use the client assets report as a tool to evaluate the effectiveness of the systems that it has in place for the purpose of complying with requirements to which ■ SUP 3.10.5 R refers. Accordingly, a *firm* should ensure that the report is integrated into its risk management framework and decision-making.
- 3.11.4** **G** ■ SUP 3.4.2 R provides that a *firm* must take reasonable steps to ensure that its auditor has the required skill, resources and experience to perform its functions. The *FCA* expects a *firm* to keep under review the adequacy of the skill, resources and experience of its auditor and should critically assess the content of the client assets report as part of that ongoing review.



SUP 3 Annex 1

Auditor’s client assets report - SUP 3 Annex 1



# Chapter 4

## Actuaries

4.1 Application

- 4.1.1

R

This chapter applies to:

(1)

every *firm* within a category listed in column (1) of the table in [SUP 4.1.3 R](#); and

(2)

every *actuary* appointed under this chapter;

in accordance with column (2) of that table.
- 4.1.2

G

This chapter applies to *long-term insurers* (including *friendly societies*) and other *friendly societies* and to the *Society of Lloyd's* and *managing agents* at Lloyd's. This chapter does not apply to *actuaries* advising the auditors of *long-term insurers* as they are not appointed to act on behalf of the *firm*.
- 4.1.2A

G

This chapter applies in part to a *Solvency II firm* where it appoints an *actuary*. This will be in particular with regard to the *with-profits actuary function* but also where an external *actuary* is appointed to perform tasks of the actuarial function of a *Solvency II firm*, under PRA Rulebook: Solvency II Firms: Actuaries. More generally, this chapter applies to a *Solvency II firm* which chooses to appoint an *actuary* to fulfil the requirements under rule 6.1 of PRA Rulebook: Solvency II firms: Conditions Governing Business to provide for an actuarial function.

4.1.3 Applicable sections

(1)	Category of firm	(2) Applicable sections or rules
(1)	A <i>long-term insurer</i> , other than:	SUP 4.1, SUP 4.2, SUP 4.3 and SUP 4.5
	(a) a <i>registered friendly society</i> which is a <i>non-directive friendly society</i> ;	
	(b) an <i>incorporated friendly society</i> that is a <i>flat rate benefits business friendly society</i> ; and	
	(c) [deleted]	
	(d) a <i>Solvency II firm</i> (for which see (5) below).	
(2)	A <i>friendly society</i> , other than a <i>friendly society</i> within (1) or (5).	SUP 4.1, SUP 4.2, SUP 4.4 and SUP 4.5

(1)	Category of firm		(2) Applicable sections or rules
(3)	[deleted]		
(4)	[deleted]		
(5)	A <i>Solvency II</i> firm which does any of the following:		SUP 4.1, SUP 4.2, SUP 4.3, SUP 4.4 and SUP 4.5 except that:
	(a)	appoints an <i>actuary</i> to fulfil the <i>actuarial function</i> for the purposes of rule 6 of the PRA Rulebook: Solvency II firms: Conditions Governing Business;	SUP 4.3.8 G to SUP 4.3.10 G do not apply to (a) and (b) in column 2; and  SUP 4.3.13 R to SUP 4.3.15 G, and SUP 4.4.6 R do not apply
	(b)	appoints an external <i>actuary</i> in accordance with PRA Rulebook: Solvency II Firms: Actuaries;	
	(c)	appoints a <i>with-profits actuary</i> .	

## 4.2 Purpose

- 4.2.1** **G** Section 340 of the *Act* gives the *PRA* power to make *rules* requiring an *authorised person*, or an *authorised person* falling into a specified class, to appoint an *actuary*. The *PRA* has exercised its power to make such *rules* in *PRA Rulebook: Solvency II firms: Actuaries*; and *PRA Rulebook: Non-Solvency II firms: Actuarial Requirements*. The rule-making powers of the *PRA* and *FCA* under section 340 of the *Act* also extend to an *actuary's* duties.
- 4.2.2** **G** This chapter defines the relationship between *firms* and their *actuaries* and clarifies the role which *actuaries* play in the appropriate regulator's monitoring of *firms'* compliance with the requirements and standards under the *regulatory system*. The chapter sets out *rules* and *guidance* on the appointment of *actuaries*, and the termination of their term of office, as well as setting out their respective rights and duties. The purpose of the chapter is to ensure that:
- (1) *long-term insurers* (other than certain *friendly societies* and *Solvency II firms*) have access to adequate actuarial advice, both in valuing their *liabilities to policyholders* and in exercising discretion affecting the interests of their *with-profits policyholders*; and
  - (2) other *friendly societies* (other than *Solvency II firms*) carrying on *insurance business* (and which have traditionally relied upon actuarial expertise) employ or use an *actuary* of appropriate seniority and experience to evaluate the liabilities of that business; and
  - (3) where *Solvency II firms* appoint, employ or use an *actuary*, certain appropriate safeguards are in place.
- 4.2.3** **G** The functions described by **■ SUP 4.2.2 G (1)** are performed by one or more *actuaries* who are required to hold office continuously and must be *approved persons*. *Solvency II firms* are required to have an actuarial function. *Solvency II firms* are not required to appoint an external actuary to fulfil the actuarial function for the purposes of rule 6 of the *PRA Rulebook: Solvency II firms: Conditions Governing Business*, but they must do so if they do not have the internal capability (see *PRA Rulebook: Solvency II Firms: Actuaries*). Whoever has responsibility for the actuarial function (whether internal or external) will need to be approved by the *PRA* as a Chief Actuary. *Solvency II firms* carrying on *with-profits business* are required to appoint a qualified *with-profits actuary* (whether internal or external). Whoever has responsibility for advising the *governing body* of the firm on the exercise of discretion affecting the *firm's with-profits business* will need to be approved by the *PRA* as a With-Profits Actuary. The principal duty of an *actuary*

appointed to perform these functions is to advise the *firm* (see ■ SUP 4.3.13 R to ■ SUP 4.3.18 G for the rights and duties of such an *actuary*).

4.2.4 G The function described by ■ SUP 4.2.2 G (2) is performed by an *appropriate actuary* who is appointed to prepare the triennial investigation and interim certificate or statement required by *IPRU(FSOC)* 5.2(1) (see ■ SUP 4.4.6 R and ■ SUP 4.5.12 G to ■ SUP 4.5.14 G for the rights and duties of an *appropriate actuary*).

4.2.5 G *Actuaries* act as a valuable source of information to the *appropriate regulator* in carrying out its functions. For example, in determining whether a *firm* satisfies the *threshold conditions*, the *appropriate regulator* has regard to whether the *firm* has appointed an *actuary* (or some other person with responsibility for the actuarial function required by rule 6 of the PRA Rulebook: Solvency II firms: Conditions Governing Business) with sufficient experience in the areas of business to be conducted by the *firm*.

4.2.6 G In making appointments under this chapter and in allocating duties to *actuaries*, *firms* are reminded of their obligation under ■ SYSC 2.1.1 R or rule 2.2(2) of the PRA Rulebook: Solvency II firms: Conditions Governing Business to maintain a clear and appropriate apportionment of significant responsibilities so that it is clear who has which of those responsibilities and that the business and affairs of the *firm* can be adequately monitored and controlled by the *directors*, relevant *senior managers* and *governing body* of the *firm*.



4.3 Appointment of actuaries

Appointment by firms

4.3.2 G [deleted]

Actuaries' qualifications

4.3.8 G The FCA is concerned to ensure that every *actuary* appointed by a *firm* under PRA rules made under section 340 of the Act or for the purposes of PRA Rulebook: Solvency II firms: Conditions Governing Business, 6, has the necessary skill and experience to provide the *firm* with appropriate actuarial advice from a conduct perspective. ■ SUP 4.3.9 R to ■ SUP 4.3.10 G set out the FCA's rules and guidance aimed at achieving this.

4.3.9 R Before a *firm* applies for approval of the *person* it proposes to appoint as an *actuary* under PRA rules made under section 340 of the Act, or for the purposes of PRA Rulebook: Solvency II firms: Conditions Governing Business, 6, it must take reasonable steps to ensure that the *actuary*:

- (1) has the required skill and experience to perform his functions under the *regulatory system*; and
- (2) is a Fellow of the Institute of Actuaries or of the Faculty of Actuaries.

4.3.10 G To comply with ■ SUP 4.3.9 R and Principle 3, before an *actuary* takes up his appointment the *firm* should ensure that the *actuary*:



- (1) has skills and experience appropriate to the nature, scale and complexity of the *firm's* business and the requirements and standards under the *regulatory system* to which it is subject; and
- (2) has adequate qualifications and experience, which includes holding an appropriate practising certificate under the rules of the Institute of Actuaries or the Faculty of Actuaries;

and seek confirmation of these from the *actuary*, or the *actuary's* current and previous employers, as appropriate.

### Disqualified actuaries

**4.3.11** **R** A *firm* must not appoint under *PRA* rules made under section 340 of the *Act* or for the purposes of rule 6.1 of the *PRA* Rulebook: Solvency II firms: Conditions Governing Business, an *actuary* who is disqualified by the *FCA* under section 345 of the *Act* (Disciplinary measures: *FCA*) or the *PRA* under section 345A of the *Act* (Disciplinary measures: *PRA*) from acting as an *actuary* either for that *firm* or for a relevant class of *firm*.

**4.3.12** **G** If it appears to the *FCA* that an *actuary* has failed to comply with a duty imposed on him under the *Act*, it has the power to and may disqualify him under section 345 of the *Act*. A list of *actuaries* who are disqualified may be found on the *FCA* website (<http://www.fca.org.uk>).

### Conflicts of interest

**4.3.12A** **R** A *firm* must take reasonable steps to ensure that an *actuary* who is to be, or has been, appointed under *PRA* rules made under section 340 of the *Act*, or for the purposes of *PRA* Rulebook: Solvency II firms: Conditions Governing Business, 6:

- (1) does not perform the function of chairman or *chief executive* of the *firm*, or does not, if he is to perform the *with-profits actuary function*, become a member of the *firm's governing body*; and
- (2) does not perform any other function on behalf of the *firm* which could give rise to a significant conflict of interest.

**4.3.12B** **G** Both the *actuarial function* and the *with-profits actuary function* may be performed by *employees* of the *firm* or by external consultants, and performing other functions on behalf of the *firm* will not necessarily give rise to a significant conflict of interest. However, being a *director*, or a senior manager responsible, say, for sales or marketing in a *firm* (or for finance in a proprietary *firm*), is likely to give rise to a significant conflict of interest for an *actuary* performing the *with-profits actuary function*. He nevertheless retains direct access to the *firm's governing body* under ■ SUP 4.3.17 R (2).

### The actuarial function

**4.3.13** **R** An *actuary* appointed to perform the *actuarial function* must, in respect of those classes of the *firm's long-term insurance business* which are covered by his appointment:

- (1) advise the *firm's* management, at the level of seniority that is reasonably appropriate, on the risks the *firm* runs in so far as they may have a material impact on the *firm's* ability to meet *liabilities to policyholders* in respect of *long-term insurance contracts* as they fall due and on the capital needed to support the business, including regulatory capital requirements;
- (2) monitor those risks and inform the *firm's* management, at the level of seniority that is reasonably appropriate, if he has any material concerns or good reason to believe that the *firm*:
  - (a) is not meeting *liabilities to policyholders* under *long-term insurance contracts* as they fall due, or may not be doing so, or might not have done so, or might, in reasonably foreseeable circumstances, not do so;
  - (b) is, or may be, effecting new *long-term insurance contracts* on terms under which the resulting income earned is insufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources that are available for the purpose, to enable the *firm* to meet its *liabilities to policyholders* as they fall due (including reasonable bonus expectations);
  - (c) does not, or may not, have sufficient financial resources to meet *liabilities to policyholders* as they fall due (including reasonable bonus expectations) and the capital needed to support the business, including regulatory capital requirements or, if the *firm* currently has sufficient resources, might, in reasonably foreseeable circumstances, not continue to have them;
- (3) advise the *firm's governing body* on the methods and assumptions to be used for the *actuarial investigations* and reports of the *appropriate actuary* required by the *PRA Rulebook*;
- (4) perform those investigations and calculations in (3), in accordance with the methods and assumptions determined by the *firm's governing body*;
- (5) report to the *firm's governing body* on the results of those investigations and calculations in (3); and
- (6) in the case of a *friendly society* to which this section applies, perform the functions of the appropriate actuary under section 87 (Actuary's report as to margin of solvency) of the Friendly Societies Act 1992.

## 4.3.14



The *PRA Rulebook* requires *firms* to which this section applies to cause an investigation to be made at least yearly by the *actuary* or *actuaries* appointed to perform the *actuarial function*, and to report on the result of that investigation. The *firm* is responsible for the methods and assumptions used to determine the liabilities attributable to its *long-term insurance business*. The obligation on *friendly societies* to obtain a report from the 'appropriate actuary' under section 87 of the Friendly Societies Act 1992 applies to a *friendly society* which is to receive a transfer of engagements under section 86 (transfer of engagements to or by a friendly society). The 'appropriate actuary' in this context is the *actuary* appointed to

perform the *actuarial function*, rather than the *appropriate actuary* under ■ SUP 4.4 (Appropriate actuaries).

4.3.15

G

■ SUP 4.3.13 R is not intended to be exhaustive of the professional advice that a *firm* should take whether from an *actuary* appointed under this chapter or from any other *actuary* acting for the *firm*. *Firms* should consider what systems and controls are needed to ensure that they obtain appropriate professional advice on financial and risk analysis; for example:

- (1) risk identification, quantification and monitoring;
- (2) stress and scenario testing;
- (3) ongoing financial conditions;
- (4) financial projections for business planning;
- (5) investment strategy and asset-liability matching;
- (6) individual capital assessment;
- (7) pricing of business, including unit pricing;
- (8) variation of any charges for benefits or expenses;
- (9) discretionary surrender charges; and
- (10) adequacy of reinsurance protection.

**The with-profits actuary function**

4.3.16

G

4.3.16A

R

An *actuary* appointed to perform the *with-profits actuary function* must:

- (1) advise the *firm's* management, at the level of seniority that is reasonably appropriate, on key aspects of the discretion to be exercised affecting those classes of the *with-profits business* of the *firm* in respect of which he has been appointed;
- (2) [deleted]
- (2A) where the *firm* is a *Solvency II firm*, advise the *firm's governing body* as to whether the assumptions used to calculate the future discretionary benefits within the *technical provisions* are consistent with the *firm's PPFM* in respect of those classes of the *firm's with-profits business*;
- (3) at least once a year, report to the *firm's governing body* on key aspects (including those aspects of the *firm's* application of its *Principles and Practices of Financial Management* on which the advice described in (1) has been given) of the discretion exercised in respect of the period covered by his report affecting those classes of *with-profits business* of the *firm*;

- (4) in respect of each financial year, make a written report addressed to the relevant classes of the *firm's with-profits policyholders*, to accompany the *firm's* annual report under ■ COBS 20.4.7 R as to whether, in his opinion and based on the information and explanations provided to him by the *firm*, and taking into account where relevant the *rules* and *guidance* in ■ COBS 20, the annual report and the discretion exercised by the *firm* in respect of the period covered by the report may be regarded as taking, or having taken, the interests of the relevant classes of the *firm's with-profits policyholders* into account in a reasonable and proportionate manner;
- (5) request from the *firm* such information and explanations as he reasonably considers necessary to enable him properly to perform the duties in (1) to (4);
- (6) advise the *firm* as to the data and systems that he reasonably considers necessary to be kept and maintained to provide the duties in (5); and
- (7) in the case of a *friendly society* to which this section applies, perform the function of appropriate actuary under section 12 (Reinsurance) of the Friendly Societies Act 1992 or section 23A (Reinsurance) of the Friendly Societies Act 1974 as applicable, in respect of those classes of its *with-profits business* covered by his appointment.
- (8) advise on any *actuarial investigation* required to determine the *with-profits-fund surplus*.

## 4.3.16B



In advising or reporting on the exercise of discretion, an *actuary* performing the *with-profits actuary function* should cover the implications for the fair treatment of the relevant classes of the *firm's with-profits policyholders*. His opinion on any communication or report to them should also take into account their information needs and the extent to which the communication or report may be regarded as clear, fair and not misleading. Aspects of the business that should normally be included are:

- (1) bonus rates to be applied to *policies* at maturity or on the death of a *policyholder*, or when calculating the annual bonus;
- (2) investment policy in the light of product descriptions disclosed to *customers*;
- (3) surrender value methodology (including market value adjusters);
- (4) new business plans and premium rates;
- (5) allocation of expenses to *with-profits business*;
- (6) investment fees to be charged to *with-profits business*;
- (7) changes to the *Principles and Practices of Financial Management*; and
- (8) communications with *policyholders* or potential *policyholders* on the issues in (1) to (7).

- 4.3.16C** **G** The reports in ■ SUP 4.3.16AR (3) and ■ SUP 4.3.16AR (4) should be proportionate to the nature of the *with-profits business*. For smaller *firms* with fewer products, the extent of reporting would be proportionately less.
- 4.3.16D** **G** *Firms* should normally obtain advice, from the *actuary* appointed to perform the *with-profits actuary function* in respect of the affected class or classes of *with-profits business*, whenever they are preparing to make key decisions based on the exercise of discretion affecting their *with-profits business*. *Firms* should also have risk management processes in place to ensure that all relevant matters are referred to the *actuary* for advice.
- 4.3.17** **R** A *firm* must require and allow any *actuary* appointed to perform the *with-profits actuary function* to perform his duties and must:
- (1) keep him informed of the *firm's* business and other plans (including, where relevant, those of any related *firm*, to the extent it is aware of these);
  - (2) provide him with sufficient resources (including his own time and access to the time of others);
  - (3) hold such data and establish such systems as he reasonably requires;
  - (4) request his advice about the likely effect of material changes in the *firm's* business plans, practices or other circumstances on the fair treatment of the relevant classes of the *firm's with-profits policyholders*;
  - (5) pay due regard to his advice, whether provided in response to a request under (4) or on the *actuary's* own initiative; this will include, if he requests it, allowing him to present his advice directly to the *firm's governing body* (that is, the board of *directors* or, for a *friendly society*, the committee of management); and
  - (6) ensure that where a conflict of interest may arise in relation to the role of the *with-profits actuary* and the advice he gives, for example due to the *firm's* reporting lines or remuneration process, that potential conflict is identified and managed in order to minimise the possible effect of the potential conflict on the advice given.
- 4.3.18** **G** A *firm's* duty to keep an *actuary* appointed to perform the *with-profits actuary function* informed includes providing relevant information, even where the *actuary* does not ask for it. The *firm* needs to appreciate that the *actuary* may be unaware of certain business developments and so unable to request relevant information.
- 4.3.19** **G** [deleted]
- 4.3.20** **R** [deleted]
- 4.3.21** **G** [deleted]



4.4 Appropriate actuaries

Appropriate actuaries' qualifications

- 4.4.4 **R** A *firm* must not appoint as *appropriate actuary* an *actuary* who has been disqualified by the *FCA* under section 345 of the *Act* (Disciplinary measures: *FCA*) or the *PRA* under section 345A of the *Act* (Disciplinary measures: *PRA*) from acting as an *actuary* either for that *firm* or for a relevant class of *firm*.
- 4.4.5 **G** If it appears to the *FCA* that an *appropriate actuary* has failed to comply with a duty imposed on him under the *Act*, it may have the power to and may disqualify him under section 345 of the *Act*. A list of *actuaries* who have been disqualified may be found on the *FCA* website ( <http://www.fca.org.uk>).

Specific duties of the appropriate actuary

- 4.4.6 **R** An *appropriate actuary* must carry out the triennial investigation and prepare an abstract of the report as required by the *PRA* Rulebook.
- 4.4.7 **G** [deleted]
- 4.4.8 **R** [deleted]
- 4.4.9 **G** [deleted]



4.5 Provisions applicable to all actuaries

Objectivity

- 4.5.1 **R** An *actuary* appointed under *PRA* rules made under section 340 of the *Act*, or for the purposes of *PRA* Rulebook: Solvency II firms: Conditions Governing Business, 6, must be objective in performing his duties.
- 4.5.2 **G** Objectivity requires the *actuary* to perform his duties in such a manner that he can have an honest belief in his work and does not compromise the quality of his work or his judgment. An *actuary* should not allow himself to be placed in situations where he feels unable to make objective professional judgments.
- 4.5.3 **R** An *actuary* appointed under firms *PRA* rules made under section 340 of the *Act*, or for the purposes of *PRA* Rulebook: Solvency II firms: Conditions Governing Business, 6, must take reasonable steps to satisfy himself that he is free from bias, or from any conflict of interest from which bias may reasonably be inferred. He must take appropriate action where this is not the case.
- 4.5.4 **G** The appropriate action may include asking the firm's governing body to re-assign temporarily some or all of his duties to another competent *actuary*. Where this is insufficient, the *actuary* should resign his office.
- 4.5.5 **G** If the *actuary* is an *employee* of the *firm*, the ordinary incentives of employment, including profit-related pay, *share options* or other financial interests in the *firm* or any associate, give rise to a conflict of interest only where they are disproportionate, or exceptional, relative to those of other employees of equivalent seniority.
- 4.5.6 **G** The guidance and professional conduct standards in current issue from the Institute of Actuaries and the Faculty of Actuaries are relevant to compliance with ■ SUP 4.5.1 R and ■ SUP 4.5.3 R.

Actuaries' statutory duty to report

- 4.5.7 **G** (1) *Actuaries* appointed under *PRA* rules made under section 340 of the *Act*, or for the purposes of *PRA* Rulebook: Solvency II firms: Conditions Governing Business, 6, are subject to regulations made by the Treasury under sections 342(5) and 343(5) of the *Act* (Information given by auditor or actuary to a regulator). Section 343 and the



regulations also apply to an actuary of an *authorised person* in his capacity as an actuary of a *person* with *close links* with the *authorised person*.

- (2) These regulations oblige *actuaries* to report certain matters to the *appropriate regulator*. Sections 342(3) and 343(3) of the *Act* provide that an *actuary* does not contravene any duty by giving information or expressing an opinion to the *appropriate regulator*, if he is acting in good faith and he reasonably believes that the information or opinion is relevant to any functions of the *appropriate regulator*. These provisions continue to have effect after the end of the actuary's term of appointment.

4.5.7A G

Termination of term of office

4.5.8 G

■ SUP 4.5.9 R to ■ SUP 4.5.11 G apply to a *person* who is or has been an *actuary* appointed under *PRA* rules made under section 340 of the *Act*, or for the purposes of *PRA* Rulebook: Solvency II firms: Conditions Governing Business, 6.

4.5.9 R

An *actuary* appointed under *PRA* rules made under section 340 of the *Act*, or for the purposes of *PRA* Rulebook: Solvency II firms: Conditions Governing Business, 6 must notify the *appropriate regulator* without delay if he:

- (1) is removed from office by a *firm*; or
- (2) resigns before his term of office expires; or
- (3) is not reappointed by a *firm*.

4.5.10 R

An *actuary* who has ceased to be appointed under *PRA* rules made under section 340 of the *Act*, or for the purposes of *PRA* Rulebook: Solvency II firms: Conditions Governing Business, 6 or who has been formally notified that he will cease to be so appointed, must notify the *appropriate regulator* without delay:

- (1) of any matter connected with the cessation which he thinks ought to be drawn to the *appropriate regulator's* attention; or
- (2) that there is no such matter.

Rights and duties

4.5.12 G

Section 341 of the *Act* (Access to books etc.) provides that an *actuary* appointed under or as a result of the *Act*:

- (1) has a right of access at all times to the *firm's* books, accounts and vouchers; and
- (2) is entitled to require from the *firm's* officers such information and explanation as he reasonably considers necessary to perform his duties as *actuary*.



- 
- 4.5.13 **R** When carrying out his duties, an *actuary* appointed under *PRA* rules made under section 340 of the *Act*, or for the purposes of *PRA* Rulebook: Solvency II firms: Conditions Governing Business, 6, must pay due regard to generally accepted actuarial practice.
- 4.5.14 **G** The standards, codes and guidance issued from time to time by the Institute and Faculty of Actuaries and the Financial Reporting Council are important sources of generally accepted actuarial practice.



## Chapter 5

# Reports by skilled persons

5.1 Application and purpose

Application

- 5.1.1

R

(1) This chapter applies to every *firm*.

(2) The *rules*, and the *guidance on rules* in ■ SUP 5.5 (Duties of firms), do not apply to a *UCITS qualifier*.
- 5.1.1A

R

In respect of the *FCA's power* in section 166 of the *Act* (Reports by skilled persons), reference to a *firm* in ■ SUP 5.5.1 R, ■ SUP 5.5.5 R and ■ SUP 5.5.9 R includes a *recognised investment exchange*.
- 5.1.1B

G

In respect of the *FCA's power* in section 166 of the *Act* (Reports by skilled persons), the *guidance* in this chapter applies to a *recognised investment exchange* in the same way as it applies to a *firm*.
- 5.1.1C

D

■ SUP 5.5.1R and ■ SUP 5.5.5R apply to *CBTL firms* in relation to their *CBTL business* as if a reference to *firm* in these *rules* were a reference to a *CBTL firm* and a reference to section 166 of the *Act* were a reference to section 166 of the *Act*, as applied by article 23(2)(b) of the *MCD Order*.
- 5.1.1D

G

■ SUP 5.5.1R and ■ SUP 5.5.5R apply to former *CBTL firms* in relation to their *CBTL business* as guidance and as if:

(1) a reference to *firm* in those *rules* were a reference to a *CBTL firm*;

(2) section 166 of the *Act* were a reference to section 166 of the *Act* as applied by article 23(2)(b) of the *MCD Order*; and

(3) the word “must” were replaced by the word “should”.
- 5.1.1E

G

The *guidance* in ■ SUP 5.2.1G, ■ SUP 5.3, ■ SUP 5.4 (except ■ SUP 5.4.1AG), and ■ SUP 5.5 (except ■ SUP 5.5.10G and ■ SUP 5.5.11G) applies to *CBTL firms* and former *CBTL firms* in relation to their *CBTL business* as if:

(1) a reference to *firm* in that *guidance* included a *CBTL firm*;

(2) a reference to a section of the *Act* were a reference to that section as applied by article 23 of the *MCD Order* if applicable; and
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- Release 35 ● Apr 2024

- (3) a reference to the *FCA's* functions under the *Act* were a reference to the *FCA's* functions under Part 3 of the *MCD Order*.

### 5.1.2

G

This chapter (other than the *rules*, and *guidance on rules*, in ■ SUP 5.5 (Duties of firms)) is also relevant to certain unauthorised *persons* within the scope of section 166 of the *Act* (Reports by skilled persons) (see ■ SUP 5.2.1 G).

### 5.1.2A

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- (1) This chapter also applies, as guidance, to a *designated bank*, *designated credit reference agency* or a *designated finance platform*:
  - (a) in relation to its activities under the *Small and Medium Sized Business (Credit Information) Regulations* or in relation to its activities under the *Small and Medium Sized Business (Finance Platforms) Regulations*, as the case may be;
  - (b) as if, in relation to the activities in (a), references to “must” in ■ SUP 5 were read as “should”; and
  - (c) where it is not a *firm*, as if it were a *firm*.
- (2) Regulation 26 of the *Small and Medium Sized Business (Credit Information) Regulations* applies Part 11 of the *Act* which includes the provisions concerning skilled persons in relation to activities of a *designated bank* or a *designated credit reference agency* under those Regulations. Regulation 23 of the *Small and Medium Sized Business (Finance Platforms) Regulations* has the same effect in relation to a *designated bank* under those Regulations or a *designated finance platform*.
- (3) In relation to a *designated bank* or a *designated credit reference agency*, a reference in this chapter to the *regulatory system* includes the requirements applicable to such a *person* set out in the *Small and Medium Sized Business (Credit Information) Regulations*. In relation to a *designated finance platform* or a *designated bank*, a reference in this chapter to the *regulatory system* includes the requirements applicable to such a *person* set out in the *Small and Medium Sized Business (Finance Platforms) Regulations*.
- (4) The application of section 166 by regulation 26 of the *Small and Medium Sized Business (Credit Information) Regulations* or by regulation 23 of the *Small and Medium Sized Business (Finance Platforms) Regulations* does not include the *persons* set out in section 166(11). Therefore, any reference to those persons in this chapter does not apply in relation to a *designated bank*, *designated credit reference agency* or a *designated finance platform*.
- (5) In relation to an appointment under section 166A as applied by the *Small and Medium Sized Business (Credit Information) Regulations* or the *Small and Medium Sized Business (Finance Platforms) Regulations*, any reference in this chapter to a breach of rules concerning collecting and keeping up-to-date information is a reference to contravention of the requirement under regulation 24 of the *Small and Medium Sized Business (Credit Information) Regulations* or under regulation 23 of the *Small and Medium Sized Business (Finance Platforms) Regulations*, as the case may be.

Purpose

5.1.3

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The purpose of this chapter is to give *guidance* on the *FCA’s* use of the power in section 166 (Reports by skilled persons) and section 166A (Appointment of skilled person to collect and update information) of the *Act*. The purpose is also to make *rules* requiring a *firm* to give assistance to a *skilled person* and, where a *firm* is required to appoint a *skilled person*, to include certain provisions in its contract with a *skilled person*. These *rules* are designed to ensure that the *FCA* receives certain information from a *skilled person* and that a *skilled person* receives assistance from a *firm*.



5.2 The FCA's power

Who may be required to provide a report?

5.2.1

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Under section 166 of the *Act* (Reports by skilled persons), the *FCA* may, by giving a written notice, itself appoint a *skilled person* to provide it with a report, or require any of the following *persons* to provide it with a report by a *skilled person*:

- (1) a *firm*; or
- (2) any other *member* of the *firm's group*; or
- (3) a *partnership* of which the *firm* is a *member*; or
- (4) a *person* who has at any relevant time been a *person* falling within (1), (2) or (3);

but only if the *person* is, or was at the relevant time, carrying on a business.

5.2.2

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Under section 166A of the *Act* (Appointment of skilled person to collect and update information), the *FCA* may require a *firm* to appoint, or itself appoint, a *skilled person* to collect or update information.



5.3 Policy on the use of skilled persons

- 5.3.1

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The appointment of a *skilled person* to produce a report under section 166 of the *Act* (Reports by skilled persons) is one of the *FCA's* regulatory tools. The tool may be used:

  - (1) for diagnostic purposes, to identify, assess and measure risks;
  - (2) for monitoring purposes, to track the development of identified risks, wherever these arise;
  - (3) in the context of preventative action, to limit or reduce identified risks and so prevent them from crystallising or increasing; and
  - (4) for remedial action, to respond to risks when they have crystallised.
- 5.3.1A

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■ SUP 5 Annex 1 gives examples of circumstances in which the *FCA* may use the *skilled persons* tool.
- 5.3.2

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The decision by the *FCA* to require a report by a *skilled person* under section 166 of the *Act* (Reports by skilled persons) will normally be prompted by a specific requirement for information, analysis of information, assessment of a situation, expert advice or recommendations or by a decision to seek assurance in relation to a regulatory return. It may be part of the risk mitigation programme applicable to a *firm*, or the result of an event or development relating or relevant to a *firm*, prompted by a need for verification of information provided to the *FCA* or part of the *FCA's* regular monitoring of a *firm*.
- 5.3.2A

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The decision by the *FCA* to require the collection or updating of information by a *skilled person* under section 166A of the *Act* (Appointment of skilled person to collect and update information) will be prompted where the *FCA* considers there has been a breach of a requirement by a *firm* to collect, and keep up to date, information of a description specified in the *FCA's rules*.
- 5.3.3

G

When making the decision to require a report by a *skilled person* under section 166 (Reports by skilled persons) or the collection or updating of information by a *skilled person* under section 166A (Appointment of skilled person to collect and update information) of the *Act*, the *FCA* will have regard, on a case-by-case basis, to all relevant factors. Those are likely to include:

  - (1) circumstances relating to the *firm*;



- (2) alternative tools available, including other statutory powers;
- (3) legal and procedural considerations;
- (4) the objectives of the *FCA's* enquiries;
- (5) cost considerations; and
- (6) considerations relating to the *FCA's* resources.

■ SUP 5.3.4 G to ■ SUP 5.3.10 G give further guidance on these listed factors.

## Circumstances relating to the firm

5.3.4

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The *FCA* will have regard to circumstances relating to the *firm*, for example:

- (1) attitude of the *firm*: whether the *firm* is being cooperative;
- (2) history of similar issues: whether similar issues have arisen in the past and, if so, whether timely corrective action was taken;
- (3) quality of a *firm's* systems and records: whether the *FCA* has confidence that the *firm* has the ability to provide the required information;
- (4) objectivity: whether the *FCA* has confidence in the *firm's* willingness and ability to deliver an objective report;
- (5) conflicts of interest: whether the subject matter of the enquiries or the report involves actual or potential misconduct and it would be inappropriate for the *FCA* to rely on the *firm* itself to enquire into the matter; and
- (6) knowledge or expertise available to the *firm*: whether it would be appropriate to involve a third party with the required technical expertise.

## Alternative tools available, including other statutory powers

5.3.5

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The *FCA* will have regard to alternative tools that may be available, including for example:

- (1) obtaining what is required without using specific statutory powers (for example, by a visit by staff of the *FCA* or a request for information on an informal basis);
- (2) requiring information from *firms* and others, including authorising an agent to require information, under section 165 of the *Act* (Power to require information);
- (3) appointing investigators to carry out general investigations under section 167 of the *Act* (Appointment of investigator in general cases) (see ■ EG 3 for the *FCA* policy on the use of this power); and
- (4) appointing investigators to carry out investigations in particular cases under section 168 of the *Act* (Appointment of investigator in specific cases) (see ■ EG 3 for the *FCA's* policy on the use of this power).

## Legal and procedural considerations

5.3.6

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The *FCA* will have regard to legal and procedural considerations including:

- (1) statutory powers: whether one of the other available statutory powers is more appropriate for the purpose than the power in section 166 (Reports by skilled persons) or section 166A (Appointment of skilled person to collect and update information) of the *Act*;
- (2) subsequent proceedings: whether it is desirable to obtain an authoritative and independent report for use in any subsequent proceedings; and
- (3) application of the *Handbook rules*: whether it is important that the relevant *rules* in the *Handbook* should apply, for example ■ SUP 5.5.1 R which obliges the *firm* to require and permit the *skilled person* to report specified matters to the *FCA*.

## The objectives of the *FCA*'s enquiries

5.3.7

G

The *FCA* will have regard to the objectives of its enquiries, and the relative effectiveness of its available powers to achieve those objectives. For example:

- (1) historic information or evidence: if the objectives are limited to gathering historic information, or evidence for determining whether enforcement action may be appropriate, the *FCA*'s information gathering and investigation powers under sections 165 (Power to require information), 167 (Appointment of investigator in general cases) and 168 (Appointment of investigator in specific cases) of the *Act* are likely to be more appropriate than the power in section 166 (Reports by skilled persons) or section 166A (Appointment of skilled person to collect and update information) of the *Act*; and
- (2) expert analysis or recommendations: if the objectives include obtaining expert analysis or recommendations (or both) for diagnostic, monitoring, preventative or remedial purposes, the section 166 power (Reports by skilled persons) may be an appropriate power to use, instead of, or in conjunction with, the *FCA*'s other available powers.

## Cost considerations

5.3.8

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In accordance with its general policy the *FCA* will have regard to the question of cost, which is particularly pertinent in relation to *skilled persons* because:

- (1) if the *FCA* uses the section 166 power (Reports by skilled persons) or the section 166A power (Appointment of skilled person to collect and update information), either the *firm* will appoint, and will have to pay for the services of, the *skilled person*, or the *FCA* will appoint, and will require under ■ FEES 3.2.7 R (zp) or ■ FEES 3.2.7 R (zq) that the relevant *firm* pays for the services of, the *skilled person*;
- (2) if the *FCA* uses its other information gathering and investigation powers, it will either authorise or appoint its own staff to undertake the information gathering or investigation (or both), or it will pay for

the services of external competent persons to do so; in either case the costs will be recovered under the *FCA's* general fee scheme.

5.3.9

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In having regard to the cost implications of using the section 166 power (Reports by skilled persons) or the section 166A power (Appointment of skilled person to collect and update information) alternative options (such as visits) or other powers, the *FCA* will take into account relevant factors, including:

- (1) whether the *firm* may derive some benefit from the work carried out and recommendations made by the *skilled person*, for instance a better understanding of its business and its risk profile, or the operation of its information systems, or improvements to its systems and controls;
- (2) whether the work to be carried out by the *skilled person* is work that should reasonably have been carried out by the *firm*, or by persons instructed by the *firm* on its own initiative; for instance a compliance review or the development of new systems;
- (3) whether the *firm's* record-keeping and management information systems are poor and:
  - (a) the required information and *documents* are not readily available; or
  - (b) an analysis of the required information cannot readily be performed without expert assistance;
- (4) whether the *firm* appears to have breached requirements or standards under the *regulatory system* or otherwise put the interests of consumers at risk, and it is unable or unwilling to review and remedy the matters of concern, or the *FCA* considers that it cannot rely on the *firm* to do so; and
- (5) the perceived probability and seriousness of possible breaches of regulatory requirements and the possible need for further action.

5.3.9A

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[deleted]

Considerations relating to FCA resources

5.3.10

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The *FCA* will have regard to *FCA*-related considerations including:

- (1) *FCA* expertise: whether the *FCA* has the necessary expertise; and
- (2) *FCA* resources: whether the resources required to produce a report or to make enquiries or to appoint a *skilled person* itself are available within the *FCA*, or whether the exercise will be the best use of the *FCA's* resources at the time.



5.4 Appointment and reporting process

Scope of report

- 5.4.1

G

Where the *FCA* requires a report by a *skilled person* under section 166 of the *Act* (Reports by skilled persons), the *FCA* will send a notice in writing requiring the *person* in ■ SUP 5.2.1 G to provide a report by a *skilled person*, or notifying the *person* in ■ SUP 5.2.1 G in writing of the *FCA*'s appointment of a *skilled person* to provide a report, on any matter if it is reasonably required in connection with the exercise of its functions conferred by or under the *Act*. The *FCA* may require the report to be in whatever form it specifies in the notice.
- 5.4.1A

G

Where the *FCA* requires the updating or collection of information by a *skilled person* under section 166A of the *Act* (Appointment of skilled person to collect and update information), the *FCA* will send a notice in writing requiring the *firm* to appoint a *skilled person*, or notifying the *firm* of the *FCA*'s appointment of a *skilled person*, to collect or update the relevant information.
- 5.4.2

G

As part of the decision making process the *FCA* will normally contact the *person* in ■ SUP 5.2.1 G or in ■ SUP 5.2.2 G to discuss its needs before finalising its decision to require a report or the updating or collection of information by a *skilled person*. This will provide an opportunity for discussion about the appointment, whether an alternative means of obtaining the information would be better, what the scope of a report should be, who should be appointed, who should appoint, and the likely cost.
- 5.4.3

G

The *FCA* will give written notification to the *person* in ■ SUP 5.2.1 G or ■ SUP 5.2.2 G of the purpose of the report or collection or updating of information, its scope, the timetable for completion and any other relevant matters. The *FCA* will state the matters which the report is to contain, or the information which is to be collected or updated, as well as any requirements as to the report's format. For example, a report on controls may be required to address key risks, key controls and the control environment. The *FCA* attaches importance to there being a timetable for each report and to the *skilled person*, with the cooperation of the *person* in ■ SUP 5.2.1 G or the *firm* in ■ SUP 5.2.2 G, as relevant, keeping to that timetable.

**5.4.4** **G** The written notification in **■ SUP 5.4.3 G** may be preceded or followed by a discussion of the *FCA's* requirements and the reasons for them. This may involve the *FCA* the *person* in **■ SUP 5.2.1 G** or in **■ SUP 5.2.2 G** and the person who has been, or is expected to be, appointed as the *skilled person*. The *FCA* recognises that there will normally be value in holding discussions involving the *skilled person* at this stage. These discussions may include others if appropriate.

**5.4.5** **G** The *FCA* will wish to conduct the discussion with the *firm*, the *skilled person* and any others within a timescale appropriate to the circumstances of the case.

## Appointment process

**5.4.6** **G** Where the *skilled person* is appointed by the *person* in **■ SUP 5.2.1 G** or **■ SUP 5.2.2 G**, the *appropriate regulator* will normally seek to agree in advance with the *person* in **■ SUP 5.2.1 G** or **■ SUP 5.2.2 G** the *skilled person* who will make the report or collect or update the relevant information. The *Act* requires that such *skilled person* be nominated or approved by the *appropriate regulator*:

- (1) if the *appropriate regulator* decides to nominate the *skilled person* who is to make the report or collect or update the information, it will notify the *person* in **■ SUP 5.2.1 G** or **■ SUP 5.2.2 G** accordingly; and
- (2) alternatively, if the *appropriate regulator* is content to approve a *skilled person* selected by the *person* in **■ SUP 5.2.1 G** or **■ SUP 5.2.2 G**, it will notify the latter *person* of that fact.

The *appropriate regulator* may give the *person* in **■ SUP 5.2.1 G** or **■ SUP 5.2.2 G** a shortlist from which to choose.

**5.4.7** **G** A *skilled person* must appear to the *FCA* to have the skills necessary to make a report on the matter concerned or collect or update the relevant information. A *skilled person* may be an accountant, lawyer, compliance consultant, *actuary* or *person* with relevant business, technical or technological skills.

**5.4.8** **G** When considering whether to nominate, approve or appoint a *skilled person* to make a report or collect or update information, the *FCA* will have regard to the circumstances of the case, including whether the proposed *skilled person* appears to have:

- (1) the skills necessary to make a report on the matter concerned or collect or update the relevant information;
- (2) the ability to complete the report or collect or update the information within the time expected by the *FCA*;
- (3) any relevant specialised knowledge, for instance of the *person* in **■ SUP 5.2.1 G** or **■ SUP 5.2.2 G**, the type of business carried on by the *person* in **■ SUP 5.2.1 G** or **■ SUP 5.2.2 G**, or the matter to be reported on or information to be collected or updated;

- (4) any professional difficulty or potential conflict of interest in reviewing the matters to be reported on, or the information to be collected or updated, for instance because it may involve questions reflecting on the quality or reliability of work previously carried out by the proposed *skilled person*; and
- (5) enough detachment, bearing in mind the closeness of an existing professional or commercial relationship, to be able to collect or update the information or to give an objective opinion on matters such as:
  - (a) matters already reported on by the *skilled person* (for example, on the financial statements of the *person* in ■ SUP 5.2.1 G or in ■ SUP 5.2.2 G or in relation to their systems and controls); or
  - (b) matters that are likely to be contentious and may result in disciplinary or other enforcement action against the *person* in ■ SUP 5.2.1 G or ■ SUP 5.2.2 G, its management, shareholders or controllers; or
  - (c) matters that the *skilled person* has been involved in, in another capacity (for example, when a *skilled person* has been involved in developing an information system it may not be appropriate for him to provide a subsequent opinion on the adequacy of the system).

5.4.9 G In appropriate circumstances, it may be cost effective for the FCA to nominate or approve the appointment of, or appoint itself, a *skilled person* who has previously acted for, or advised, the *person* in ■ SUP 5.2.1 G or ■ SUP 5.2.2 G. For example, the FCA may nominate or approve the appointment of, or appoint, the auditor of a *person* in ■ SUP 5.2.1 G or ■ SUP 5.2.2 G to prepare a report or collect or update the information taking into account, where relevant, the considerations set out in ■ SUP 5.4.7 G.

Reporting process.....

5.4.10 G Where the *skilled person* is appointed by the *person* in ■ SUP 5.2.1 G or ■ SUP 5.2.2 G, the FCA will normally require the *skilled person* to be appointed to report to the FCA through that *person*. In the normal course of events the FCA expects that the *person* in ■ SUP 5.2.1 G or ■ SUP 5.2.2 G will be given the opportunity to provide written comments on the report or the collection of the relevant information prior to its submission to the FCA.

5.4.10A G Where the *skilled person* is to be appointed by the FCA itself, the *skilled person* will report directly to the FCA.

5.4.11 G The FCA may enter into a dialogue with the *skilled person*, and is ready to discuss matters relevant to the report or the collection or updating of the relevant information with that *person*, during the preparation of the report or the collection or updating of the relevant information. Such discussions may involve or be through the *person* in ■ SUP 5.2.1 G or ■ SUP 5.2.2 G.

- 5.4.12** G The *FCA* will normally specify a time limit within which it expects the *skilled person* to deliver the report or collect or update the relevant information. Where the *skilled person* is appointed by the *person* in ■ SUP 5.2.1 G or ■ SUP 5.2.2 G, the *skilled person* should, in complying with its contractual duty under ■ SUP 5.5.1 R, take reasonable steps to achieve delivery by that time. If the *skilled person* becomes aware that the report may not be delivered, or collection or updating of the relevant information may not be, on time, the *skilled person* should inform the *FCA* and the *person* in ■ SUP 5.2.1 G or ■ SUP 5.2.2 G as soon as possible. Where the *skilled person* is appointed by the *person* in ■ SUP 5.2.1 G or ■ SUP 5.2.2 G, if the *skilled person* becomes aware that there may be difficulties delivering the report or collecting or updating the relevant information within cost estimates, the *skilled person* will no doubt wish to advise the *firm*.
- 5.4.13** G The *FCA* may meet with the *person* in ■ SUP 5.2.1 G or ■ SUP 5.2.2 G and the *skilled person* together to discuss the final report. The *FCA* may also wish to discuss the final report with the *skilled person* present but without the *person* in ■ SUP 5.2.1 G or ■ SUP 5.2.2 G.



## 5.5 Duties of firms

### Contract with the skilled person

#### 5.5.1

**R**

When a *firm* appoints a *skilled person* to provide a report under section 166 (Reports by skilled persons) or collect or update information under section 166A (Appointment of skilled person to collect and update information) of the *Act*, the *firm* must, in a contract with the *skilled person*:

- (1) require and permit the *skilled person* during and after the course of his appointment:
  - (a) to cooperate with the *FCA* in the discharge of its functions under the *Act* in relation to the *firm*; and
  - (b) to communicate to the *FCA* information on, or the *skilled person's* opinion on, matters of which the *skilled person* has, or had, become aware in the capacity of *skilled person* reporting on the *firm* in the following circumstances:
    - (i) the *skilled person* reasonably believes that, as regards the *firm* concerned (A) there is or has been, or may be or may have been, a contravention of any relevant *requirement* that applies to the *firm* concerned; and (B) that the contravention may be of material significance to the *FCA* in determining whether to exercise, in relation to the *firm* concerned, any functions conferred on the *FCA* by or under any provision of the *Act* other than Part VI (Official Listing); or
    - (ii) the *skilled person* reasonably believes that the information on, or the *skilled person's* opinion on, those matters may be of material significance to the *FCA* in determining whether the *firm* concerned satisfies and will continue to satisfy the threshold conditions; or
    - (iii) the *skilled person* reasonably believes that *firm* is not, may not be or may cease to be a going concern;
- (2) require the *skilled person* to prepare a report or collect or update information, as notified to the *firm* by the *FCA* , within the time specified by the *FCA*; and
- (3) waive any duty of confidentiality owed by the *skilled person* to the *firm* which might limit the provision of information or opinion by that *skilled person* to the *FCA* in accordance with (1) or (2). (See also ■ SUP 5.5.13 G and ■ SUP 5.6)



- 5.5.2** **G** In complying with the contractual duty in **■ SUP 5.5.1 R (1)** the *FCA* expects that a *skilled person* appointed by a *firm* under section 166 (Reports by skilled persons) or section 166A (Appointment of skilled person to collect and update information) of the *Act* will cooperate with the *FCA* by, amongst other things, providing information or documentation about the planning and progress of the report and its findings and conclusions, if requested to do so. A *firm* should therefore ensure that the contract it makes with the *skilled person* requires and permits the *skilled person* to provide the following to the *FCA* if requested to do so:
- (1) interim reports;
  - (2) source data, *documents* and working papers;
  - (3) copies of any draft reports given to the *firm*; and
  - (4) specific information about the planning and progress of the work to be undertaken (which may include project plans, progress reports including percentage of work completed, details of time spent, costs to date, and details of any significant findings and conclusions).
- 5.5.3** **G** If the *FCA* is considering asking for the information specified in **■ SUP 5.5.2 G** it will take into consideration the cost of the *skilled person* complying with the request, and the benefit that the *FCA* may derive from the information. For example, in most cases, the *FCA* will not need to request a *skilled person* to give it source data, *documents* and working papers. However, the *FCA* may do so when it reasonably believes that this information will be relevant to any investigation it may be conducting, or any action it may need to consider taking against the *firm*.
- 5.5.4** **G** In complying with the contractual duty in **■ SUP 5.5.1 R**, the *FCA* expects that, in the case of substantial or complex reports, the *skilled person* will give a periodic update on progress and issues to allow for a re-focusing of the report if necessary. The channel of communication would normally be directly between the *skilled person* and the *FCA*. However, the *FCA* would also expect *firms* normally to be informed about the passage of information, and the *skilled person* would usually be expected to keep the *firm* informed of any communication between the *skilled person* and the *FCA*.
- 5.5.5** **R** A *firm* must ensure that the contract required by **■ SUP 5.5.1 R**:
- (1) is governed by the laws of a part of the *United Kingdom*;
  - (2) expressly:
    - (a) provides that the *FCA* has a right to enforce the provisions included in the contract under **■ SUP 5.5.1 R** and **■ SUP 5.5.5 R (2)**;
    - (b) provides that, in proceedings brought by the *FCA* for the enforcement of those provisions, the *skilled person* is not to have available by way of defence, set-off or counterclaim any matter that is not relevant to those provisions;
    - (c) (if the contract includes an arbitration agreement) provides that the *FCA* is not, in exercising the right in (a), to be treated as a party to, or bound by, the arbitration agreement; and

		<p>(d) provides that the provisions included in the contract under ■ SUP 5.5.1 R and ■ SUP 5.5.5 R (2) are irrevocable and may not be varied or rescinded without the <i>FCA's</i> consent; and</p> <p>(3) is not varied or rescinded in such a way as to extinguish or alter the provisions referred to in (2)(d).</p>
5.5.6	G	The Contracts (Rights of Third Parties) Act 1999, or Scots common law, enables the <i>FCA</i> to enforce the rights conferred on it under the contract required by ■ SUP 5.5.1 R against the <i>skilled person</i> .
5.5.7	G	If the <i>FCA</i> considers it appropriate, it may request the <i>firm</i> to give it a copy of the draft contract required by ■ SUP 5.5.1 R before it is made with the <i>skilled person</i> . The <i>FCA</i> will inform the <i>firm</i> of any matters that it considers require further clarification or discussion before the contract is finalised.
5.5.8	G	The <i>FCA</i> expects the <i>firm</i> , including where applicable in complying with <i>Principle 11</i> , to give the <i>FCA</i> information about the cost of the <i>skilled persons</i> report. This may include both an initial estimate of the cost as well as the cost of the completed report. This information is required to help inform the <i>FCA's</i> decision making in the choice of regulatory tools. Information about the number and cost of reports by <i>skilled persons</i> will be published by the <i>FCA</i> .
		<b>Assisting the skilled person</b> .....
5.5.9	R	A <i>firm</i> must provide all reasonable assistance to any <i>skilled person</i> appointed to provide a report under section 166 (Reports by skilled persons) or to collect or update information under section 166A (Appointment of skilled person to collect and update information) of the <i>Act</i> .
5.5.10	G	In providing reasonable assistance under ■ SUP 5.5.9 R, a <i>firm</i> should take reasonable steps to ensure that, when reasonably required by the <i>skilled person</i> , each of its <i>appointed representatives</i> or, where applicable, <i>tied agents</i> waives any duty of confidentiality and provides reasonable assistance as though ■ SUP 5.5.1 R (3) and ■ SUP 5.5.9 R applied directly to the <i>appointed representative</i> or <i>tied agent</i> .
5.5.11	G	Reasonable <i>assistance</i> in ■ SUP 5.5.9 R should include: <p>(1) access at all reasonable business hours for the <i>skilled person</i> to the <i>firm's</i> accounting and other records in whatever form;</p>

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- (2) providing such information and explanations as the *skilled person* reasonably considers necessary or desirable for the performance of his duties; and

(3) permitting a *skilled person* to obtain such information directly from the *firm's* auditor as he reasonably considers necessary or desirable for the proper performance of his duties.

5.
- G

Section 166(7) of the Act (as applied by article 23(2)(b) of the *MCD Order*) imposes, in appropriate circumstances, a duty on *CBTL firms* to give the *skilled person* all such assistance as the *skilled person* may reasonably require. Where this duty applies to a *CBTL firm*, the *FCA* expects the *CBTL firm* to:

(1) take reasonable steps to ensure that, when reasonably required by the *skilled person*, each of its *appointed representatives* waives any duty of confidentiality;

(2) take reasonable steps to ensure that, when reasonably required by the *skilled person*, each of its *appointed representatives* complies with any duty under section 166(7) applicable to it, or provides assistance to the *skilled person* as though that duty applied directly to it;

(3) allow the *skilled person* access at all reasonable business hours to the *CBTL firm's* accounting and other records in whatever form;

(4) provide such information and explanations as the *skilled person* reasonably considers necessary or desirable for the performance of his duties; and

(5) permit the *skilled person* to obtain such information directly from the *CBTL firm's* auditor as he reasonably considers necessary or desirable for the proper performance of his duties.

Responsibility for delivery

- 5.5.12
- G

When a *firm* appoints a *skilled person* to provide a report under section 166 (Reports by skilled persons) or collect or update information under section 166A (Appointment of skilled person to collect and update information) of the *Act*, a *firm* is expected, including where applicable in complying with *Principle 11*, to take reasonable steps to ensure that a *skilled person* delivers a report or collects or updates information in accordance with the terms of his appointment.

Assistance to skilled persons from others

- 5.5.13
- G

In respect of the appointment of a *skilled person* under section 166 of the *Act* (Reports by skilled persons), section 166(7) of the *Act* imposes a duty on certain *persons* to give assistance to a *skilled person*. The *persons* on whom this duty is imposed are those who are providing, or have at any time provided, services to any *person* falling within ■ SUP 5.2.1 G. They include suppliers under *material outsourcing arrangements*.
- 5.5.14
- G

In respect of the appointment of a *skilled person* under section 166A (Appointment of skilled person to collect and update information) of the

Act, under section 166A(5) a *skilled person* may require any *person* to provide all such assistance as the *skilled person* may reasonably require to collect or update the information in question.



## 5.6 Confidential information and privilege

### Confidential information

- 5.6.1 G Within the legal constraints that apply, the *FCA* may pass on to a *skilled person* any information which it considers relevant to the *skilled person's* function. A *skilled person*, being a primary recipient under section 348 of the Act (Restrictions on disclosure of confidential information by Authority etc.), is bound by the confidentiality provisions in Part XXIII of the Act (Public record, disclosure of information and cooperation) as regards confidential information received from the *FCA* or directly from a *firm* or other *person*. A *skilled person* may not pass on confidential information without lawful authority, for example, where an exception applies under the Financial Services and Markets Act 2000 (Disclosure of Confidential Information) Regulations 2001 (SI 2001/2188) or with the consent of the *person* from whom that information was received and (if different) to whom the information relates. The *FCA* will indicate to a *skilled person* if there is any matter which cannot be discussed with the *person* in ■ SUP 5.2.1 G.

### Banking confidentiality and legal privilege

- 5.6.2 G The *limitations* in the following sections of the Act are relevant to this chapter:
- (1) section 175(5) (Information and documents: supplemental provisions) under which a person may be required under Part XI of the Act (Information Gathering and Investigations) to disclose information or produce a document subject to banking confidentiality (with exceptions); and
  - (2) section 413 (Protected items), under which no *person* may be required to produce, disclose or allow the inspection of *protected items*.
- 5.6.3 G In respect of the appointment of a *skilled person* under section 166A (Appointment of skilled person to collect and update information) of the Act, a contractual or other requirement imposed on a *person* to keep any information confidential will not apply if:
- (1) the information is or may be relevant to anything required to be done as part of the *skilled person's* appointment under section 166A (Appointment of skilled person to collect and update information) of the Act;

- (2) a *firm* or a *skilled person* requests or requires the *person* to provide the information for the purpose of securing that those things are done; and
- (3) the *FCA* has approved the making of the request or the imposition of the requirement before it is made or imposed.

5.6.4

**G** A *firm* may provide information that would otherwise be subject to a contractual or other requirement to keep it in confidence if it is provided for the purposes of anything required to be done in respect of the *skilled person's* collection or updating of information under section 166A (Appointment of skilled person to collect and update information) of the Act.

## Non-exhaustive list of examples of when the FCA may use the skilled person tool (This Annex belongs to SUP 5.3.1AG)

5

Toolkit purpose	Purpose for use of tool	Examples of reasons for use of tool
Diagnostic	<ul style="list-style-type: none"> <li>• To find out more about a concern (e.g. the result of a visit, risk assessment, or notification) and determine whether action is needed to mitigate a risk to the <i>regulatory objectives</i> or to determine whether there may have been a breach of a <i>rule</i> or of a <i>threshold condition</i> or, in the case of an <i>RIE</i>, failure to meet the recognised requirements.</li> <li>• To assess the implications of, and <i>firm's*</i> response to, a change of circumstances e.g. <ul style="list-style-type: none"> <li>- proposed entry into new business area;</li> <li>- new control structure;</li> <li>- merger or take-over;</li> <li>- new IT system; or</li> <li>- launch of an E-Commerce venture.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Concern about effectiveness of the <i>firm's*</i> internal audit department.</li> <li>• Concern about reliability of submitted financial returns.</li> <li>• Inability of a <i>firm*</i> to quantify its current financial position.</li> <li>• Assessment of consequences of incomplete customer files.</li> <li>• Concern about quality of systems and controls.</li> <li>• Indication of financial crime or <i>money laundering</i>.</li> <li>• Concern about a <i>firm's*</i> controller.</li> <li>• Assessment of control structure when a <i>bank</i> (specialising in consumer lending) diversifies into commercial lending.</li> </ul>
Diagnostic/monitoring	<ul style="list-style-type: none"> <li>• To verify information provided to the <i>FCA</i>.</li> </ul>	<ul style="list-style-type: none"> <li>• Verification of a specific return to give the <i>FCA</i> assurance of the quality of information provided.</li> </ul>
	<ul style="list-style-type: none"> <li>• To collect information required by but not provided to the <i>FCA</i> by the <i>firm*</i>.</li> <li>• To update information previously provided to the <i>FCA</i> but not kept up to date by the <i>firm*</i>.</li> </ul>	<ul style="list-style-type: none"> <li>• Failure by a <i>firm*</i> to provide or keep up to date information required by the <i>FCA</i>.</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>• To review systems and controls</li> <li>• To complement baseline monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Assessment of systems and controls in <i>firms*</i> where identified as a risk mitigation priority.</li> <li>• In-depth review of part of a <i>firm*</i> which is material to the <i>firm's</i> risk profile but of which the <i>FCA</i> does not consider it has an adequate, up-to-date understanding.</li> </ul>
Preventative	<ul style="list-style-type: none"> <li>• To gather and analyse information on an identified risk and develop recommendations for resolution.</li> </ul>	<p>Review of identified control weaknesses over <i>client money</i> to obtain recommendations to ensure compliance with the relevant <i>rules</i>.</p>

Toolkit purpose	Purpose for use of tool	Examples of reasons for use of tool
Remedial	<ul style="list-style-type: none"><li>• To assist in the design of a customer redress programme.</li><li>• To assist in the design of a remedial action plan.</li><li>• To oversee and report on remedial action plan.</li></ul>	<ul style="list-style-type: none"><li>• Where possible, the FCA has identified possible losses from failure to reconcile assets or from mis-posting of transactions to the general ledger.</li><li>• To report on quality of work undertaken and adherence to milestones in the action plan.</li></ul>
* or, where applicable, the other persons in SUP 5.2.1 G.		

Non-exhaustive list of examples of when the FCA may itself appoint a *skilled person* rather than require a *firm* to do so

Toolkit purpose	Purpose for use of tool	Examples of reasons for use of tool
Diagnostic/ monitoring/ preventative/ remedial	(any of the above)	<ul style="list-style-type: none"><li>• To provide a report or information that is urgently required.</li><li>• To assert a greater degree of control over the appointment and oversight of the <i>skilled person</i> due to the sensitive nature of the matter concerned.</li><li>• To assert a greater degree of control over the appointment and oversight of the <i>skilled person</i> in circumstances where more than one <i>firm</i>* is the subject of the same report or information required.</li></ul>



## Chapter 6

# Applications to vary and cancel Part 4A permission and to impose, vary or cancel requirements



6.1 Application, interpretation and purpose

Application

- 6.1.1

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This chapter applies to every *firm* with a *Part 4A permission* which wishes to:

  - (1) vary its *Part 4A permission*; or
  - (2) cancel its *Part 4A permission* and end its *authorisation*;
  - (3) have a new *requirement* imposed on it;
  - (4) vary a *requirement* imposed on it; or
  - (5) cancel a *requirement* imposed on it.
- 6.1.2

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If appropriate, a *firm* which is an *authorised fund manager* should also refer to ■ COLL 7 for *guidance* on the termination of *ICVCs*, *ACSs* and *AUTs* and on winding up *authorised funds* that are not commercially viable.
- 6.1.3

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[deleted]
- 6.1.3A

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- (1) In ■ SUP 6 the "relevant regulator" is the regulator to which a *firm* with a *Part 4A permission* has made or can make (in accordance with ■ SUP 6) an application to vary or cancel its *Part 4A permission* or to have imposed on it a new *requirement* or to vary or cancel any existing *requirement* (see ■ SUP 6.2.3A G to ■ SUP 6.2.3E G).
  - (2) Where the *PRA* can only determine an application with the consent of the *FCA*, the *FCA* may request further information as if it were the relevant regulator.
  - (3) In some instances, the *Act* requires the *FCA* and the *PRA* to consult with each other prior to exercising their powers under the *Act*. Details of where consultation is required have not been set out in ■ SUP 6. Where a provision in ■ SUP 6 makes reference to a power, the exercise of which by the *FCA* or the *PRA* (as the case may be) requires consultation under the *Act*, *firms* should be aware that the regulator

concerned will need to consult the other regulator before exercising that power.

Purpose.....

6.1.4

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This chapter explains:

- (1) how a *firm* with a *Part 4A permission* can apply to the relevant regulator to vary that *permission*;
- (2) how a *firm* which has ceased to carry on any of the *regulated activities* for which it has a *Part 4A permission*, or which expects to do so in the short term (normally less than six months), should apply to the relevant regulator to cancel that *permission* completely;
- (2A) how a *firm* with a *Part 4A permission* can apply to the relevant regulator to:
  - (a) have a new *requirement* imposed on it; or
  - (b) vary a *requirement* imposed on it; or
  - (c) cancel a *requirement* imposed on it.
- (3) the additional procedures that apply to a *firm* carrying on *regulated activities* which create long term obligations to *customers* (for example, *effecting contracts of insurance, carrying out contracts of insurance or accepting deposits*) that needs to wind down (run off) its business over a long term period (normally more than six months) and the applications it should make with a view to ultimately cancelling its *permission*; and
- (4) how the relevant regulator assesses those applications.

6.1.5

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This chapter also outlines the relevant regulator's powers to withdraw *authorisation* from a *firm* whose *Part 4A permission* has been cancelled at the *firm's* request.

6.1.6

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This chapter does not cover the *FCA's* use of its *own-initiative variation power* or, in respect of *FCA-authorised persons*, its *additional own-initiative variation power* to vary or cancel a *firm's Part 4A permission* or its *own-initiative requirement power* to impose, vary or cancel a *requirement* (see ■ SUP 7 (Individual requirements) and ■ EG 8 (Variation and cancellation of permission and imposition of requirements on the *FCA's* own initiative and intervention against incoming firms)).



6.2 Introduction

- 6.2.1

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A *firm* authorised under Part 4A of the Act (Permission to carry on regulated activity) has a single *Part 4A permission* granted by the FCA or the PRA. A *firm's Part 4A permission* specifies all or some of the following elements (see ■ PERG 2 Annex 2 (Regulated activities and the permission regime) and the information online at the FCA and PRA websites):

(1) a description of the activities the *firm* may carry on, including any *limitations*;

(2) the *specified investments* involved; and

(3) if appropriate, *requirements*.
- 6.2.2

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Under section 20(1) and 20(1A) of the Act (Authorised persons acting without permission), a *firm* is prohibited from carrying on a *regulated activity* in the *United Kingdom* (or purporting to do so) otherwise than in accordance with its *permission*.
- 6.2.3

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- 6.2.3A

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If an *FCA-authorised person* wishes to change its *Part 4A permission* to:

(1) add a *regulated activity*, other than a *PRA-regulated activity*; or

(2) remove a *regulated activity* from those to which the *permission* relates; or

(3) vary the description of a *regulated activity* to which the *permission* relates; or

(4) cancel the *permission*;

it can apply to the FCA under section 55H of the Act (Variation by FCA at request of authorised person).
- 6.2.3B

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If an *FCA-authorised person* wishes to change its *Part 4A permission*, by adding to the *regulated activities* to which the *permission* relates one or more *regulated activities*, which include a *PRA-regulated activity*, it can apply to the PRA under section 55I of the Act (Variation by PRA at request of authorised person). The PRA can determine such an application only with the consent of the FCA.

- 6.2.3C

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If a *firm* with a *Part 4A permission* wishes the *FCA* to:

(1) impose a new *requirement*; or

(2) vary a *requirement* imposed by the *FCA*; or

(3) cancel such a *requirement*;

it can apply to the *FCA* under section 55L(5) of the *Act* (Imposition of Requirements by *FCA*).
- 6.2.4

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A *firm* intending to expand its business should assess, taking appropriate professional advice where necessary, whether it will need to make an application in accordance with ■ SUP 6 before making any changes to its business.
- 6.2.4A

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If a *firm* intends to transfer its business to a different legal entity it will need to apply to the relevant regulator for cancellation of its *Part 4A permission* and the entity to which the business is to be transferred will need to apply for a *Part 4A permission*.
- 6.2.4B

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■ SUP 6.2.5 G sets out the differences between these types of applications and the circumstances in which they should be made.
- 6.2.5

G

**Variation and cancellation of Part 4A permission and imposition, variation and cancellation of requirements. See ■ SUP 6.2.3A G to ■ SUP 6.2.3E G**

Question	Variation of Part 4A permission	Cancellation of Part 4A permission	Imposition, variation and cancellation of requirements
What does the application apply to?	Individual elements of a <i>firm's Part 4A permission</i> . Variations may involve adding or removing categories of <i>regulated activity</i> or <i>specified investments</i> or varying or removing any <i>limitations</i> in the <i>firm's Part 4A permission</i> .	A <i>firm's</i> entire <i>Part 4A permission</i> and not individual elements within it.	Any <i>requirement</i> imposed on a <i>firm</i> with a <i>Part 4A permission</i> . <i>Requirements</i> may involve requiring the <i>firm</i> concerned to take or refrain from taking a specified action.
In what circumstances is it usually appropriate to make an application?	If a <i>firm</i> :  1. wishes to change the <i>regulated activities</i> it carries on in the <i>United Kingdom</i> under a <i>Part 4A permission</i> (SUP 6.3); or	If a <i>firm</i> : 1. has ceased to carry on all of the <i>regulated activities</i> for which it has <i>Part 4A permission</i> (SUP 6.4); or 2. wishes or expects to cease carrying	If a <i>firm</i> :  1. wishes to have a new <i>requirement</i> imposed on it; or 2. wishes to vary or cancel an existing <i>requirement</i> imposed

Question	Variation of Part 4A permission	Cancellation of Part 4A permission	Imposition, variation and cancellation of requirements
	2. has the ultimate intention of ceasing carrying on <i>regulated activities</i> but due to the nature of those <i>regulated activities</i> (for example, <i>accepting deposits</i> , or <i>insurance business</i> ) it will require a long term (normally over six months) to wind down (run off) its business (see SUP 6.2.8 G to SUP 6.2.11 G and SUP 6 Annex 4).	on all of the <i>regulated activities</i> for which it has <i>Part 4A permission</i> in the short term (normally not more than six months). In this case, the <i>firm</i> may apply to cancel its <i>Part 4A permission</i> prior to ceasing the <i>regulated activities</i> (see SUP 6.4.3 G).	by the <i>FCA</i> or <i>PRA</i> (for example, if anything relating to the <i>firm's</i> individual circumstances change and any existing <i>requirement</i> should be varied or cancelled).

- 6.2.6

G

A *firm* which is seeking:

  - (1) to vary its *Part 4A permission* substantially; or
  - (2) to cancel its *Part 4A permission*; or
  - (3) the imposition of a new *requirement* and/or the variation or cancellation of any existing *requirement*;

should discuss its plans with its supervisory contact at the relevant regulator as early as possible before making an application, in order to comply with *Principle 11* (see ■ SUP 15.3.7 G). These discussions will help the relevant regulator and the *firm* to agree the correct approach for the *firm*.
- 6.2.7

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If a *firm* intends to cease carrying on one or more *regulated activities* permanently, it should give prompt notice to the *appropriate regulator* to comply with *Principle 11* (see ■ SUP 15.3.8 G (1)(d)). A *firm* should consider whether it needs to notify the *appropriate regulator* before applying to vary or cancel its *Part 4A permission*.
- 6.2.8

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**Firms with long term liabilities to customers**

Discussions with the *appropriate regulator* are particularly relevant where the *firm* has to discharge obligations to its *customers* or policyholders before it can cease carrying on a *regulated activity*. This may be the case, for example, where the *firm* is an *insurer*, a *bank*, a *dormant asset fund operator*, or, as is often the case, holding *client money* or customer assets.

- 6.2.9** G If an *insurer*, a *bank* or a *dormant asset fund operator* wishes to cease carrying on all *regulated activities* for which it has *Part 4A permission*, it will usually be necessary to wind down the business over a long term period which is normally more than six months. This may also be the case for a *firm* holding *client money* or customer assets. In these circumstances, it will usually be appropriate for the *firm* to apply for variation of its *Part 4A permission* and/or imposition of a new *requirement*, variation of any existing *requirement* or cancellation of such a *requirement* before commencing the wind-down. A *firm* should only make an application for cancellation of *permission* when it expects to complete its wind-down (run-off) within six months.
- 6.2.10** G A *firm* which is winding down (running off) its activities should contact its supervisory contact at the *appropriate regulator* to discuss its circumstances. Discussions will focus on the *firm's* winding down plans and the need for the *firm* to vary or cancel its *Part 4A permission* and/or the need to impose a new *requirement*, vary any existing *requirement* or cancel such a *requirement*. Following these discussions the *firm* should usually make the relevant application, as appropriate.
- 6.2.10A** G In certain circumstances the *FCA* and/or the *PRA* may use their *own-initiative powers* or the *FCA* may use its *additional own-initiative variation power* (see ■ SUP 7 and ■ EG 8) (Variation and cancellation of permission and imposition of requirements on the *FCA's* own initiative and intervention against incoming firms)).
- 6.2.11** G
- (1) Specific guidance on the additional procedures for a *firm* winding down (running off) its business in the circumstances discussed in ■ SUP 6.2.8 G is in ■ SUP 6 Annex 4.
  - (2) The guidance in ■ SUP 6 Annex 4 applies to any *firm* that is applying for variation of *Part 4A permission* or for the imposition, variation or cancellation of a *requirement* before it applies for cancellation of *Part 4A permission* to enable it to wind down (run off) its business over a long term period of six months or more. It will apply to most *insurers* and *banks* and, in some circumstances, to *firms* holding *client money* or customer assets.
  - (3) If a *firm* wishes to cease carrying on some of its *regulated activities*, or the *specified investments* in respect of which the activities are carried on, the *appropriate regulator* may consider it appropriate for the *firm* to comply with the additional procedures in ■ SUP 6 Annex 4. This would depend on the scale and nature of the *regulated activities* concerned. This might be the case, for example, if the *firm* is ceasing a significant part of its business in respect of which it has outstanding obligations to *customers* and it is believed that the additional procedures would protect *consumers*.
- 6.2.12** G [deleted]
- 6.2.13** G [deleted]

The Lloyd's market

6.2.14

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A *firm* making an application in accordance with ■ SUP 6 which requires any approval from the *Society of Lloyd's* should apply to the *Society* for this at the same time as applying to the relevant regulator. See ■ SUP 6 Annex 4 for additional procedures.



		<div>6.3</div> <div>Applications for variation of permission and/or imposition, variation or cancellation of requirements</div>	
		<div>What is a variation of permission?</div>	
6.3.1	G	[deleted]	
6.3.1A	G	<div>Under section 55H of the <i>Act</i>, an <i>FCA-authorised person</i> may apply to the <i>FCA</i> to vary its <i>Part 4A permission</i> to:</div> <div><div>(1) allow it to carry on further <i>regulated activities</i>, other than a <i>PRA-regulated activity</i>; or</div><div>(2) reduce the number of <i>regulated activities</i> it is permitted to carry on; or</div><div>(3) vary the description of its <i>regulated activities</i> (including by the removal or variation of any <i>limitations</i>).</div></div>	
6.3.1B	G	<div>Under section 55I of the <i>Act</i>, an <i>FCA-authorised person</i> may apply to the <i>PRA</i> to vary its <i>Part 4A permission</i> to add <i>regulated activities</i> which include a <i>PRA-regulated activity</i>.</div>	
6.3.2	G	[deleted]	
		<div>Applications to impose, vary or cancel requirements</div>	
6.3.2A	G	<div>Under section 55L(5) of the <i>Act</i> a <i>firm</i> with a <i>Part 4A permission</i> may apply to the <i>FCA</i> for the imposition of a new <i>requirement</i> and/or the variation or cancellation of any <i>requirement</i> previously imposed by the <i>FCA</i>.</div>	
		<div>The scope of applications</div>	
6.3.2C	G	<div>An application may relate to one or more of <a href="#">■ SUP 6.3.1A G</a> and <a href="#">■ SUP 6.3.2A G</a>. For example, a <i>firm</i> may apply to vary its <i>Part 4A permission</i> to add a new <i>regulated activity</i> and at the same time remove a <i>regulated activity</i> for which it currently has <i>permission</i>.</div>	
6.3.2D	G		

6.3.3	<div>G</div>	In applying for a variation of <i>Part 4A permission</i> , a branch of a <i>firm</i> from outside the <i>UK</i> should be mindful of any continuing requirements referred to in the rest of the <i>Handbook</i> .
		<b>Applications to add additional regulated activities</b>
6.3.4	<div>G</div>	In determining the activities and <i>specified investments</i> for which a <i>Part 4A permission</i> is required, and whether to apply for a variation of that <i>permission</i> , a <i>firm</i> may need to take professional advice and may also wish to discuss this with its appropriate supervisory contact.
6.3.5	<div>G</div>	Before applying to vary its <i>permission</i> , a <i>firm</i> should determine whether there are any statutory restrictions that do not allow combinations of certain types of <i>regulated activity</i> , particularly for <i>insurance business</i> or <i>UCITS managers</i> . For example, the <i>PRA</i> will not grant a variation of <i>Part 4A permission</i> to allow a <i>friendly society</i> to carry on reinsurance business as this is not permitted under the Friendly Societies Acts 1974 and 1992. A <i>firm</i> should discuss its plans with its appropriate supervisory contact.
6.3.6	<div>G</div>	If a <i>firm</i> is seeking a variation of <i>Part 4A permission</i> to add categories of <i>regulated activities</i> , it should be mindful of the requirements referred to at <div>SUP 6.3.42 G</div> relating to the need to commence new activities within 12 months.
		<b>Applications to remove certain regulated activities</b>
6.3.7	<div>G</div>	If a <i>firm</i> wishes to cease carrying on an activity for which it has <i>Part 4A permission</i> , it will usually apply to vary its <i>Part 4A permission</i> to remove that activity. If a <i>firm</i> wishes to cease carrying on an activity in relation to any <i>specified investment</i> , it will usually apply to vary its <i>Part 4A permission</i> to remove that <i>specified investment</i> from the relevant activity.
		<b>How a variation of permission may affect the firm's approved persons</b>
6.3.8	<div>G</div>	<div><div>(1) Where a <i>firm</i> is submitting an application for variation of <i>Part 4A permission</i> which would lead to a change in the <i>controlled functions</i> of its <i>approved persons</i>, it should, at the same time and as appropriate:</div><div><div>(a) make an application for an internal transfer of an <i>approved person</i>, Form E (Internal transfer of a person performing a controlled function), or make an application for an individual to perform additional <i>controlled functions</i>, the relevant Form A (Application to perform senior management functions); see:<div><div>(i) <div>SUP 10A.13.3D</div> to <div>SUP 10A.13.5G</div> (for a <i>firm</i> that has <i>appointed representatives</i>);</div><div>(ii) <div>SUP 10C.10</div> (for an <i>SMCR firm</i>); or</div><div>(iii) the corresponding <i>PRA</i> requirements;</div></div><div>(b) notify the <i>FCA</i> or <i>PRA</i> of any <i>approved person</i> who has ceased to perform a <i>controlled function</i> specified by that regulator, Form C (Notice of ceasing to perform controlled functions (including senior management functions)); see:</div></div></div></div>

		<div><div><div>(i) ■ SUP 10A.14 (for a <i>firm</i> that has <i>appointed representatives</i>);</div><div>(ii) ■ SUP 10C.14 (for an <i>SMCR firm</i>); or</div><div>(iii) the corresponding <i>PRA</i> requirements.</div></div><div>(2) If the <i>firm</i> intends to recruit new individuals to perform <i>controlled functions</i>, it should apply for approval of the individuals as <i>approved persons</i> as soon as possible using Form A (Application to perform senior management functions); see:</div><div><div><div>(a) ■ SUP 10A.13 (for a <i>firm</i> that has <i>appointed representatives</i>);</div><div>(b) ■ SUP 10C.10 (for an <i>SMCR firm</i>); or</div><div>(c) the corresponding <i>PRA</i> requirements.</div></div></div></div>
6.3.9	G	<div>A variation of a <i>firm's Part 4A permission</i> may mean that it becomes an <i>SMCR firm</i> or that it changes from one type of <i>SMCR firm</i> to another. This would have a number of significant consequences, which include:</div> <div><div><div>(1) the application of the special powers in relation to misconduct by <i>approved persons</i> (see ■ DEPP 6.2.9-AG);</div><div>(2) the senior managers regime in ■ SUP 10C applies;</div><div>(3) COCON applies to its staff; and</div><div>(4) the other elements of the regime for <i>SMCR firms</i> described in ■ SYSC 23.4 (Overview of the senior managers and certification regime) apply (which differ depending on the type of <i>SMCR firm</i>).</div><div>(5) [deleted]</div><div>(6) [deleted]</div></div></div>
6.3.10	G	<div>[deleted]</div>
6.3.11	G	<div><div>Variation of permission involving insurance business</div><div>A <i>firm</i> with <i>Part 4A permission</i> to carry on <i>insurance business</i>, which is applying for a variation of its <i>Part 4A permission</i> to add further insurance activities or <i>specified investments</i>, will be required to submit particular information on its existing activities as part of its application. This includes the <i>scheme of operations</i> which is required to be submitted as part of the application pack (for further details on the <i>scheme of operations</i>, see ■ SUP App 2 (Insurers: scheme of operations)).</div></div>
6.3.12	G	<div>In applying to vary its <i>Part 4A permission</i> to add categories of <i>specified investments</i>, in relation to <i>insurance business</i>, a <i>firm</i> carrying on <i>insurance business</i> will need to determine the <i>classes of specified investments</i> relating to <i>effecting</i> and <i>carrying out contracts of insurance</i> for which variation of <i>Part 4A permission</i> will be necessary, having regard to whether certain <i>classes</i> of contract may qualify to be effected or carried out on an ancillary or supplementary basis.</div>

**6.3.13** G The application for variation of *Part 4A permission* will need to provide information about the *classes of contract of insurance* for which variation of *Part 4A permission* is requested and also those *classes* qualifying to be carried on, on an ancillary or supplementary basis. For example, an *insurer* applying to vary its *permission* to include *class 10* (motor vehicle liability, other than carrier's liability) must satisfy the *FCA* that it will meet, and continue to meet, *threshold condition 3F* (Appointment of claims representatives). *Firms* should note that, although the relevant regulator is able in principle to use its power to give *Part 4A permission* for an applicant to carry on a *regulated activity* for which it did not originally apply, this is not possible under the *Solvency II Directive*, which sets out minimum information requirements for an application for *authorisation* including information on the specified investments the applicant proposes to deal in.

### The application for variation of permission and/or imposition, variation or cancellation of requirements

- 6.3.15** D
- (1) Subject to (1A), a *firm* other than a *credit union* wishing to make an application under ■ SUP 6 must apply online using the forms specified on the *online notification and application system*.
  - (1A) A *firm* wishing to make an application under ■ SUP 6 which covers only *credit-related regulated activities* must submit any form, notice or application by using the form in ■ SUP 6 Annex 5 and submitting it in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).
  - (2) [deleted]
  - (3) Until the application has been determined, a *firm* which submits an application must inform the relevant regulator of any significant change to the information given in the application immediately it becomes aware of the change.
  - (3A) Where an application requires the consent of the *FCA*, a *firm* which submits an application must inform the *FCA* of any significant change to the information given in the application immediately it becomes aware of the change.
  - (4) Where a *firm* is obliged to submit any form, notice or application online under (1), if the *online notification and application system* information technology systems fail and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored a *firm* must submit any form, notice or application by using the form in ■ SUP 6 Ann 5D and submitting it in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).
- 6.3.15A** G
- (1) If the *online notification and application system* fails and online submission is unavailable for 24 hours or more, the relevant regulator will endeavour to publish a notice on its website confirming that online submission is unavailable

		<p>and that the alternative methods of submission set out in ■ SUP 6.3.15 D (4) and ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification) should be used.</p> <p>(2) Where ■ SUP 6.3.15 D (4) applies to a <i>firm</i>, ■ GEN 1.3.2 R (Emergency) does not apply.</p>
6.3.16	G	<p>(1) Section 55(U)(2) of the <i>Act</i> (Applications under this Part) requires that the application for variation of <i>Part 4A permission</i> must contain a statement:</p> <p>(a) of the desired variation; and</p> <p>(b) of the <i>regulated activity</i> or <i>regulated activities</i> which the <i>firm</i> proposes to carry on if its <i>permission</i> is varied.</p> <p>(1A) Section 55(U)(3) of the <i>Act</i> requires that an application for variation of a <i>requirement</i> imposed under section 55L or 55M or the imposition of a new <i>requirement</i> must contain a statement of the desired variation or <i>requirement</i>.</p> <p>(2) The full form and content of the application for variation of <i>Part 4A permission</i> or for the imposition or variation of a <i>requirement</i> is a matter for direction by the relevant regulator, who will determine the additional information and documentation required on a case by case basis.</p>
6.3.17	G	<p>(1) [deleted]</p> <p>(2) A <i>firm</i> is advised to discuss its application with the relevant regulator before submission, particularly if it is seeking a variation of <i>Part 4A permission</i> or imposition, variation or cancellation of a <i>requirement</i> within a short timescale. A <i>firm</i> is also advised to include as much detail as possible (including any additional information identified by its supervisors at this stage) with its application.</p>
6.3.18	G	<p>The relevant regulator, as soon as possible after receipt of an application, will advise the <i>firm</i> of any additional information which is required as part of its application (see ■ SUP 6.3.23 G to ■ SUP 6.3.27 G). The amount of information required will vary depending on the scale of the variation in the context of the <i>firm</i> as a whole, and the nature, risk profile and complexity of the variation.</p>
6.3.19	G	<p><b>Applications from firms winding down (running off) business over the long term</b></p> <p>A <i>firm</i> which is making an application for variation of <i>Part 4A permission</i> to wind down (run off) its business before applying for a cancellation of that <i>permission</i> (see ■ SUP 6.2.9 G) should read ■ SUP 6 Annex 4 for details of the additional procedures that apply.</p>
6.3.20	G	<p><b>Applications involving significant changes</b></p> <p>In certain cases, the relevant regulator may consider that granting an application for imposition, variation or cancellation of any <i>requirement</i> or</p>

for variation of *Part 4A permission* which includes adding further *regulated activities* or changing a *limitation* would cause a significant change in the *firm's* business or risk profile. In these circumstances, the relevant regulator may require the *firm* to complete appropriate parts of the full application pack (see the relevant regulator's website ), as directed by the relevant regulator. Applications for variation involving significant changes may be processed by the *firm's* appropriate supervisory contact in conjunction with the Authorisations Team. Examples of an application for imposition, variation or cancellation of a *requirement* and for variation of *Part 4A permission* which may represent a significant change include, but are not limited to, an application:

- (1) to carry on new *regulated activities* such as *accepting deposits*;
- (2) to extend the *insurance business* of a *firm* which already has *Part IV permission* which includes *carrying out or effecting contracts of insurance* (or both), to new *classes of specified investment*; or
- (3) to remove a *requirement* preventing a *firm* from holding or controlling *client money*.
- (4) [deleted]

6.3.21 G A *firm* that wishes to make a significant change to its business, or is unsure whether the changes it is proposing would be considered to be significant, should contact the relevant regulator. The relevant regulator will discuss with the *firm* whether it will be required to submit parts of the application pack and whether any reports from third parties may be required.

6.3.22 G The fees payable for a *firm* applying for the imposition, variation or cancellation of any *requirements* and/or a variation of its *Part 4A permission* are set out in ■ FEES 3.

Information to be supplied to the relevant regulator as part of the application

6.3.23 G (1) The relevant regulator may ask for any information it reasonably requires before determining the application. The information required will be determined on a case by case basis, taking into account the relevant regulator's existing knowledge of the *firm* and the change requested. The relevant regulator will advise the *firm* of the information required at an early stage in the application process.

(2) The nature of the information and documents requested will be related to the risks posed to the relevant regulator's *statutory objectives* by the *regulated activities* and any *unregulated activities* that the *firm* is carrying on or is seeking to carry on. This information will be proportional to the nature of the business which the *firm* intends to carry on or the risks posed by the *firm*.

6.3.24 G (1) The information the relevant regulator may require includes, but is not limited to, the examples given in ■ SUP 6.3.25 G:



## 6.3.25 G Information which may be required. See ■ SUP 6.3.24 G

Type of business	Information which may be required
All	1. Details of how the <i>firm</i> plans to comply with the relevant regulator's regulatory requirements relating to any additional <i>regulated activities</i> it is seeking to carry on.
	2. Descriptions of the <i>firm's</i> key controls, senior management arrangements and audit and proposed compliance arrangements in respect of any new <i>regulated activity</i> (see SYSC).
	3. Organisation charts and details of individuals transferring or being recruited to perform new <i>controlled functions</i> (see SUP 10A and SUP 10C, and the corresponding PRA requirements for details of the application or transfer procedures under the <i>approved persons</i> or senior managers regime).
Insurance business	1. A <i>scheme of operations</i> in accordance with SUP App 2.
	2. (If the application seeks to vary a <i>permission</i> to include <i>motor vehicle liability insurance business</i> ) details of the claims representatives required by <i>threshold condition</i> 3F (Appointment of claims representatives), if applicable.
Accepting deposits and designated investment business	1. A business plan which includes the impact of the variation on the <i>firm's</i> existing or continuing business financial projections for the <i>firm</i> , including the impact of the requested change on the <i>firm's</i> financial resources and capital adequacy requirements.

6.3.26 G Specific information may also be required by the relevant regulator on the activities the *firm* intends to cease, or cease carrying on in relation to any *specified investments* (see ■ SUP 6 Annex 4).

6.3.27 G When determining whether to grant an application, the relevant regulator may request further information, including reports from third parties such as the *firm's* auditors, and may require meetings with, and visits to, the *firm*. The relevant regulator may also require a statement from members of the *firm's governing body* confirming, to the best of their knowledge, the completeness and accuracy of the information supplied. The relevant regulator may also discuss the application with other regulators or exchanges.

### When will an application for variation of permission and/or imposition or variation of requirements be granted?.....

- 6.3.28 G
- (1) The relevant regulator is required by section 55B(3) of the Act to ensure that a *firm* applying to gain or vary a *Part 4A permission* or to impose or vary a *requirement* satisfies and will continue to satisfy the *threshold conditions* in relation to all the regulated activities for which the *firm* has or will have a *Part 4A permission*.
  - (2) [deleted]

6.3.28A	G	Where a <i>firm</i> applies to the <i>PRA</i> for the variation of its <i>Part 4A permission</i> , the <i>FCA</i> , in giving consent to such an application or imposing any requirements on the <i>firm</i> , is required by section 55B(3) of the <i>Act</i> to ensure that the <i>firm</i> satisfies and will continue to satisfy the <i>threshold conditions</i> for which the <i>FCA</i> is responsible in relation to all the <i>regulated activities</i> for which the <i>firm</i> has or will have <i>Part 4A permission</i> after the variation.
6.3.28B	G	<div><div>(1) The <i>FCA</i>'s duty under section 55B(3) of the <i>Act</i> does not prevent it, having regard to that duty, from taking such steps as it considers necessary in relation to a particular <i>firm</i>, to meet any of its operational objectives. This may include granting or consenting to (as the case may be) a <i>firm</i>'s application for variation of <i>Part 4A permission</i> when it wishes to wind down (run off) its business activities and cease to carry on new business as a result of no longer being able to satisfy the <i>threshold conditions</i>.</div><div>(2) The <i>FCA</i> may refuse an application, or refuse to give its consent to an application, under section 55B(3) of the <i>Act</i> if it considers that it is desirable to do so in order to advance any of its operational objectives.</div></div>
6.3.29	G	In determining whether the <i>firm</i> satisfies and continues to satisfy the <i>threshold conditions</i> , the regulator concerned will consider whether the <i>firm</i> is ready, willing and organised to comply with the regulatory requirements it will be subject to if the application is granted.
6.3.30	G	The specific requirements that apply to certain types of activity will also need to be considered as these may not allow certain combinations of activity.
6.3.31	G	In considering whether to grant (or consent to, as the case may be) a <i>firm</i> 's application to vary its <i>Part 4A permission</i> or impose or vary a <i>requirement</i> , the regulator concerned will also have regard, under section 55R(1) of the <i>Act</i> (Persons connected with an applicant), to any <i>person</i> appearing to be, or likely to be, in a relationship with the <i>firm</i> which is relevant. The <i>Financial Groups Directive Regulations</i> make special consultation provisions where the regulator is exercising its functions under Part 4A of the <i>Act</i> (Permission to carry on regulated activities) for the purposes of carrying on supplementary supervision. Broadly, where a regulator, in the course of carrying on supplementary supervision, is considering varying the <i>Part 4A permission</i> of a <i>person</i> who is a member of a <i>group</i> which is a <i>financial conglomerate</i> , the consultation provisions in section 55R(2) of the <i>Act</i> are disapplied. In their place, the regulations impose special obligations, linked to the <i>Financial Groups Directive</i> , to obtain the consent of the relevant competent authorities, to consult those authorities and to consult with the <i>group</i> itself.
		<b>The regulator's powers in respect of application for variation of Part IV permission</b> .....
6.3.32	G	[deleted]
6.3.32A	G	The <i>FCA</i> 's power to vary a <i>Part 4A permission</i> after it receives an application from a <i>firm</i> extends to including in the <i>Part 4A permission</i> as varied any



provision that could be included as though a fresh *permission* was being given in response to an application under section 55A of the *Act* (Application for permission). Under section 55E of the *Act* (Giving permission: the FCA) the *FCA* may:

- (1) incorporate in the description of a *regulated activity* such *limitations* (for example, as to the circumstance in which a *regulated activity* may or may not be carried on) as it considers appropriate; or
- (2) specify a narrower or wider description of *regulated activity* than that to which the application relates; or
- (3) give permission for the carrying on of a *regulated activity* which is not included among those to which the application relates and is not a *PRA-regulated activity*.

6.3.32B G Thus, when determining an application for variation of *Part 4A permission*, the *FCA* can, include new *limitations* and vary existing *limitations*, either on application from the *firm* (for example, the *customer* categories with which a *firm* may carry on a specified activity) or, if considered appropriate, by the *FCA* under section 55E(5) of the *Act*.

6.3.32C G If a *firm* has applied (whether to the *FCA* or the *PRA*) for the variation of a *Part 4A permission*, the *FCA* has the power to impose on that person such *requirements*, taking effect on or after the variation of permission, as the *FCA* considers appropriate.

6.3.33 G [deleted]

6.3.34 G If *limitations* are varied or imposed or *requirements* are imposed by the relevant regulator which were not included in the *firm's* application for variation of *Part 4A permission*, the relevant regulator will be required to issue the *firm* with a *warning notice* and *decision notice* (see ■ SUP 6.3.39 G).

6.3.34A G Where a *firm* has made an application to the *PRA* for the variation of its *Part 4A permission* and *requirements* are imposed by the *FCA* which were not included in the *firm's* application, the *FCA* will be required to issue the *firm* with a *warning notice* and *decision notice* (see ■ SUP 6.3.39 G).

How long will an application take?

6.3.35 G Under section 55V(1) of the *Act* (Determination of applications), the relevant regulator has six months to consider a completed application from the date of receipt.

6.3.36 G If the relevant regulator receives an application which is incomplete (that is, if information or a document required as part of the application is not provided), section 55V(2) of the *Act* requires the relevant regulator to determine that incomplete application within 12 months of the initial receipt of the application.

- 6.3.36A

G

Where the application cannot be determined by the *PRA* without the consent of the *FCA*, section 55V(3) of the *Act* requires that the *FCA*'s decision must also be made within the period required in ■ SUP 6.3.35 G or ■ SUP 6.3.36 G as appropriate.
- 6.3.37

G

Within these time limits, however, the length of the process will relate directly to the complexity of the application.
- 6.3.37A

G

The *FCA* publishes standard times on its website setting out how long the application process is expected to take. From time to time, the *FCA* also publishes its performance against these times.
- 6.3.38

G

At any time after receiving an application and before determining it, the relevant regulator may require the applicant to provide additional information or documents. The circumstances of each application will dictate what additional information or procedures are appropriate.
- 6.3.38A

G

If the relevant regulator fails to determine an application within the time period specified in section 55V of the *Act*, this does not mean that the application is deemed to be granted.
- How will the relevant regulator make the decision?
- 6.3.39

G

A decision to grant an application will be taken by appropriately experienced staff at the relevant regulator. However, if the staff dealing with the application recommend that a *firm's* application for variation of *Part 4A permission* be either refused or granted subject to *limitations* or *requirements* or a narrower description of *regulated activities* than applied for, the decision will be subject to the regulator's formal decision making process.
- 6.3.40

G

*DEPP* gives guidance on the *FCA*'s decision making procedures including the procedures it will follow if it proposes to refuse an application for variation of *Part 4A permission* or for imposition or variation of a *requirement* either in whole or in part (for example, an application granted by the *FCA* but subject to *limitations* or *requirements* not applied for).
- Commencing new regulated activities
- 6.3.41

G

If the variation of *Part 4A permission* is given, the relevant regulator will expect a *firm* to commence a new *regulated activity* in accordance with its business plan (revised as necessary to take account of changes during the application process) or scheme of operations for an *insurer*. *Firms* should take this into consideration when determining when to make an application to the relevant regulator.
- 6.3.42

G

(1) *Firms* should be aware that the *appropriate regulator* may exercise its *own-initiative variation power* or, in respect of *FCA-authorised persons*, the *FCA* may exercise its *additional own-initiative variation power*, in each case to vary or cancel their *Part 4A permission* (see section 55J of the *Act* (Variation or cancellation on initiative of

regulator) and Schedule 6A to the Act (Variation or cancellation of *Part 4A permission* on initiative of FCA: additional power)) if the firm does not:

- (a) commence a *regulated activity* for which they have *Part 4A permission* within a period of at least 12 months from the date of being given *permission* to carry on that particular activity;
- (b) carry on a particular *regulated activity* for which they have *Part 4A permission* for a period of at least 12 months (irrespective of the date of grant); or
- (c) respond, in the manner or by taking the steps directed by the FCA, to notices given by the FCA under paragraph 2 of Schedule 6A to the Act, which notices are given on the basis that it appears to the FCA that the relevant *firm* is carrying on no *regulated activity* to which its *permission* relates (for detail on the circumstances in which such notices may be issued, see ■ SUP 7.2.2AG to ■ SUP 7.2.2DG and ■ SUP 7.2.3AG).

(1A) The *appropriate regulator* may exercise its *own-initiative variation power* to cancel an *investment firm's Part 4A permission* if the *investment firm* has provided or performed no *investment services and activities* at any time during the period of six months ending with the day on which the *warning notice* under section 55Z(1) of the Act is given (see ■ EG 8) and, if the *investment firm* is an FCA-*authorised person*, note also the FCA's *additional own-initiative variation power*.

[Note: article 8(a) of MiFID]

(2) [deleted]

### 6.3.43

G

When a *firm* commences new *regulated activities* following a variation of a *Part 4A permission*, it should have particular regard to the requirements of *Principle 11* (Relations with regulators) (see ■ SUP 15.3.8 G (1)(c)).



6.4 Applications for cancellation of permission

6.4.1	G	[deleted]
6.4.1A	G	Under section 55H(3) of the <i>Act</i> (Variation by FCA at request of authorised person), if an <i>FCA-authorised person</i> applies to the <i>FCA</i> , the <i>FCA</i> may cancel its <i>Part 4A permission</i> . Cancellation applies to a <i>firm's</i> entire <i>Part 4A permission</i> , that is to every activity and every <i>specified investment</i> and not to the individual elements such as <i>specified investments</i> . Changes to the individual elements of a <i>permission</i> would require a variation.
6.4.2	G	[deleted]
6.4.2A	G	Under section 55H(4) of the <i>Act</i> , the <i>FCA</i> may refuse an application from a <i>firm</i> to cancel its <i>Part 4A permission</i> if it considers that it is desirable to do so in order to advance any of its operational objectives.
6.4.3	G	<p>(1) A <i>firm</i> may apply to the relevant regulator to cancel its <i>Part 4A permission</i> before it has ceased carrying on all <i>regulated activities</i>. However, where a <i>firm</i> makes a formal application for cancellation of its <i>permission</i> when it has not yet ceased carrying on <i>regulated activities</i>, the relevant regulator will expect the <i>firm</i>:</p> <p>(a) to cease those <i>regulated activities</i> within the short term (normally no more than six months from the date of application for cancellation); and</p> <p>(b) to have formal plans to cease its <i>regulated activities</i> in an orderly manner.</p> <p>(2) <i>Firms</i> should note, however, that the relevant regulator will not grant an application for cancellation of <i>Part 4A permission</i> until the <i>firm</i> can demonstrate that it has ceased carrying on all <i>regulated activities</i> (■ SUP 6.4.19 G).</p> <p>(3) The relevant regulator may apply additional procedures or require additional information, as if the <i>firm</i> had entered into a long term wind down of business (see ■ SUP 6 Annex 4), if it considers it appropriate to the circumstances of the <i>firm</i>.</p>
6.4.4	G	Additional guidance for a <i>firm</i> carrying on <i>insurance business</i> , accepting deposits, operating a <i>dormant asset fund</i> or which holds <i>client money</i> or

customer's assets is given in ■ SUP 6 Annex 4. As noted in ■ SUP 6.2.9 G, it will usually be appropriate for a *firm* to apply for variation of its *Part 4A permission* and/or the imposition, variation or cancellation of a *requirement* while winding down (running off) its *regulated activities* and before applying to cancel its *Part 4A permission*.

The application for cancellation of permission

- 6.4.5

D

(1) Subject to (1A), a *firm* other than a *credit union* wishing to cancel its *Part 4A permission*, must apply online at the *appropriate regulator* website using the form specified on the *online notification and application system*.

(1A) An *FCA-authorised person* wishing to cancel its *Part 4A permission* which covers only *credit-related regulated activities* must submit any form, notice or application by using the form in ■ SUP 6 Annex 6 and submitting it in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).

(2) [deleted]

(3) [deleted]

(4) Until the application has been determined, a *firm* which submits an application for cancellation of *Part 4A permission* must inform the relevant regulator of any significant change to the information given in the application immediately it becomes aware of the change.

(5) Where a *firm* is obliged to submit any form, notice or application online under (1), if the *online notification and application system* fails and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored a *firm* must submit any form, notice or application by using the form in ■ SUP 6 Annex 6D and submitting it in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).
- 6.4.5A

G

(1) If the *online notification and application system* fails and online submission is unavailable for 24 hours or more, the relevant regulator will endeavour to publish a notice on its website confirming that online submission is unavailable and that the alternative methods of submission set out in ■ SUP 6.4.5 D (5) and ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification) should be used.

(2) Where ■ SUP 6.4.5 D (5) applies to a *firm*, ■ GEN 1.3.2 R (Emergency) does not apply.

6.4.6

G

(1) In addition to applying for cancellation of *Part 4A permission* in accordance with ■ SUP 6.4.5 D, a *firm* may discuss prospective cancellations with its supervisory contact at the *appropriate regulator*. Alternatively a *firm* can contact the Supervision Hub on 0300 500 0597.

(2) To contact the Cancellations Team:

(a) write to: Cancellations Team, The Financial ConductAuthority, 12 Endeavour Square, London, E20 1JN; or; or

		<p>(b) email <a href="mailto:cancellation.team@fca.org.uk">cancellation.team@fca.org.uk</a></p> <p>(3) If a <i>firm</i> which has applied for cancellation decides to remain authorised it should inform the relevant regulator immediately using one of the methods in <a href="#">■ SUP 6.4.6 G (2)</a>.</p>
6.4.7	<div>G</div>	<p>When an application is received, the relevant regulator will send the <i>firm</i> a written acknowledgement. The <i>firm</i> will be required to provide information which, in the opinion of the relevant regulator, is necessary for it to determine whether to grant or refuse the application for cancellation of <i>Part 4A permission</i>.</p>
		<p><b>Information to be supplied to the relevant regulator as part of the application for cancellation of permission</b></p>
6.4.8	<div>G</div>	<p>The information which the relevant regulator may request on the circumstances of the application for cancellation and the confirmations which the relevant regulator may require a <i>firm</i> to provide will differ according to the nature of the <i>firm</i> and the activities it has <i>Part 4A permission</i> to carry on.</p>
6.4.9	<div>G</div>	<p>A <i>firm</i> will be expected to demonstrate to the relevant regulator that it has ceased carrying on <i>regulated activities</i>. The relevant regulator may require, as part of the application, a report from the <i>firm</i> that includes, but is not limited to, the confirmations referred to in <a href="#">■ SUP 6.4.12 G</a> (as appropriate to the <i>firm's</i> business). The relevant regulator may also require additional information to be submitted with the report including, in some cases, confirmation or verification from a professional adviser on certain matters to supplement the report (see <a href="#">■ SUP 6.4.15 G</a>).</p>
6.4.10	<div>G</div>	<p>(1) If a <i>firm</i> is subject to the complaints rules in <i>DISP</i>, the <i>FCA</i> may request confirmation from the <i>firm</i> that there are no unresolved, unsatisfied or undischarged complaints against the <i>firm</i> from a <i>customer</i> of the <i>firm</i>.</p> <p>(2) If there are unresolved or undischarged complaints against a <i>firm</i> from a <i>customer</i> of the <i>firm</i>, the <i>FCA</i> may request confirmation, as appropriate, of the steps (if any) which have been taken under the <i>firm's</i> complaints procedures and the amount of compensation claimed. The <i>FCA</i> may also request an explanation of the arrangements made for the future consideration of such complaints.</p>
6.4.11	<div>G</div>	<p>If the <i>firm</i> is carrying on <i>designated investment business</i> with <i>retail clients</i>, the <i>FCA</i> may request confirmation that the <i>firm</i> has written, or intends to write, to all <i>retail clients</i> with, or for whom, the <i>firm</i> has conducted <i>regulated activities</i> within a certain period.</p>
		<p><b>Confirmations and resolutions</b></p>
6.4.12	<div>G</div>	<p>The relevant regulator will usually require the report in <a href="#">■ SUP 6.4.9 G</a> to be signed by a <i>director</i> or other officer with authority to bind the <i>firm</i>. It may include confirmations from the <i>firm</i> that, in relation to business carried on under its <i>Part 4A permission</i>, it has:</p> <p>(1) ceased carrying on all <i>regulated activities</i>;</p>



- (2) properly disbursed funds in its *client bank accounts* and closed those accounts;
- (3) discharged all insurance or *deposit* liabilities; and
- (4) properly transferred all *investments*, title documents and other property that it held on behalf of *clients*.

6.4.13 G The relevant regulator may also require a resolution from the *firm's governing body*, for example to support the application for cancellation of *permission*, expressed to be irrevocable, and to give the signatory the authority to sign the formal report to the relevant regulator.

6.4.14 G Under section 398 of the Act (Misleading the FCA or PRA: residual cases), it is an offence, in purported compliance with a requirement imposed by or under the Act (including the directions in ■ SUP 6.4.5 D), for a *person* to knowingly or recklessly give the regulator information that is false or misleading. If necessary, a *firm* should take appropriate professional advice when supplying information required by the regulator(s). An *insurer*, for example, may ask an *actuary* to check assumptions in respect of future *claims* made under *contracts of insurance*.

Reports from professionals

6.4.15 G The relevant regulator may require additional information, including professional advice, to supplement or support the report in ■ SUP 6.4.9 G where it considers this appropriate. Examples of reports that may be requested by the relevant regulator include, but are not limited to those detailed in ■ SUP 6.4.16 G.

6.4.16 G Types of reports. See ■ SUP 6.4.15 G

Category of firm	Type of report
a bank or building society	<ul style="list-style-type: none"><li>• an audited balance sheet which confirms that, in the auditor's opinion, the <i>firm</i> has no remaining <i>deposit</i> liabilities to <i>customers</i>;</li><li>• a report from auditors or <i>reporting accountants</i>;</li></ul>
a securities and futures firm	<ul style="list-style-type: none"><li>• a report from auditors or <i>reporting accountants</i></li></ul>
an insurer	<ul style="list-style-type: none"><li>• an audited closing balance sheet which demonstrates that the <i>firm</i> has no insurance liabilities to <i>policyholders</i>;</li><li>• a report from the auditors or <i>reporting accountants</i>; and</li><li>• in some cases, an actuarial opinion as to the likelihood of any remaining liabilities to <i>policyholders</i>.</li></ul>

**6.4.17** G If a *firm* is transferring its business, the relevant regulator may require a professional opinion in respect of certain aspects of the transfer. For example, the relevant regulator may require a legal opinion on the validity of arrangements to transfer *regulated activities*, *client money*, *client deposits*, *custody assets* or any other property belonging to *clients*, to another *authorised person*. Alternatively, an auditor or *reporting accountant* may be requested to verify that a transfer has been properly accounted for in the *firm's* books and records. Transfers of insurance and banking business are subject to statutory requirements (see ■ SUP 18).

### Approved persons

**6.4.18** G (1) A *firm* which is applying for cancellation of *Part 4A permission* and which is not otherwise *authorised* by, or under, the *Act* should, at the same time:

(a) comply with:

(i) ■ SUP 10A.14.8R (for a *firm* that has *appointed representatives*);

(ii) ■ SUP 10C.14.5R (for an *SMCR firm*); or

(iii) the corresponding *PRA* requirements; and

(b) notify the the *FCA* or *PRA* of persons ceasing to perform *controlled functions* specified by that regulator.

These forms should give the effective date of withdrawal, if known (see ■ SUP 10A and ■ SUP 10C (*FCA's* regimes for approved persons)).

### When will the relevant regulator grant an application for cancellation of permission?

**6.4.19** G The relevant regulator will usually not cancel a *firm's Part 4A permission* until the *firm* can demonstrate that, in relation to business carried on under that permission, it has, as appropriate:

- (1) ceased carrying on *regulated activities* or fully run off or transferred all insurance liabilities;
- (2) repaid all *client money* and client deposits;
- (3) discharged *custody assets* and any other property belonging to *clients*; and
- (4) discharged, satisfied or resolved complaints against the *firm*.

**6.4.20** G If it is not possible for a *firm* to demonstrate a relevant matter referred to in ■ SUP 6.4.19 G, for example, depositors are uncontactable, the *firm* will be expected to have satisfied the relevant regulator that it has made adequate provisions for discharging any liabilities to *clients* which do not involve the *firm* carrying on *regulated activities*.

**6.4.21** G Before the relevant regulator cancels a *firm's Part 4A permission*, the *firm* will be expected to be able to demonstrate that it has ceased or transferred all *regulated activities* under that *permission*. For example, the *firm* may be



asked to provide evidence that a transfer of business (including, where relevant, any *client money*, *customer assets* or *deposits* or insurance liabilities) is complete. As noted in ■ SUP 6.4.9 G, the relevant regulator may require the *firm* to confirm this by providing a report, in a form specified by the relevant regulator:

- (1) as part of the application for cancellation of *permission*, if the *firm* has ceased carrying on all *regulated activities* under its *Part 4A permission* at the time of application (see ■ SUP 6.4.9 G); or
- (2) after the application but before its determination, if the *firm* has not ceased carrying on *regulated activities* under its *Part 4A permission* at the time of application.

### 6.4.22

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In deciding whether to cancel a *firm's Part 4A permission*, the relevant regulator will take into account all relevant factors in relation to business carried on under that *permission*, including whether:

- (1) there are unresolved, unsatisfied or undischarged complaints against the *firm* from any of its *customers*;
- (2) the *firm* has complied with ■ CASS 5.5.80 R and CASS 7.11.34R (Client money: discharge of fiduciary duty) and ■ CASS 7.11.50 R (Client money: allocated but unclaimed client money) if it has ceased to hold *client money*; these *rules* apply to both repayment and transfer to a third party;
- (3) the *firm* has ceased to hold or control *custody assets* in accordance with instructions received from *clients* and ■ COBS 6.1.7 R or article 49 of the *MiFID Org Regulation* (see ■ COBS 6.1ZA.9EU) (Information concerning safeguarding of designated investments belonging to clients and client money);
- (4) the *firm* has repaid all *client deposits*, if it is ceasing to carry on *regulated activities* including *accepting deposits*;
- (5) the relevant regulator or another regulator has commenced an investigation against the *firm* or continuing enforcement action against the *firm*;
- (6) there are any matters affecting the *firm* which should be investigated before a decision on whether the *firm* should have its *Part 4A permission* cancelled by the relevant regulator or be disciplined;
- (7) the *firm* has unsettled or unexpired liabilities to *consumers*, for example, outstanding contracts (such as *deposits* or insurance liabilities);
- (8) the *firm* has settled all its debts to the *appropriate regulator*; and
- (9) the factors set out in ■ SUP 6.4.19 G apply.

The FCA and the PRA enforcement and investigation powers against a former authorised person

6.4.23 G If an application for cancellation of a *firm's Part 4A permission* has been granted and a *firm's status as an authorised person* has been withdrawn (see ■ SUP 6.5) it will remain subject to certain investigative and enforcement powers as a former *authorised person*. These include:

- (1) information gathering and investigation powers in Part XI of the Act (Investigation gathering and investigations) (see■ EG 3 (Use of information gathering and investigation powers));
- (2) powers to apply to court for *injunctions* and restitution orders in Part XXV of the Act (Injunctions and restitution) (see■ EG 10 (Injunctions) and ■ EG 11 (Restitution and redress));
- (3) powers in Part XXIV of the Act (Insolvency) to petition for administration orders or winding up orders against *companies* or insolvent *partnerships*, or bankruptcy orders (or in Scotland sequestration awards) against individuals (see ■ EG 13 (Insolvency));
- (4) powers in Part XXVII of the Act (Offences) to prosecute offences under the Act and other specified provisions (see ■ EG 12 (Prosecution of criminal offences)).

6.4.24 G However, the following powers may not be used against former *authorised persons*:

- (1) powers to take disciplinary action against *firms* by publishing statements of misconduct under section 205 of the Act (Public censure) or imposing financial penalties under section 206(1) of the Act (Financial penalties); and
- (2) the power to require *firms* to make restitution under section 384 of the Act (Power of FCA or PRA to require restitution).

6.4.25 G Consequently, the relevant regulator considers that it will have good reason not to grant a *firm's application for cancellation of permission* where:

- (1) the FCA and/or the PRA proposes to exercise any of the powers described in ■ SUP 6.4.24 G; or
- (2) the FCA and/or the PRA has already begun disciplinary and/or restitution proceedings against the *firm* by exercising either or both of these powers against the *firm*.

6.4.26 G TheFCA's use of those powers is outlined in ■ DEPP 6 (Penalties).

How long will an application take?

6.4.27 G

- (1) Under section 55V(1)of the Act (Determination of applications), the relevant regulator has six months to consider a completed application.
- (2) If the relevant regulator receives an application which is incomplete, that is, where information or a *document* required as part of the application is not provided, section 55V(2) of the Act requires the relevant regulator to determine the incomplete application within 12 months of the initial receipt of the application.

- 6.4.27A

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(3) Within these time limits, however, the length of the process will relate directly to the complexity of cancellation requested and whether the *firm* has fully wound down (run off) its activities at the time it applies.
- 6.4.27A

G

The *FCA* publishes standard response times on its website setting out how long the application process is expected to take in practice. From time to time, the *FCA* also publishes its performance against these times.
- 6.4.28

G

How will the relevant regulator make the decision?

A decision to grant an application for cancellation of *permission* will be taken by appropriately experienced staff at the relevant regulator. Where, however, the staff dealing with the application recommend that a *firm's* application for cancellation of *Part 4A permission* be refused, the decision will be subject to the regulator's formal decision making process.
- 6.4.29

G

See *DEPP* for guidance on the *FCA's* decision making procedures, including the procedures it will follow if it proposes to refuse an application for cancellation of *Part 4A permission*.



6.5 Ending authorisation

- 6.5.1
- G
- Under section 33(2) of the Act (Withdrawal of authorisation), if the appropriate regulator cancels a firm's Part 4A permission, and as a result there is no regulated activity for which the firm has permission, the regulator authorising that firm is required to give a direction withdrawing the firm's status as an authorised person.
- 6.5.2
- G
- [deleted]
- 6.5.2A
- G
- (3) If the FCA concludes that it should grant an FCA-authorised person's application for cancellation of permission and end its authorisation, the FCA will:

(1) cancel the firm's Part 4A permission under section 55H(3) of the Act;

(2) withdraw the firm's authorised status under section 33(2) of the Act by giving the firm a direction in writing; and

(3) update the firm's entry in the Financial Services Register to show it has ceased to be authorised.

## Additional guidance for a firm winding down (running off) its business

6

1.	If a <i>firm</i> has <i>Part 4A permission</i> which enables it to hold <i>client money</i> or to carry on <i>regulated activities</i> including:
	(a) <i>carrying out contracts of insurance and effecting contracts of insurance; or</i>
	(b) <i>accepting deposits;</i>
	(c) <i>safeguarding and administration of assets; or</i>
	(d) <i>meeting of repayment claims or managing dormant asset funds (including the investment of such funds);</i>
	it may require a long period (usually in excess of six months) in which to wind down (run off) its business. In these circumstances, it will usually be appropriate for the <i>firm</i> to apply for a variation of <i>Part 4A permission</i> before commencing the wind down.
2.	A <i>firm</i> that believes that it may need to apply for a variation of <i>Part 4A permission</i> as a first step towards cancellation of its <i>permission</i> should discuss its plans with its supervisory contact at the relevant regulator.
3.	If appropriate, in the interests of its <i>statutory objectives</i> (limited to the operational objectives in the case of the <i>FCA</i> ), the <i>appropriate regulator</i> will require details of the <i>firm's</i> plans and will discuss them with the <i>firm</i> and monitor the winding down or transfer of the <i>firm's</i> business. During the period in which it is winding down, a <i>firm</i> will also be required to notify any material changes to the information provided such as, for example, receipt of new complaints and changes to plans.
4.	If, after its <i>Part 4A permission</i> has been varied, a <i>firm</i> has wound down its business, complied with any <i>requirements</i> imposed and ceased to carry on <i>regulated activities</i> (or expects to do so within the next six months), it should then make an application for cancellation of its <i>Part 4A permission</i> (see SUP 6.4 (Applications for cancellation of permission)).
<b>Use of own-initiative powers</b>	
5.	If, for example, the <i>FCA</i> or the <i>PRA</i> has concerns relating to any of the <i>statutory objectives</i> (limited to the operational objectives in the case of the <i>FCA</i> ), it may use its <i>own-initiative variation power</i> (see SUP 7 (Individual requirements) and EG 8 (Variation and cancellation of permission on the <i>FCA's</i> own initiative and intervention against incoming firms)), to vary the <i>Part 4A permission</i> of a <i>firm</i> which is winding down or transferring its <i>regulated activities</i> .
5A	If, for example, the <i>appropriate regulator</i> has concerns relating to any of its <i>statutory objectives</i> (limited to the operational objectives in the case of the <i>FCA</i> ), it may use its <i>own-initiative requirements power</i> to impose on a <i>firm</i> that is winding down or transferring its <i>regulated activities</i> , any <i>requirement</i> , or vary or cancel a <i>requirement</i> imposed by it on that <i>firm</i> .
<b>Reporting requirements: general</b>	
6.	If a <i>firm</i> is winding down (running-off) its business, the routine reporting requirements in SUP 16 (Reporting requirements) will apply unless the <i>firm</i> is granted a waiver. In addition, a <i>firm</i> may be asked to submit additional reports, for example, to enable the <i>appropriate regulator</i> to monitor the wind down.
1.	If a <i>firm</i> makes an application in accordance with SUP 6 to effect the winding down of <i>regulated activities</i> which it is carrying on including the repayment of <i>client money</i> , or the return of <i>client deposits</i> , <i>custody assets</i> or any other property belonging to <i>clients</i> , the <i>appropriate regulator</i> will expect it to have formal plans to ensure that:
(1)	the <i>regulated activities</i> are wound down in an orderly manner;

(2)	the <i>regulated activities</i> are properly completed and all <i>client deposits</i> , <i>client money</i> , <i>custody assets</i> or any other property belonging to <i>clients</i> are repaid, returned or transferred to another <i>Authorised person</i> ; and
(3)	the interests of <i>customers</i> are not adversely affected.
2.	[deleted]
1	A <i>firm</i> must comply with <a href="#">CASS 5.5.80</a> and <a href="#">CASS 7.11.34R</a> (Client money: discharge of fiduciary duty) and <a href="#">CASS 7.11.50 R</a> (Allocated but unclaimed client money) if it is ceasing to hold <i>client money</i> . A <i>firm</i> must also cease to hold or control <i>custody assets</i> in accordance with instructions received from <i>clients</i> and <a href="#">COBS 6.1.7 R</a> or article 49 of the <i>MiFID Org Regulation</i> (see <a href="#">COBS 6.1ZA.9EU</a> ) (Information concerning safeguarding of designated investments belonging to clients and client money). These <i>rules</i> apply to both repayment and transfer to a third party.
1.	A <i>firm</i> carrying on <i>insurance business</i> which, ultimately, intends to cease <i>insurance business</i> completely, will first need to apply for a variation of its <i>Part 4A permission</i> while it is running off its business. The <i>firm</i> should apply for a variation of <i>Part 4A permission</i> to remove the activity of <i>effecting contracts of insurance</i> from its <i>permission</i> , thus restricting its activities to <i>carrying out insurance contracts</i> to enable it to run off its remaining insurance liabilities (see <a href="#">SUP 6.2.9 G</a> ).
2.	Examples of variations of <i>Part 4A permission</i> which may be appropriate in the context of winding down <i>insurance business</i> include: <ol style="list-style-type: none"> <li>(1) removing one or more <i>regulated activities</i> (for example, when a <i>firm</i> which has <i>Part 4A permission</i> to carry on <i>insurance business</i> enters into run-off, its <i>Part 4A permission</i> will need to be varied to remove the activity of <i>effecting contracts of insurance</i> in relation to new <i>contracts of insurance</i>); a new <i>contract of insurance</i> excludes contracts effected under a term of a subsisting <i>contract of insurance</i>. Thus the <i>firm's permission</i> will be restricted to <i>carrying out contracts of insurance</i> to enable it to run off its existing liabilities; or</li> <li>(2) imposing a <i>limitation on regulated activities</i> in a <i>firm's Part 4A permission</i>.</li> </ol>
2A	A <i>firm</i> may also have imposed on it a new <i>requirement</i> , or any existing <i>requirement</i> imposed on a <i>firm</i> may be varied or cancelled. In the context of winding down <i>insurance business</i> , it may for example be appropriate to impose a <i>requirement</i> on the type of investments a <i>firm</i> holds to support its insurance liabilities.
3.	An <i>insurer</i> ceasing to <i>effect contracts of insurance</i> is required to submit a <i>scheme of operations</i> in accordance with <a href="#">SUP App 2</a> (Insurers: scheme of operations). The <i>PRA</i> may require other information depending on the circumstances, for example an actuarial assessment of the <i>firm's</i> run-off.
4.	A <i>firm</i> that is ceasing <i>effecting new contracts of insurance</i> in all categories of <i>specified investment</i> should refer to <a href="#">SUP App 2</a> for details of the specific reporting requirements that apply.
5.	An <i>insurer</i> should note that the <i>PRA</i> will not cancel a <i>firm's permission</i> until all the <i>firm's</i> insurance liabilities have been discharged, including any potential insurance liabilities. A <i>firm</i> is, therefore, advised to submit an application for cancellation of its <i>Part 4A permission</i> when its run-off is completed.
1.	A <i>firm</i> making an application in accordance with <a href="#">SUP 6</a> which requires any approval from the <i>Society of Lloyd's</i> should apply to the <i>Society</i> for this in addition to applying to the relevant regulator.
2.	Where a <i>firm</i> has <i>Part 4A permission</i> to <i>manage the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's</i> then, if it wishes to vary its <i>Part 4A permission</i> to remove this <i>regulated activity</i> or to cancel its <i>Part 4A permission</i> completely, special procedures will apply.
3.	<ol style="list-style-type: none"> <li>(1) As a first step, the <i>firm</i> should apply to the relevant regulator for a variation of its <i>Part 4A permission</i> to limit the <i>regulated activity</i>, after the <i>Lloyd's syndicates</i> have been closed, to permit no new business. Once the <i>syndicates</i> have been closed, the <i>firm's</i> consent from the <i>Society</i> to <i>manage syndicates</i> will also lapse</li> </ol>



	(2)	After a period of one year from the date of closure of the Lloyd's syndicates the <i>firm</i> may apply to vary its <i>Part 4A permission</i> , to remove the <i>regulated activity</i> or to cancel its <i>Part 4A permission</i> entirely, as appropriate. At this time, a <i>firm's</i> approval from the <i>Society of Lloyd's</i> as a <i>managing agent</i> will cease.
4.		<i>Firms</i> which wish to discuss these procedures in more detail should contact their appropriate supervisory contact and the <i>Society of Lloyd's</i> , as appropriate.
		1. As stated in SUP 6.2.9 G, where a <i>bank</i> , or other <i>firm</i> with permission that includes <i>accepting deposits</i> , wishes to cancel its <i>Part 4A permission</i> , it will generally need to apply for a variation of that <i>permission</i> while it winds down its business.
		2. When a <i>firm</i> is winding down its business activities, it may be appropriate to: <ul style="list-style-type: none"> <li>(1) vary its <i>Part 4A permission</i> by imposing a <i>limitation</i> that no new <i>deposits</i> will be accepted; or</li> <li>(2) vary its <i>Part 4A permission</i> by imposing a <i>limitation</i> on the purchasing of <i>investments</i> for its own account; or</li> <li>(3) impose on it <i>requirements</i> concerning solvency.</li> </ul>
		3. After a <i>bank</i> has discussed with the <i>appropriate regulator</i> the type of variation of <i>Part 4A permission</i> and/or <i>requirement</i> the <i>bank</i> requires to wind down its business, it should make an application as directed in SUP 6.3.15 D and follow the <i>guidance</i> and procedures in SUP 6 as well as the additional procedures set out in this annex.
		4. As appropriate, one or more of the following may be imposed on a <i>firm</i> : <ul style="list-style-type: none"> <li>(1) a <i>requirement</i> that the <i>firm</i> takes certain steps or refrains from adopting or pursuing a particular course of action or to restrict the scope of its business in a particular way;</li> <li>(2) a <i>limitation</i> on <i>accepting deposits</i>, for example a <i>limitation</i> that no new <i>deposits</i> will be accepted;</li> <li>(3) a <i>requirement</i> restricting the granting of <i>credit</i> or the making of <i>investments</i>;</li> <li>(4) a <i>requirement</i> prohibiting the <i>firm</i> from soliciting <i>deposits</i> either generally or from <i>persons</i> who are not already <i>depositors</i>.</li> </ul>
		5. The information concerning the circumstances of these applications and the confirmations a <i>firm</i> is required to give to the regulator(s) concerned will differ according to the nature of the <i>bank</i> and its <i>Part 4A permission</i> . If appropriate, it may include, but will not necessarily be limited to: <ul style="list-style-type: none"> <li>(1) a plan containing the arrangements made in respect of the business of any current <i>depositors</i>, for example how and when the <i>firm</i> intends to repay or novate arrangements with <i>depositors</i>; or</li> <li>(2) confirmation that the <i>bank</i> will not take any new <i>deposits</i>, will not roll over or renew any existing <i>deposits</i> at maturity and will repay all remaining <i>deposits</i> (including accrued interest) as they fall due for repayment</li> </ul>
		<b>Dealing with residual deposits: general</b>
		6. Where a <i>firm</i> has residual <i>deposits</i> which, for whatever reason, cannot be repaid, they may be protected by a number of different methods. The precise applicability of the courses to be followed depends upon the particular circumstances of the individual <i>firm</i> . The <i>appropriate regulator's</i> supervisory approach will be determined by the course of action taken.
		<b>Holding funds on trust</b>
		7. In some circumstances, it may be appropriate for the <i>firm</i> to make an irrevocable transfer of funds, at least equal to the total of its <i>deposits</i> , to an independent trustee to be held on trust for the benefit of the <i>depositors</i> . Any such proposal should be discussed in advance with the <i>appropriate regulator</i> . The amount of funds held on trust should at all times exceed the total of all <i>deposits</i> , in order to provide for contingencies. Trust account arrangements are appropriate only in respect of solvent institutions. The <i>guidance</i> in paragraph 13 of this section applies in most cases.
		8. (1) A plan containing the arrangements should be made by the <i>firm</i> in respect of the business of any current <i>depositors</i> , for example how and when the <i>firm</i> intends to repay or novate arrangements with <i>depositors</i> . (2) The trustee should be an independent and appropriately qualified third party, nominated by the institution and acceptable to the <i>appropriate regulator</i> .

(a) The trustee should usually be a major *UK bank*. If appropriate, an additional trustee from within the institution may be appointed, preferably in an advisory role. An internal trustee may help to ensure continuity if the *firm* and the trust are likely to remain in existence for the foreseeable future.

(b) The *appropriate regulator* should be consulted about, or pre-notified of, a potential change of trustee.

(c) Trustees are responsible for fulfilling their obligations under the trust deed. In practice, the *appropriate regulator* may wish to point out that certain factors need to be given consideration by the trustees and the institution (for example, the procedures for paying out to depositors).

9. The *appropriate regulator* would require to see an opinion by the *firm's* legal advisers, confirming the validity and enforceability of the trust and in particular specifying the extent (if any) to which the trust arrangements may be set aside in future. The *appropriate regulator* reserves the right to request sight of the proposed trust documentation itself.

10. The trustee has the right (and probably the obligation) to invest the funds, and in doing so should normally seek to "match" the maturity profile of the *firm's deposit* base. However, the following could result in *deposit* liabilities exceeding *trust* funds at any time:

(a) maturity mismatches, that is, whether there are insufficient liquid funds across the maturity bands to repay depositors; or

(b) changes in interest rates; or

(c) the trustee's fees and disbursements.

11. The trustee should not deposit, or otherwise invest, trust funds except in segregated accounts with third-party authorised institutions.

(1) An auditor's report, similar to that used to determine whether all the *deposits* have been repaid by a *firm*, should be provided to confirm that all depositors have been repaid before the discharge of a trust is allowed.

(2) Auditors' reports, from the trust's auditors, should subsequently be obtained at intervals to demonstrate that funds in the trust continue to be at least equal to the remaining liabilities to depositors and that repayments have been properly made. The *firm* retains the ultimate responsibility to provide information to the *appropriate regulator*.

(3) The *appropriate regulator* may, however, require the inclusion of a clause in the trust deed requiring the trustee to provide such information as may be requested.

12. Entering into a trust arrangement does not "transfer" deposits or discharge the *firm's* contractual obligations to its depositors.

### Holding the funds in segregated accounts

13. The *firm* may place and retain an amount at all times at least equal to its *deposit* liabilities in a segregated account with its usual bankers. The advantage of this course of action is that if all deposit liabilities are matched by funds in such an account, then the *firm* is not carrying on the *regulated activity* of accepting deposits in contravention of the Act.

14. Placing funds in a segregated account does not discharge a *firm's* contractual obligations to its depositors.



## Variation of permission application form

6

This annex consists only of one or more forms.

Variation of Permission Application - Insurance Business, Banking (accepting deposits), Electronic Money, Lloyd's Market and Funeral Plan Providers

Variation of Permission Application - Insurance Business, Banking (accepting deposits), Electronic Money, Lloyd's Market and Funeral Plan Providers (Notes)

Variation of Permission Application - Investment Business

Variation of Permission Application - Investment Business (Notes)

Variation of Permission Application – Home Finance Mediation and General Insurance Distribution Activities

Variation of Permission Application – Home Finance Mediation and General Insurance Distribution Activities (Notes)

Variation of Permission (VOP) Application Consumer Credit Activities

Variation of Permission (VOP) Application Consumer Credit Activities (Notes)

Variation of Permission (VOP) Application – Claims Management

Variation of Permission (VOP) Application – Claims Management (Notes)

Variation of Permission (VOP) Application – Funeral Plans

Variation of Permission (VOP) Application – Funeral Plans (Notes)

Variation of Permission (VOP) Application – Financial Promotions

Variation of Permission (VOP) Application – Financial Promotions (Notes)



## **Cancellation of permission application form**

This annex consists only of one or more forms. Forms are to be found through the following address:

*Cancellation of permission application form*

<https://www.fca.org.uk/publication/forms/cancellation-of-permission-form.docx>



## Chapter 6A

# Permission to approve financial promotions



6A.1 Application and purpose

Application

6A.1.1 G This chapter applies to a *firm*:

- (1) that wishes to apply to the *FCA* for *approver permission*; or
- (2) with *approver permission*.

6A.1.2 G This chapter will also be of interest to a *person* who is applying, or is considering applying, for *Part 4A permission* and who may also wish to apply for *approver permission*.

Purpose

6A.1.3 G Under sections 21(2A) and 55NA of the *Act* a *firm* is unable to *approve* a *financial promotion* for the purposes of section 21 of the *Act* unless:

- (1) the *firm* has obtained *approver permission* entitling it to *approve* that *financial promotion*; or
- (2) an *approver permission exemption* applies.

6A.1.4 G A *firm* that *approves*, or purports to *approve*, a *financial promotion* other than:

- (1) in accordance with the terms of its *approver permission*, if it has such a permission; or
- (2) within the scope of an *approver permission exemption*,

is taken to have contravened a requirement imposed on the *firm* under the *Act*.

[Note: section 55NA(2) and (11) of the *Act*]

6A.1.5 G This chapter explains how:

- (1) a *firm* can apply for *approver permission*;

		<p>(2) a <i>firm</i> with <i>approver permission</i> can apply to the <i>FCA</i> to vary the terms of that <i>approver permission</i> or to cancel it; and</p> <p>(3) the <i>FCA</i> assesses and determines those applications.</p>
6A.1.6	G	This chapter also outlines the <i>FCA</i> ’s power, on its own initiative, to vary the terms of a <i>firm</i> ’s <i>approver permission</i> or to cancel it.
6A.1.7	G	This chapter also includes a <i>rule</i> that requires a <i>firm</i> to keep the <i>FCA</i> informed of its plans to <i>approve financial promotions</i> of <i>investments</i> subject to marketing restrictions (■ SUP 6A.2.19R).
		<b>Interaction with other powers</b> .....
6A.1.8	G	Apart from the <i>FCA</i> ’s power to grant, vary or cancel <i>approver permission</i> , section 55NA(12) of the <i>Act</i> confirms that the <i>FCA</i> may exercise other powers under the <i>Act</i> to restrict a <i>firm</i> ’s ability to <i>approve financial promotions</i> beyond the restriction imposed by section 55NA. For example, the <i>FCA</i> may exercise its power to impose requirements under section 55L of the <i>Act</i> to restrict a <i>firm</i> ’s ability to <i>approve financial promotions</i> for which it would not otherwise require <i>approver permission</i> (see ■ SUP 6.3 and ■ SUP 7).

		<div><div></div><div>6A.2</div></div> <div>Applications relating to approver permission</div>
		<div>Applying for approver permission</div>
6A.2.1	G	<div><div>(1) The following <i>persons</i> may apply to the FCA for the grant of <i>approver permission</i>: (a) a <i>firm</i>; or (b) a <i>person</i> whose application for <i>Part 4A permission</i> has yet to be determined.</div><div>(2) In the case of an applicant for <i>Part 4A permission</i>, the FCA is likely to consider the application for <i>approver permission</i> alongside the application for <i>Part 4A permission</i>.</div></div>
		<div>Determination of applications for approver permission</div>
6A.2.2	G	<div><div>(1) The FCA may grant <i>approver permission</i> to a <i>firm</i> enabling it to <i>approve</i>: (a) any <i>financial promotions</i>; or (b) only certain <i>financial promotions</i>.</div><div>(2) In relation to (1)(b), the FCA may grant <i>approver permission</i> subject to any terms the FCA considers appropriate. This may, in particular, provide for the <i>approver permission</i> to cover only <i>financial promotions</i> relating to certain kinds of <i>controlled investment</i>.</div><div>(3) Where the FCA grants <i>approver permission</i> only in relation to certain <i>financial promotions</i> this may be: (a) in accordance with the <i>firm's</i> own application; or (b) because the FCA determines that it is appropriate to grant <i>approver permission</i> on terms which are different to those applied for.</div><div>[Note: section 55NA(4) of the Act]</div></div>
6A.2.3	G	<div>If the FCA grants or varies <i>approver permission</i>, the FCA will set out the terms on which the permission is granted, in particular, by describing what kinds of <i>financial promotion</i> the <i>firm</i> is entitled to <i>approve</i> and any conditions applicable to the exercise of the <i>approver permission</i>.</div> <div>[Note: section 55NA(6) of the Act]</div>



- 6A.2.4

G

(1) The FCA may refuse to grant an application for *approver permission* under section 55NA of the Act, or refuse an application to vary or cancel an existing *approver permission*, if it appears to the FCA that it is desirable to do so in order to advance one or more of its *operational objectives*.

(2) The FCA can only grant an application for *approver permission* made by an applicant for *Part 4A permission* if the applicant obtains *authorisation*.

[Note: section 55NA(7) of the Act]

- 6A.2.5

G

The FCA will assess an application for *approver permission* by reference to its *operational objectives*. In making this assessment, the FCA is likely to have particular regard to:

(1) the applicant's systems, controls and resources (including relevant personnel) relating to the *approval of financial promotions*;

(2) the competence and expertise of relevant individuals;

(3) the applicant's processes (or intended processes) for *approving financial promotions*; and

(4) the applicant's readiness to comply with the relevant *financial promotion rules*.

[Note: for the FCA's guidance on *approving financial promotions* see: <https://www.fca.org.uk/firms/financial-promotions-and-adverts/approving-financial-promotions>]

**Applicant's competence and expertise to approve financial promotions**

- 6A.2.6

G

(1) The FCA ordinarily expects to grant permission only to *approve financial promotions* relating to *controlled investments* (or, where relevant, *controlled claims management activity*) of a kind in relation to which the applicant can demonstrate that it has appropriate competence and expertise to assess compliance with the applicable *financial promotion rules*.

(2) In assessing an applicant's expertise in (1), the FCA will have regard, among other factors, to the *regulated activities* for which the applicant has applied for, or for which the applicant has, *Part 4A permission*.
- 6A.2.7

G

(1) The FCA expects a *person* applying for *approver permission* to apply only for permission to *approve financial promotions*:

(a) of a kind which the *person* anticipates they will, in fact, assess for the purposes of giving, or refusing to give, *approval* (if *approver permission* is granted); and

(b) relating to *controlled investments* (or, where relevant, *controlled claims management activity*) of a kind in relation to which the *person* reasonably believes they have appropriate competence
- Release 35

● Apr 2024

[www.handbook.fca.org.uk](http://www.handbook.fca.org.uk)

SUP 6A/5

and expertise to assess compliance with the applicable *financial promotion rules*.

- (2) In accordance with (1), the *FCA* discourages applicants from applying for blanket *approver permission* in respect of *financial promotions* generally.

### Preparing for an application

6A.2.8

G

A *firm* that intends to apply for:

- (1) *approver permission*;
- (2) a variation of its *approver permission*; or
- (3) cancellation of its *approver permission*,

should, consistent with *Principle 11* (Relations with regulators), discuss its plans with its supervisory contact at the *FCA* as early as possible before making an application. These discussions will help the *FCA* and the *firm* to agree the correct approach for the *firm's* application.

### Making an application

6A.2.9

D

- (1) A *firm* wishing to apply for *approver permission*, or for a variation or cancellation of its *approver permission*, must apply online using the relevant form specified on the *online notification and application system*.
- (2) Until the application has been determined, a *firm* which submits an application must inform the *FCA* of any significant change to the information given in the application immediately after it becomes aware of the change.
- (3) If the *online notification and application system* fails and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored, a *firm* must submit the relevant form in ■ SUP 6 Annex 5D in the way set out in ■ SUP 15.7.4R to ■ SUP 15.7.9G (Form and method of notification).

6A.2.10

G

- (1) If the *online notification and application system* fails and online submission is unavailable for 24 hours or more, the *FCA* will endeavour to publish a notice on its website confirming that online submission is unavailable and that the alternative methods of submission set out in ■ SUP 15.7.4R to ■ SUP 15.7.9G (Form and method of notification) should be used.
- (2) Where ■ SUP 6A.2.9D(3) applies to a *firm*, ■ GEN 1.3.2R (Emergency) does not apply.

6A.2.11

G

An applicant for *Part 4A permission* that also wishes to apply for *approver permission* should refer to the *FCA's* website for information on how to make this application.

**6A.2.12** G As soon as possible after receipt of an application for *approver permission*, the *FCA* will advise the applicant of any additional information which is required as part of its application. The amount of information required will vary depending on the type of *financial promotions* in relation to which the applicant is seeking *approver permission* and the related risk profile of the application.

**6A.2.13** G The fees payable by a *person* applying for *approver permission*, or an extension of *approver permission*, are set out in ■ FEES 3 Annex 14R.

## How long will an application take?

- 6A.2.14** G
- (1) Under section 55V(1) of the *Act* (Determination of applications), the *FCA* has 6 months to consider a completed application from the date of receipt.
  - (2) If the *FCA* receives an application which is incomplete (that is, if information or a document required as part of the application is not provided), section 55V(2) of the *Act* requires the *FCA* to determine that incomplete application within 12 months of the initial receipt of the application.
  - (3) If the *FCA* fails to determine an application within the time period specified in section 55V of the *Act*, this does not mean that *approver permission* is deemed to be granted.

## How will an application be determined?

- 6A.2.15** G
- (1) A decision to grant an application will be taken by appropriately experienced staff at the *FCA*. However, if the staff dealing with the application recommend that a *firm's* application for *approver permission*, or for a variation of its *approver permission*, be either refused or granted on terms other than those applied for, the decision will be subject to the *FCA's* formal decision-making process.
  - (2) *DEPP* gives *guidance* on the *FCA's* decision-making procedures, including the procedures it will follow if it proposes to refuse an application for *approver permission* either in whole or in part.

## Consultation with other regulators

- 6A.2.16** G Before granting *approver permission*, or varying or cancelling a *firm's* *approver permission* in response to an application under section 55NA of the *Act*, the *FCA* will consult:
- (1) the *PRA*, if the applicant is a *person*:
    - (a) who is, or on the granting of an application for *Part 4A permission* will be, a *PRA-authorised person*; or
    - (b) who is a member of a *group* which includes a *PRA-authorised person*;

- (2) the Gibraltar regulator, if the applicant or *firm* is a Gibraltar-based person (in each case within the meaning of Schedule 2A of the Act).

[Note: section 55NA(9) and (10) of the Act]

Threshold conditions

6A.2.17 G

In granting *approver permission*, the FCA is required by section 55B(3) of the Act to ensure that the applicant or *firm* satisfies, and will continue to satisfy, the *threshold conditions* for which the FCA is responsible in relation to all the *regulated activities* for which the applicant or *firm* has, or will have, *Part 4A permission*.

Approvals of financial promotions of investments subject to marketing restrictions

6A.2.18 G

- (1) A *firm* that applies for permission to *approve financial promotions* relating to certain types of *investment* will be asked whether it expects to *approve financial promotions* relating to:
  - (a) *restricted mass market investments*; and
  - (b) *non-mass market investments*.
- (2) Reference to these categories of *investment* subject to marketing restrictions is unlikely to form part of a *firm's approver permission*.
- (3) Nevertheless, the FCA expects *firms* to keep it informed of changes to their plans to *approve financial promotions* relating to *restricted mass market investments* and *non-mass market investments*.

6A.2.19 R

- (1) A *firm* must give the FCA:
  - (a) reasonable advance notice if it intends to begin *approving financial promotions* relating to *restricted mass market investments* or *non-mass market investments* for the first time; or
  - (b) notice if it ceases *approving financial promotions* relating to *restricted mass market investments* or *non-mass market investments*.
- (2) A notification in accordance with (1) must be made in the manner set out in ■ SUP 15.7.

## 6A.3 FCA's own-initiative power

- 6A.3.1** G Where the *FCA* grants *approver permission* to a *firm* under section 55NA of the *Act*, the *FCA* may vary the terms of that permission, or cancel it:
- (1) on the application of the *firm* to whom it was given; or
  - (2) on the *FCA*'s own initiative, if it appears to the *FCA* that:
    - (a) the *firm* has failed, during a period of at least 12 months, to give, or to refuse to give, any *approvals* in accordance with its *approver permission*. In practice, this might arise where:
      - (i) the *firm* does not appear to have assessed any *financial promotions* for the purposes of potential *approval* for a period of at least 12 months; or
      - (ii) the *firm* has only *approved* (or refused to *approve*) *financial promotions* of a substantially narrower description than the kinds for which it has *approver permission*; or
    - (b) it is desirable to do so in order to advance one or more of its *operational objectives*.

[Note: section 55NA(8) of the *Act*]

- 6A.3.2** G In deciding whether to vary or cancel a *firm's approver permission* on its own initiative, the *FCA* will take into account all relevant factors in relation to the *firm's* business. This may include its business model, the commercial environment and any legitimate explanation for the manner in which the *firm* has used its *approver permission* or for its failure to use its *approver permission*.

- 6A.3.3** G
- (1) The *FCA* will consult the *PRA* before varying or cancelling, on the *FCA*'s own initiative, the terms of the *approver permission* of a *PRA-authorized person* or a member of a *group* which includes a *PRA-authorized person*.
  - (2) Where the *FCA* varies the terms of, or cancels, the *approver permission* of a Gibraltar-based person on its own initiative, the *FCA* is not obliged to consult with the Gibraltar regulator but the *FCA* will inform the Gibraltar regulator in writing of the variation or cancellation.

[Note: section 55NA(9) and (10) of the *Act*]

- 6A.3.4

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(1) If the *FCA* exercises its power to vary the terms of a *firm's approver permission* on its own initiative, it will do so by issuing a *supervisory notice*.

(2) If the *FCA* proposes to cancel a *firm's approver permission* on its own initiative, it will give the *firm* a *warning notice* and, where the *FCA* decides to cancel, it will give the *firm* a *decision notice*.

(3) The procedure that will be followed in each case is set out in ■ DEPP 2.

6A.3.5

G

A *firm* has a right of referral to the *Tribunal* in respect of the *FCA* exercising its power to vary or cancel a *firm's approver permission* on its own initiative.

## Chapter 7

# Individual requirements



7.1 Application and purpose

Application

7.1.1 G This chapter applies to every *firm* which has a *Part 4A permission*.

7.1.2 G [deleted]

Purpose

7.1.3 G The *Handbook* primarily contains provisions which apply to all *firms* or to certain categories of *firm*. However, a *firm* may apply for a waiver or modification of *rules* in certain circumstances as set out in ■ SUP 8; or it may receive individual *guidance* on the application of the *rules*, as set out in ■ SUP 9.

7.1.4 G The *FCA*, in the course of its supervision of a *firm*, may sometimes judge it necessary or desirable to impose additional *requirements* on a *firm* or in some way amend or restrict the activities which the *firm* has *permission* to undertake. The *guidance* in this chapter describes when and how the *FCA* will seek to do this.

7.1.5 G By waiving or modifying the requirements of a *rule* or imposing an additional *requirement* or *limitation*, the *FCA* can ensure that the *rules*, and any other *requirements* or *limitations* imposed on a *firm*, take full account of the *firm's* individual circumstances, and so assist the *FCA* in meeting its *statutory objectives* under the *Act*.

7.1.6 G In some circumstances, the *FCA* may consider that it is insufficient to impose such *requirements*, amendments or *limitations* and that it will use its powers under the *Act* to remove one or more such activities from or cancel the *Part 4A permission* of a *firm*, whether under its *own-initiative variation power* or, where the relevant *firm* is an *FCA-authorised person*, under its *additional own-initiative variation power*.



## 7.2 The FCA's powers to set individual requirements and limitations and cancel Part 4A permissions on its own initiative

- 7.2.1** **G** The *FCA* has the power under section 55J of the *Act* and, in respect of *FCA- authorised persons*, Schedule 6A to the *Act* to vary or cancel a *firm's Part 4A permission* and/or, under section 55L of the *Act*, to impose a requirement on a *firm*. Varying a *firm's Part 4A permission* can include removing one or more *regulated activities* from those to which the *Part 4A permission* relates, varying the description of such an activity and/or imposing a limitation on that *Part 4A permission*.
- 7.2.2** **G** The circumstances in which the *FCA* may vary or cancel a *firm's Part 4A permission* on its own initiative or impose a requirement on a *firm* under sections 55J or 55L of the *Act* include where it appears to the *FCA* that:
- (1) one or more of the threshold conditions for which the *FCA* is responsible is or is likely to be no longer satisfied by the *firm*; or
  - (2) it is desirable to vary or cancel a *firm's permission* in order to meet any of the *FCA's statutory objectives* under the *Act*; or
  - (3) a *firm* has not carried out one or more *regulated activities* to which its *Part 4A permission* applies for a period of at least 12 months, in which case those activities may be removed from the *permission*.
- 7.2.2A** **G** The *FCA* may also decide to vary or cancel an *FCA- authorised person's Part 4A permission* on its own initiative under Schedule 6A to the *Act*:
- (1) if that *person* appears to the *FCA* not to be carrying on any *regulated activity* to which the *permission* relates, including, without restriction, if the *person* has failed to:
    - (a) pay a periodic fee or levy under the *Handbook*; or
    - (b) provide the *FCA* with information required under the *Handbook*; and
  - (2) if that *person*, when served by the *FCA* with two notices under paragraph 2 of Schedule 6A, has not:
    - (a) responded in the manner directed, in those notices or otherwise, by the *FCA*; nor
    - (b) taken other steps as may also be so directed by the *FCA*;

the second of which notices will specify any proposed variation and its effective date or the effective date of the proposed cancellation.

## 7.2.2B

G

- (1) The *FCA*, having served on the relevant *firm* notices under paragraph 2 of Schedule 6A to the *Act*, as described in ■ SUP 7.2.2AG, must serve notice, under paragraph 3 of Schedule 6A, on the *firm* of its subsequent decision whether or not to vary or cancel.
- (2) If the *FCA* decides to vary or cancel, the notice served under paragraph 3 must specify any variation and the date on which the variation or cancellation takes effect.
- (3) The *FCA* may publish, on the *Financial Services Register* and otherwise, notices it serves under paragraph 2 or 3 of Schedule 6A to the *Act* and will record on the *Financial Services Register* any such variation or cancellation.

## 7.2.2C

G

Apart from the circumstances described in ■ SUP 7.2.2AG(1), the *FCA* may also form the view, under Schedule 6A to the *Act*, that a *firm* is no longer conducting any *regulated activity* to which its *permission* relates in light of, without restriction:

- (1) one or more reports, provided to the *FCA* by the *firm*, under ■ SUP 16 or otherwise, indicating that it is no longer doing so;
- (2) the *firm's* failure, on two or more occasions, to respond substantively to *FCA* correspondence, requesting a response, sent to:
  - (a) the address of the *firm's* principal place of business in the *United Kingdom*, as notified to the *FCA* in accordance with ■ SUP 15.5.4R(1); or
  - (b) one or more other postal or electronic addresses previously provided to the *FCA* by the *firm*, or otherwise used by the *firm*, for the purpose of correspondence with the *FCA* and not known by the *FCA* to have been superseded in that regard; or
- (3) correspondence from the *FCA*, sent to such an address, being returned or otherwise notified to the *FCA* as undelivered.

## 7.2.2D

G

- (1) The *FCA's additional own-initiative variation power* under Schedule 6A to the *Act* has, unlike the *FCA's own-initiative variation power* under section 55J of the *Act*, a single basis: that it appears to the *FCA* that the relevant *FCA-authorised person* is not carrying on any *regulated activity* to which its *Part 4A permission* relates.
- (2) If the *FCA* uses its *additional own-initiative variation power*, it is therefore more likely to cancel the relevant *firm's permission*, rather than merely vary it by removing or amending the description of one or more such activities or by imposing one or more *limitations*.
- (3) The *FCA* will, however, consider all relevant facts and circumstances, including, without restriction:
  - (a) the relevant *firm's* responses, if any, to the notices given by the *FCA* under paragraph 2 of Schedule 6A; and

- (b) if applicable, the factors described in ■ SUP 6.4.22G, including whether there are any matters relating to the *firm* requiring investigation,
- before deciding whether to use its *additional own-initiative variation power* and whether to use it to cancel or vary.
- 7.2.3** G The FCA may also use its *own-initiative powers* for enforcement purposes. ■ EG 8 sets out in detail the FCA's powers under sections 55J and 55L of the Act and the circumstances under which the FCA may use its *own-initiative powers* in this way, whether for enforcement purposes or as part of its day to day supervision of *firms*. This chapter provides additional guidance on when the FCA will use these powers for supervision purposes.
- 7.2.3A** G The FCA may use its *additional own-initiative variation power*, under Schedule 6A to the Act, where it appears to the FCA that an FCA-*authorised person* is conducting no *regulated activity* to which its *Part 4A permission* relates, in an enforcement context, including, without restriction:
- (1) during an investigation into the FCA-*authorised person* in question and/or a *person* associated with that FCA-*authorised person*;
  - (2) when considering the possibility of such an investigation; or
  - (3) during proceedings against the FCA-*authorised person* in question and/or a *person* associated with that FCA-*authorised person*.
- 7.2.4** G The FCA may use its *own-initiative powers* and *additional own-initiative variation power* only in respect of a *firm's Part 4A permission*; that is, a *permission* granted to a *firm* under sections 55E or 55F of the Act (Giving permission) or having effect as if so given.
- 7.2.4A** G The FCA will consult the PRA before using its *own-initiative powers* in relation to a PRA-*authorised person*, or a member of a group which includes a PRA-*authorised person*.
- 7.2.4B** G In the case of a dual-regulated PRA-*authorised person*, the FCA may exercise its *own-initiative variation power* to add a new *regulated activity* other than a PRA-*regulated activity* to those activities already included in the *firm's Part 4A permission*, or to widen the description of a *regulated activity*, only after consulting with the PRA.
- 7.2.5** G If the FCA exercises its *own-initiative powers*, it will do so by issuing a *supervisory notice*. The procedure that will be followed is set out in ■ DEPP 2.
- 7.2.5A** G If the FCA exercises its *additional own-initiative variation power*, under Schedule 6A to the Act, it will do so, as described more fully in ■ SUP 7.2.2AG and ■ SUP 7.2.2BG, after:
- (1) issuing notices under paragraph 2 of that Schedule; and

(2) deciding to exercise the power, issue a notice under paragraph 3 of that Schedule,

which notices the *FCA* may decide to publish, in which case Schedule 6A to the Act provides that the *FCA* may do so in such manner as it considers appropriate.

7.2.6

G

A *firm* has a right of referral to the *Tribunal* in respect of the *FCA* exercising its *own-initiative powers* on the *firm's Part 4A permission*.

7.2.7

G

- (1) A *firm* has no right of referral to the *Tribunal* in respect of the *FCA* exercising its *additional own-initiative variation power*, under Schedule 6A to the Act, on the *firm's Part 4A permission*.
- (2) The *FCA* cannot exercise that power, on which *guidance* is given in ■ SUP 7.2.2AG to ■ SUP 7.2.2DG, until it has given the *firm* two notices in writing and considered any response to those notices.
- (3) Such response will, if it complies with an applicable *FCA* direction, given in those notices or otherwise, lead to the *FCA* not exercising that power.
- (4) The date on which the *FCA* proposes to exercise that power and, if different, the date on which the resulting variation or cancellation of the *firm's Part 4A permission* is proposed to take effect, must be specified in the second of those notices and both dates must be at least 14 days after the date on which that notice is given.
- (5) Further, a *firm* can apply, within 12 months of the exercise of the *FCA's* power taking effect, to the *FCA* under Schedule 6A to the Act for the retrospective annulment of the decision to exercise it.
- (6) More detailed *guidance* on such annulment is given in ■ SUP 7.4.
- (7) Whatever decision the *FCA* takes on that application, both the *firm* and the *FCA* have a right of referral to the *Tribunal* in respect of the matter.

## 7.3 Criteria for varying a firm's permission or imposing, varying or cancelling requirements on the FCA's own initiative

- 7.3.1** **G** The FCA expects to maintain a close working relationship with certain types of *firm* and expects that routine supervisory matters arising can be resolved during the normal course of this relationship by, for example, issuing individual *guidance* where appropriate (see ■ SUP 9.3). However, where the FCA deems it appropriate, it will exercise its *own-initiative powers*:
- (1) in circumstances where it considers it appropriate for the *firm* to be subject to a formal *requirement*, breach of which could attract enforcement action; or
  - (2) if a variation is needed to enable the *firm* to comply with the *requirement*, due to agreements the *firm* may have with third parties. (For example a *firm* may be under a contractual obligation to do something, but only if it can do so lawfully. In this case, if the FCA considers the *firm* must not do it, then the FCA would need to prevent it doing so through a variation in its *Part 4A permission* to enable the *firm* to avoid breaching the contractual obligation.)
- 7.3.2** **G** The FCA may also seek to exercise its *own-initiative powers* in certain situations, including the following:
- (1) If the FCA determines that a *firm's* management, business or *internal controls* give rise to material risks that are not fully addressed by existing requirements, the FCA may seek to use its *own-initiative powers*.
  - (2) If a *firm* becomes or is to become involved with new products or selling practices which present risks not adequately addressed by existing requirements, the FCA may seek to vary the *firm's Part 4A permission* in respect of those risks.
  - (3) If there has been a change in a *firm's* structure, *controllers*, activities or strategy which generate material uncertainty or create unusual or exceptional risks, then the FCA may seek to use its *own-initiative powers*. (See also ■ SUP 11.7 for a description of the FCA's ability to impose a requirement on the acquisition of *control* of a *firm* under section 55O of the Act.)
  - (4) At the request of, or to assist an overseas regulator as set out in section 55Q of the Act.

- (5) The *FCA* may separately exercise its *additional own-initiative variation power*, as described in ■ SUP 7.2.2AG to ■ SUP 7.2.2DG and ■ SUP 7.2.3AG.
- 7.3.3** G Pursuant to sections 55L, 55N, 55O, 55P and 55Q of the *Act*, within the scope of its functions and powers, the *FCA* may seek to impose *requirements* which include but are not restricted to:
- (1) requiring a *firm* to submit regular reports covering, for example, trading results, management accounts, *customer* complaints, connected party transactions;
  - (2) where appropriate, requiring a *firm* to maintain prudential limits, for example on large *exposures*, foreign currency *exposures* or liquidity gaps;
  - (3) requiring a *firm* to submit a business plan;
  - (4) limiting the *firm's* activities;
  - (5) requiring an *FCA-authorised person* to maintain a particular amount or type of financial resources.
- 7.3.4** G The *FCA* will seek to give a *firm* reasonable notice of an intent to vary its *permission* or impose a *requirement* and, except when exercising its *additional own-initiative variation power*, to agree with the *firm* an appropriate timescale. However, if the *FCA* considers that a delay may create a risk to any of the *FCA's statutory objectives*, the *FCA* may need to act immediately using its powers under section 55J and/or 55L of the *Act* with immediate effect.

		<div><div></div><div>7.4</div><div>Annulment of FCA decision to exercise its additional own-initiative variation power</div></div>	
7.4.1	G	<p>If the <i>FCA</i> decides to exercise its <i>additional own-initiative variation power</i>, the relevant <i>FCA-authorised person</i> can apply, under paragraph 4 of Schedule 6A to the <i>Act</i>, within 12 <i>months</i> of the decision taking effect, to the <i>FCA</i> for that decision to be retrospectively annulled. The <i>FCA</i> must notify that <i>person</i> of its right to apply when notifying that <i>person</i>, under paragraph 3 of Schedule 6A, of the decision to exercise the power and can direct what information should be included in the application and what form it should take.</p>	
7.4.2	G	<p>The <i>FCA</i> can annul the decision unconditionally or subject to such conditions as it considers appropriate or refuse to annul. The <i>FCA</i> is permitted by Schedule 6A to the <i>Act</i> to annul, whether unconditionally or subject to conditions, only if satisfied that, in all the circumstances, it is just and reasonable to do so.</p>	
7.4.3	G	<p>Schedule 6A to the <i>Act</i> specifies that the conditions that the <i>FCA</i> can impose when annulling include, without restriction:</p> <div><div>(1) the removal or modification of the description of one or more of the <i>regulated activities</i> that the relevant <i>firm</i> was permitted to carry on immediately before the decision annulled was taken; and</div><div>(2) the withdrawal or variation of one or more approvals previously given by the <i>FCA</i> under section 59 of the <i>Act</i> in respect of one or more roles at the <i>firm</i>, which condition, if imposed, the <i>FCA</i> considers can apply only to approvals that will otherwise be restored as a result of the annulment.</div><p>Schedule 6A specifies that such variations of <i>permission</i> and withdrawals or variations of approval take effect, if imposed as conditions, on the date on which the relevant annulment takes effect.</p></div>	
7.4.4	G	<p>In determining whether and subject to what conditions it is just and reasonable to annul, the <i>FCA</i> will consider all the relevant circumstances, including, without restriction:</p> <div>(1) the applicant <i>firm's</i> reasons for failing to respond as directed to the relevant notices served on it under paragraph 2 of Schedule 6A to the <i>Act</i>;</div>	



## 7.4.5

G

Other factors the *FCA* may consider, in so determining, may include, without restriction:

- (2) what explanation the *firm* has for the facts that led the *FCA* to form the view that it was no longer carrying on any *regulated activity* to which its *permission* related; and
- (3) if applicable, what remedial steps the *firm* proposes to take in relation to those.
- (1) the applicant *firm's* ability to comply, after annulment, with the *threshold conditions* and whether any concerns arising in this regard can be addressed via the imposition of conditions;
- (2) whether the *firm* applied promptly after the cancellation or variation of its *permission* has taken effect and, if it did not, its reasons for such delay;
- (3) whether and, if so, in what manner, to what extent and why the *firm* has breached section 19 or 20 of the *Act* since the cancellation or variation took effect;
- (4) where the relevant decision is that the applicant *firm's permission* be cancelled, the extent to which the *firm*:
  - (a) has followed, since the cancellation, the requirements of the regulatory system that would have applied to it but for the cancellation, including, without restriction, those in *DISP* and *COMP*; and
  - (b) is willing, to the extent it was unable to follow those requirements during the period of cancellation, to address, after annulment, the consequences of not following those requirements, in particular the effects on other *persons*; and
- (5) whether any awards or directions by the *Ombudsman* against the *firm* have not yet been complied with.

## 7.4.6

G

The effect of annulment is specified by Schedule 6A to the *Act*:

- (1) the relevant variation or cancellation is treated as never having taken place; but
- (2) where, by virtue of that fact, any *person* becomes subject to a statutory obligation in relation to which the *FCA* has functions, the *FCA* is permitted, in exercising those functions, to treat that *person* as not having become subject to that obligation;
- (3) in which case the *FCA* must notify that *person* appropriately.

## 7.4.7

G

- (1) If the *FCA* decides to annul, it will give the relevant *firm* a notice in writing, specifying the date on which the annulment takes effect and the conditions, if any, attached to the annulment.
- (2) Where the *FCA* proposes to refuse to annul, it will give the relevant *firm* a *warning notice* and, where the *FCA* decides to refuse to annul,



it will give the relevant *firm* a *decision notice*. Detail of the procedure under which those two notices will be provided is given in ■ DEPP 2 and ■ 3.

- (3) Whatever the *FCA's* decision, either or both of the *firm* and the *FCA* can refer the matter to the *Tribunal*.
- (4) In determining such a reference, the *Tribunal* may give such directions, and may make such provision, as it considers reasonable for placing the *firm* and other *persons* in the same position (as nearly as may be) as if the *firm's permission* had not been varied or cancelled.

#### 7.4.8

G

The following other chapters of the *Handbook* contain *rules* making provision for and *guidance* as to the effect of annulment:

- (1) ■ FEES 4, ■ FEES 4A, ■ FEES 5, ■ FEES 6, ■ FEES 7A to ■ FEES 7D and ■ FEES 13;
- (2) ■ DISP 1 and ■ DISP 2; and
- (3) ■ COMP 6.



## Chapter 8

# Waiver and modification of rules



8.1 Application and purpose

- 8.1.1

R

[deleted]
- 8.1.1-A

R

This chapter applies to every:

(1)

*firm* or *person* who is subject to *FCA rules* that wishes to apply for, consent to, or has been given a modification of or waiver of the *FCA's rules*;

(2)

*person*, as respects a particular *AUT*, *ACS* or *ICVC*, who wishes to apply for, consent to, or has been given a modification of or waiver of the *rules* in *COLL*.
- 8.1.1A

G

This chapter is relevant to an applicant for a *Part 4A permission*, as if that applicant were a *firm*. Where the chapter refers to appropriate supervisory contact, the applicant should read this as being the usual supervisory contact at the *appropriate regulator*. Further, this chapter is relevant to a *person* who is subject to rules made by the *appropriate regulator* and where the chapter refers to a *firm*, this includes that person.
- 8.1.2

G

A *recognised body* should see ■ [REC 3.3](#) for information on *waivers of rules* in *REC* under section 294 of the *Act*.
- 8.1.3

G

This chapter is not relevant to the functions of the *FCA* acting in its capacity as the *competent authority* for the purposes of Part VI of the *Act* (Official Listing).
- 8.1.4

G

**Purpose**

.....

This chapter explains how the regime for the *waiver of rules* works.



8.2 Introduction

Waivers under section 138A of the Act

- 8.2.1 G Under section 138A of the Act (Modification or waiver of rules), the *appropriate regulator* may, on the application or with the consent of a *firm*, direct that its *rules*:
- (1) are not to apply to the *firm*; or
  - (2) are to apply to the *firm* with such modifications as may be specified.

- 8.2.1A G ■ SUP 8.2.1 G does not apply to:
- (1) *rules* made by either regulator under section 137O of the Act;
  - (2) *rules* made by the FCA under sections 247 or 248 of the Act.

- 8.2.2 G The directions referred to in ■ SUP 8.2.1 G (1) and ■ SUP 8.2.1 G (2) are collectively referred to in the *Handbook* as *waivers*.

Waivers of rules in COLL

- 8.2.3 G Sections 250 and 261L of the Act and regulation 7 of the *OEIC Regulations* allow the FCA to *waive* the application of certain *rules* in *COLL* to:
- (1) a *person*, as respects a particular *AUT*, *ACS* or *ICVC*, on the application or with the consent of that *person*; and
  - (2) an *AUT*, *ACS* or *ICVC* on the application or with the consent of the *manager* and *trustee* (in the case of an *AUT*), the *authorised contractual scheme manager* and *depository* (in the case of an *ACS*) or the *ICVC* and its *depository* (in the case of an *ICVC*).
- 8.2.4 G Those *persons* to whom sections 250 and 261L and regulation 7 of the *OEIC Regulations* are relevant, but who are not *firms*, should follow SUP 8 as if they were *firms*.
- 8.2.5 G Sections 250 and 261L of the Act and regulation 7 of the *OEIC Regulations* work by giving effect to section 138A of the Act in respect of *waivers* given under section 250(2) and (3), section 261L(2) and (3) and regulation 7(1) and (2) of the *OEIC Regulations*.

Rules which can be waived

8.2.6 G [deleted]

8.2.7 G [deleted]

8.2.8 G [deleted]



8.3 Applying for a waiver

Conditions for giving a waiver

- 8.3.1
- G
- Under section 138A(4) of the *Act*, the *appropriate regulator* may not give a *waiver* unless it is satisfied that:
- (1)

compliance by the *firm* with the *rules*, or with the *rules* as unmodified, would be unduly burdensome, or would not achieve the purpose for which the *rules* were made; and
- (2)

the *waiver* would not adversely affect the advancement of, in the case of the *PRA*, any of its objectives and, in the case of the *FCA*, any of its operational objectives.

- 8.3.1A
- G
- Even if the conditions in section 138A(4) of the *Act* are satisfied, the *appropriate regulator* will consider other relevant factors before giving a *waiver*.

Publication of waivers

- 8.3.2
- G
- The *appropriate regulator* is required by section 138B of the *Act* to publish a *waiver* unless it is satisfied that it is inappropriate or unnecessary to do so (see ■ SUP 8.6).
- 8.3.2A
- G
- The *FCA* must consult the *PRA* before publishing or deciding not to publish a *waiver* which relates to:
- (1)

a *PRA-authorised person*; or
- (2)

an *authorised person* who has as a member of its *immediate group* a *PRA-authorised person*;
- unless the *waiver* relates to rules made by the *FCA* under sections 247 or 248 of the *Act*.

Form and method of application

- 8.3.3
- D
- A firm wishing to apply for a *waiver* must complete the application form in ■ SUP 8 Annex 2 D and submit it in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).
- (1)

[deleted]

- (2) [deleted]
- (3) [deleted]
- (4) [Deleted]
- (5) [Deleted]
- (6) [Deleted]
- (7) [Deleted]
  - (a) [Deleted]
  - (b) [Deleted]

- 8.3.3A

G

(1) The *PRA*’s preferred method of submission for *waiver* applications is by e-mail. The *FCA*’s preferred method of submission for *waiver* applications is through online submission via the *FCA*’s website at [www.fca.org.uk](http://www.fca.org.uk).

(2) The form is available on the *appropriate regulator's* website.
- 8.3.4

G

Before sending in a *waiver* application, a *firm* may find it helpful to discuss the application with its appropriate supervisory contact. However, the *firm* should still ensure that all relevant information is included in the application.
- 8.3.4A

G

*Firms* or *persons* other than *PRA-authorised persons* should send applications for *waivers* or applications for variations of *waivers* to the *FCA*.
- 8.3.4B

G

*PRA-authorised persons* should send applications for *waivers* or applications for variations of *waivers* to:

(1) the *FCA* in respect of *rules* in the *FCA Handbook* applicable to that *PRA-authorised person*; and

(2) the *PRA* in respect of *rules* in the *PRA Handbook*.

Procedure on receipt of an application

- 8.3.5

G

The *appropriate regulator* will acknowledge an application promptly and if necessary will seek further information from the *firm*. The time taken to determine an application will depend on the issues it raises. A *firm* should make it clear in the application if it needs a decision within a specific time.
- 8.3.5A

G

The *appropriate regulator* will treat a *firm's* application for a *waiver* as withdrawn if it does not hear from the *firm* within 20 *business days* of sending a communication which requests or requires a response from the *firm*. The *appropriate regulator* will not do this if the *firm* has made it clear



to the *appropriate regulator* in some other way that it intends to pursue the application.

**8.3.6** G In some cases, the *appropriate regulator* may give a modification of a *rule* rather than direct that the *rule* is not to apply. The *appropriate regulator* may also impose conditions on a *waiver*, for example additional reporting requirements. A *waiver* may be given for a specified period of time only, after which time it will cease to apply. A *firm* wishing to extend the duration of a *waiver* should follow the procedure in ■ SUP 8.3.3 D. A *waiver* will not apply retrospectively.

**8.3.7** G If the *appropriate regulator* decides not to give a *waiver*, it will give reasons for the decision.

**8.3.8** G A *firm* may withdraw its application at any time up to the giving of the *waiver*. In doing so, a *firm* should give the *appropriate regulator* its reasons for withdrawing the application.

**8.3.9** G If the *appropriate regulator* believes that a particular *waiver* given to a *firm* may have relevance to other *firms*, it may publish general details about the possible availability of the *waiver*. For example, IPRU(INV) 3-80(10)G explains that a *firm* that wishes to use its own internal model to calculate its position risk requirement (PRR) will need to apply for a *waiver* of the relevant *rules*.

## Giving a waiver with consent rather than on an application

**8.3.10** G Under section 138A(1) of the *Act* the *appropriate regulator* may give a *waiver* with the consent of a *firm*. This power may be used by the *appropriate regulator* in exceptional circumstances where the *appropriate regulator* considers that a *waiver* should apply to a number of *firms* (for example, where a *rule* unmodified may not meet the particular circumstances of a particular category of *firm*). In such cases the *appropriate regulator* will inform the *firms* concerned that the *waiver* is available, either by contacting *firms* individually or by publishing details of the availability of the *waiver* on the *appropriate regulator's* website provided that the *FCA* must comply with ■ SUP 8.3.2A G. The *firms* concerned will not have to make a formal application but will have to give their written consent for the *waiver* to apply.

## Waiver of an evidential provision

**8.3.11** G An application for a *waiver* of an *evidential provision* will normally be granted only if a breach of the underlying binding *rule* is actionable under section 138D of the *Act*. Individual *guidance* would normally be a more appropriate response (see ■ SUP 9 (Individual Guidance)) if there is no right of action.

**8.3.12** G An application for a *waiver* of the presumption of compliance created by an *evidential provision* would not normally be granted.

**8.3.13** G For an application for a *waiver* of the presumption of contravention of a binding *rule*, which is actionable under section 138D of the *Act*, the *appropriate regulator* would normally wish to be satisfied that the evidential *rule* is itself unduly burdensome or does not achieve the purpose of the *rule*.

**8.3.13A** G In accordance with section 138C(4) of the *Act*, in ■ SUP 8.3.11 G to ■ SUP 8.3.13 G, a reference to a *rule* does not include a *rule* made under:

- (1) section 137O of the *Act*; or
- (2) section 192J of the *Act*.

**Waiver of a two-way evidential provision**

**8.3.14** G In the case of an application for a *waiver* of a two-way *evidential provision* relating to an actionable binding *rule*, the policy in ■ SUP 8.3.12 G would apply to the presumption of compliance and the policy in ■ SUP 8.3.13 G would apply to the presumption of contravention. In other words, any modification is likely to be in relation to the second presumption only.



8.4 Reliance on waivers

Application of waived rules

8.4.1

G

If the *appropriate regulator* gives a *firm* a *waiver*, then the relevant *rule* no longer applies to the *firm*. But:

- (1) if a *waiver* directs that a *rule* is to apply to a *firm* with modifications, then contravention of the modified *rule* could lead to *appropriate regulator* enforcement action and (if applicable) a right of action under section 138D of the *Act* (Actions for damages); and
- (2) if a *waiver* is given subject to a condition, it will not apply to activities conducted in breach of the condition, and those activities, if in breach of the original *rule*, could lead to *appropriate regulator* enforcement action or such a right of action.

The effect of rule changes on waivers

8.4.2

G

Substantive changes to the *rules* (this would not include simple editorial changes) in the *Handbook* may affect existing *waivers*, changing their practical effect and creating a need for a change to the original *waiver*. The *appropriate regulator* will consult on proposed *rule* changes. A *firm* should note proposed *rule* changes and discuss the impact on a *waiver* with its appropriate supervisory contact.



8.5 Notification of altered circumstances relating to waivers

- 8.5.1
- R
- A *firm* which has applied for or has been granted a *waiver* must notify the *appropriate regulator* immediately if it becomes aware of any matter which could affect the continuing relevance or appropriateness of the application or the *waiver*.
- 8.5.2
- G
- Firms* are also referred to ■ SUP 15.6 (Inaccurate, false or misleading information). This requires, in ■ SUP 15.6.4 R, a *firm* to notify the *appropriate regulator* if false, misleading, incomplete or inaccurate information has been provided. This would apply in relation to information provided in an application for a *waiver*.



8.6 Publication of waivers

Requirement to publish

8.6.1 G The *appropriate regulator* is required by sections 138B(1) and (2) of the *Act* to publish a *waiver* unless it is satisfied that it is inappropriate or unnecessary to do so. If the *appropriate regulator* publishes a *waiver*, it will not publish details of why a *waiver* was required or any of the supporting information given in a *waiver* application.

8.6.1A G The *FCA* must consult the *PRA* before publishing or deciding not to publish a *waiver* which relates to:

- (1) a *PRA-authorised person*; or
- (2) an *authorised person* who has as a member of its immediate *group* a *PRA-authorised person*;

unless the *waiver* relates to *rules* made by the *FCA* under sections 247 or 248 of the *Act*.

Matters for consideration

8.6.2 G When considering whether it is satisfied under section 138B(2), the *appropriate regulator* is required by section 138B(3) of the *Act*:

- (1) to take into account whether the *waiver* relates to a *rule* contravention of which is actionable under section 138D of the *Act* (Actions for damages); Schedule 5 identifies such *rules*;
- (2) to consider whether its publication would prejudice, to an unreasonable degree, the commercial interests of the *firm* concerned, or any other member of its *immediate group*;
- (3) to consider whether its publication would be contrary to an international obligation of the *United Kingdom*; and
- (4) to consider whether the publication of the *waiver* would be detrimental to the stability of the *UK financial system*.

8.6.3 G *Waivers* can affect the legal rights of third parties, including *consumers*. In the *appropriate regulator's* view it is important that the fact and effect of such *waivers* should be transparent. So the fact that a *waiver* relates to a *rule* that is actionable under section 138D of the *Act* (see ■ SUP 8.6.2 G (1)) will tend to argue in favour of publication.

8.6.4	<div>G</div>	In making <i>waiver</i> applications under section 250 of the <i>Act</i> or regulation 7 of the <i>OEIC Regulations</i> , ■ SUP 8.6.2 G (2) should be read in application to <i>rules</i> in <i>COLL</i> as if the word "commercial" were omitted.
8.6.5	<div>G</div>	In considering whether commercial interests would be prejudiced to an unreasonable degree (see ■ SUP 8.6.2 G (2)), the <i>appropriate regulator</i> will weigh the prejudice to <i>firms'</i> commercial interests against the interests of <i>consumers</i> , markets and other third parties in disclosure. In doing so the <i>appropriate regulator</i> will consider factors such as the extent to which publication of the <i>waiver</i> would involve the premature release of proprietary information to commercial rivals, for example relating to a product innovation, or reveal information which could reasonably be regarded as the <i>firm's</i> own intellectual property. In line with section 138B(5) of the <i>Act</i> , the <i>appropriate regulator</i> will also consider whether prejudice to a <i>firm's</i> commercial interests could be avoided or mitigated by publication of the <i>waiver</i> without disclosing the identity of the <i>firm</i> .
8.6.6	<div>G</div>	The <i>appropriate regulator</i> may consider publication unnecessary where, for example, the <i>waiver</i> relates to a minor matter that does not affect any third party and is unlikely to be of relevance or interest to other <i>firms</i> .
		<b>Firm's objection to publication</b>
8.6.7	<div>G</div>	If, after taking into account the matters in ■ SUP 8.3.3 D to ■ SUP 8.6.6 G, a <i>firm</i> believes there are good grounds for the <i>appropriate regulator</i> either to withhold publication or to publish the <i>waiver</i> without disclosing the identity of the <i>firm</i> , it should make this clear in its application. If the <i>appropriate regulator</i> proposes to publish a <i>waiver</i> against the wishes of the <i>firm</i> , the <i>appropriate regulator</i> will give the <i>firm</i> the opportunity to withdraw its application before the <i>waiver</i> is given.
		<b>Withholding publication for a limited period</b>
8.6.8	<div>G</div>	A decision to withhold a <i>waiver</i> or identity of a <i>firm</i> from publication may be for a limited period only, usually as long as the duration of the relevant grounds for non-publication. If the <i>appropriate regulator</i> proposes to publish information about a <i>waiver</i> that had previously been withheld, it will first give the <i>firm</i> an opportunity to make representations.
		<b>Means of publication</b>
8.6.9	<div>G</div>	The principal means of publication of <i>waiver</i> information will be the <i>appropriate regulator's</i> website.



8.7 Varying waivers

- 8.7.1

G

Once the *appropriate regulator* has given a *waiver*, it may vary it with the *firm's* consent, or on the *firm's* application. If a *firm* wishes the *appropriate regulator* to vary a *waiver*, it should follow the procedures in ■ SUP 8.3.3 D, giving reasons for the application. In a case where a *waiver* has been given to a number of *firms* (see ■ SUP 8.3.10 G), if the *appropriate regulator* wishes to vary such *waivers* with the consent of those *firms*, it will follow the procedures in ■ SUP 8.3.10 G.
- 8.7.2

G

If the *waiver* that has been varied has previously been published, the *appropriate regulator* will publish the variation unless it is satisfied that it is inappropriate or unnecessary to do so, having regard to any representation made by the *firm*.



8.8 Revoking waivers

- 8.8.1

G

The *appropriate regulator* may revoke a *waiver* at any time. In deciding whether to revoke a *waiver*, the *appropriate regulator* will consider whether the conditions in section 138A(4) of the Act are no longer satisfied (see ■ SUP 8.3.1 G), and whether the *waiver* is otherwise no longer appropriate.
- 8.8.2

G

If the *appropriate regulator* proposes to revoke a *waiver*, or revokes a *waiver* with immediate effect, it will:

(1) give the *firm* written notice either of its proposal, or of its action, giving reasons;

(2) state in the notice a reasonable period (usually 28 days) within which the *firm* can make representations about the proposal or action; if a *firm* wants to make oral representations, it should inform the *appropriate regulator* as quickly as possible , specify who will make the representations and which matters will be covered; the *appropriate regulator* will inform the *firm* of the time and place for hearing the representations and may request a written summary;

(3) after considering any representations, in the case of a proposed revocation, give the *firm* written confirmation of its decision to revoke the *waiver* or not; or, in the case of a revocation that has already taken effect, either confirm the revocation or seek the *firm's* consent to a new *waiver*.
- 8.8.3

G

If the *waiver* that has been revoked has previously been published, the *appropriate regulator* will publish the revocation unless it is satisfied that it is inappropriate or unnecessary to do so, having regard to any representations made by the *firm*.





8.9 Decision making

- 8.9.1

G

The *waivers* regime is overseen by a staff committee. Its responsibility is to ensure that the giving of *waivers* is in accordance with the requirements of the *Act*, of the *guidance* in ■ SUP 8 and of other relevant *guidance*. Decisions on individual applications are made under arrangements designed to result in rapid, responsive and well-informed decision making. The arrangements include arrangements for collective decision making to set general policies, and, as necessary, determine cases for applications with substantially common characteristics (for example, *waivers* in relation to the same *rule* or related *rules* or by *firms* in a similar position). It also includes arrangements for decision making by individuals within established precedents and policies.
- 8.9.2

G

If the *appropriate regulator*, in the course of carrying on supplementary supervision of a *financial conglomerate*, is considering exercising its powers under section 138A of the *Act* (Modification or waiver of rules), regulation 4 of the *Financial Groups Directive Regulations* contains special provisions. The *appropriate regulator* must, in broad terms, do two things. Where required by those regulations, it must obtain the consent of the relevant competent authorities of the group. And, where required by those Regulations, it must consult those competent authorities.



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## **Application form for a waiver or modification of rules**

This annex consists only of one or more forms. Forms are to be found through the following address:

*Waiver Application form* - <https://www.fca.org.uk/publication/forms/waiver-application-form.docx>



## Chapter 8A

Directions and determinations  
by the FCA waiving, varying or  
disapplying CCA requirements



8A.1 Application, purpose and interpretation

- 8A.1.1

D

This chapter applies to every *firm* which:

  - (1) is subject to the requirements as to the form and content of regulated agreements under the Consumer Credit (Agreements) Regulations 1983 (SI 1983/1553) and the Consumer Credit (Agreements) Regulations (SI 2010/1014) made under section 60(1) of the CCA that wishes to apply for a direction from the *FCA* waiving or varying those requirements;
  - (2) is subject to the requirement under section 64(1)(b) of the CCA to send debtors or hirers a notice of their rights to cancel a cancellable agreement within the seven days following the making of that agreement that wishes to apply for a determination by the *FCA* that that requirement can be dispensed with; and
  - (3) wishes to apply for a direction from the *FCA* that the *hirer's* rights to terminate a *regulated consumer hire agreement* under section 101 of the CCA do not apply to *regulated consumer hire agreements* made by that *firm*.
- 8A.1.2

G

This chapter explains how the regime works for obtaining:

  - (1) a direction from the *FCA* waiving or varying the requirements as to the form and content of regulated agreements under the Consumer Credit (Agreements) Regulations 1983 (SI 1983/1553) and the Consumer Credit (Agreements) Regulations (SI 2010/1014) made under section 60(1) of the CCA;
  - (2) a determination by the *FCA* that the requirement under section 64(1)(b) of the CCA to send debtors or hirers a notice of their rights to cancel a cancellable agreement within the seven days following the making of that agreement can be dispensed with; and
  - (3) a direction from the *FCA* that the *hirer's* rights to terminate a *regulated consumer hire agreement* under section 101 of the CCA do not apply to *regulated consumer hire agreements* made by the relevant *firm*.
- 8A.1.3

G

Unless italicised, and except where the contrary intention appears, expressions used in this chapter have the same respective meanings as in the CCA.

## 8A.2 Introduction and conditions

### Directions under section 60(3) of the CCA

**8A.2.1** **G** Under section 60(3) of the CCA, if, on an application made to the *FCA* by a *firm* carrying on a consumer credit business or a consumer hire business, it appears to the *FCA* impracticable for the *firm* to comply with any requirement of the Consumer Credit (Agreements) Regulations 1983 (SI 1983/1553) or the Consumer Credit (Agreements) Regulations (SI 2010/1014) in a particular case, it may direct that the requirement be waived or varied in relation to the regulated agreement and subject to such conditions (if any) as it may specify.

**8A.2.2** **G** Under section 60(4) of the CCA, the *FCA* will make the direction only if it is satisfied that to do so would not prejudice the interests of debtors or hirers.

**8A.2.3** **G** An application may be made under section 60(3) of the CCA only if it relates to:

- (1) a consumer credit agreement secured on land; or
- (2) a consumer credit agreement under which a person takes an article in *pawn*; or
- (3) a consumer credit agreement under which the creditor provides the debtor with a credit that exceeds £60,260; or
- (4) a consumer credit agreement entered into by the debtor wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by him; or
- (5) a consumer hire agreement.

### Determinations under section 64(4) of the CCA

**8A.2.4** **G** The requirement under section 64(1)(b) of the CCA to send debtors or hirers a notice of their rights to cancel a cancellable agreement within the seven days following the making of that agreement does not apply in the case of the agreements described in **■ SUP 8A.2.5 G**, if:

- (1) on application by a *firm* to the *FCA*, the *FCA* has determined, having regard to:
  - (a) the manner in which antecedent negotiations for the relevant agreements with the *firm* are conducted; and

		<p>(b) the information provided to debtors or hirers before those agreements are made;</p> <p>the requirement can be dispensed with without prejudicing the interests of debtors or hirers; and</p> <p>(2) any conditions imposed by the <i>FCA</i> in making the determination are complied with.</p>
8A.2.5	G	<p>A determination under 64(4) of the <i>CCA</i> may only be made in respect of agreements specified in the Consumer Credit (Notice of Cancellation Rights) (Exemptions) Regulations 1983.</p>
		<p><b>Directions under section 101(8) of the <i>CCA</i></b></p>
8A.2.6	G	<p>If on an application made to the <i>FCA</i> by a <i>firm</i> carrying on a consumer hire business, it appears to the <i>FCA</i> that it would be in the interests of hirers to do so, the <i>FCA</i> may direct that subject to such conditions (if any) as it may specify, section 101 of the <i>CCA</i> shall not apply to consumer hire agreements made by that <i>firm</i>.</p>
		<p><b>Transitional provision</b></p>
8A.2.7	G	<p>Under article 53 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No 2) Order 2013, any of the following given or made by the Office of Fair Trading which were in effect immediately before 1 April 2014 have effect as if they had been given or made by the <i>FCA</i>:</p> <p>(1) a direction given under section 60(3) of the <i>CCA</i> (form and content of agreements);</p> <p>(2) a determination made under section 64(4) of the <i>CCA</i> (duty to give notice of cancellation rights) and the Consumer Credit (Notice of Cancellation Rights) (Exemptions) Regulations 1983;</p> <p>(3) a direction given under section 101(8) or (8A) of the <i>CCA</i> (right to terminate hire agreement).</p>





8A.3 Applying for a direction or determination by the FCA waiving, varying or disapplying CCA requirements

Publication

8A.3.1 G The FCA intends to include any direction or determination made by the FCA waiving, varying or disapplying CCA requirements in the public register under section 347 of the Act.

Form and method of application

8A.3.2 D A firm wishing to apply for a direction under section 60(3) of the CCA, must complete the application form in SUP 8A Annex 1 D and submit it to the FCA in the way set out in SUP 15.7.4 R, SUP 15.7.5A R, SUP 15.7.6A G and SUP 15.7.9 G.

8A.3.3 D A firm wishing to apply for a determination under section 64(4) of the CCA must apply to the FCA in the way set out in SUP 15.7.4 R, SUP 15.7.5A R, SUP 15.7.6A G and SUP 15.7.9 G.

8A.3.4 D A firm wishing to apply for a direction under section 101(8) of the CCA must complete the application form in SUP 8A Annex 2 D and the information form in SUP 8A Annex 3 D, and submit them to the FCA in the way set out in SUP 15.7.4 R, SUP 15.7.5A R, SUP 15.7.6A G and SUP 15.7.9 G.

Procedure on receipt of an application

8A.3.5 G The FCA will acknowledge an application promptly and, if necessary, will seek further information from the firm. The time taken to determine an application will depend on the issues it raises. A firm should make it clear in the application if it needs a decision within a specific time.

8A.3.6 G The FCA will treat a firm's application as withdrawn if it does not hear from the firm within 20 business days of sending a communication which requests or requires a response from the firm. The FCA will not do this if the firm has made it clear to the FCA in some other way that it intends to pursue the application.

- 8A.3.7

G

If the *FCA* decides not to give a direction or a determination, it will give reasons for the decision.
- 8A.3.8

G

A *firm* may withdraw its application at any time up to the giving of the direction or determination. In doing so, a *firm* should give the *FCA* its reasons for withdrawing the application.

		<div>8A.4</div> <div>Notification of altered circumstances relating to directions or waivers</div>
8A.4.1	<div>R</div>	<div>A <i>firm</i> which has applied for or has been granted a direction or determination must notify the <i>FCA</i> immediately if it becomes aware of any matter which could affect the continuing relevance or appropriateness of the application or the direction or determination.</div>
8A.4.2	<div>G</div>	<div><i>Firms</i> are also referred to <a href="#">SUP 15.6</a> (Inaccurate, false or misleading information). This requires a firm to notify the <i>FCA</i> if false, misleading, incomplete or inaccurate information has been provided (see <a href="#">SUP 15.6.4 R</a>). This would apply in relation to information provided in an application for a direction or a determination.</div>



8A.5 Revoking or varying directions and determinations

8A.5.1 **G** The *FCA* may revoke or vary any of the directions or determinations referred to in this chapter.

Application form for a direction under section 60(3) of the CCA

This annex consists only of one or more forms. Forms are to be found through the following address:

Application form for a direction under section 60(3) of the CCA



## **Application form for a direction under section 101(8) of the CCA**

This annex consists only of one or more forms. Forms are to be found through the following address:

Application form for a direction under section 101(8) of the CCA





## **Information form in support of an application for a direction under section 101(8) of the CCA**

This annex consists only of one or more forms. Forms are to be found through the following address:

Information form in support of an application for a direction under section 101(8) of the CCA



## Chapter 9

# Individual guidance



9.1 Application and purpose

Application

- 9.1.1
- G
- (1) This chapter applies to:

(a) every *firm*;

(b) *persons* that are subject to the requirements of the *Part 6 rules*; and

(c) *persons* generally.

(2) ■ SUP 9.3 (Giving individual guidance to a firm on the *FCA's* own initiative) is, however, only relevant to a *firm*.

Purpose

- 9.1.2
- G
- Individual *guidance* is *guidance* that is not given to *persons* or regulated *persons* generally or to a class of regulated *person*. It will normally be given to one particular *person*, which relates to its own particular circumstances or plans. It may be oral or written. Individual *guidance* will not be published but may at the *FCA's* discretion be converted to general *guidance* and published in the *Handbook*. Written individual *guidance* will often be labelled as such
- 9.1.3
- G
- A *person* may need to ask the *FCA* for individual *guidance* on how the *rules* and general *guidance* in the *Handbook*, the *Act* or other regulatory requirements apply in their particular circumstances. This chapter describes how a *person* may do this. Section 139A of the *Act* gives the *FCA* the power to give *guidance* consisting of such information and advice as it considers appropriate.
- 9.1.4
- G
- The *FCA* may at times also consider it appropriate to give a *firm* individual *guidance* on its own initiative, for example on how it considers a *firm* should comply with a *rule*. ■ SUP 9.3 describes when and how the *FCA* will seek to do this.



9.2 Making a request for individual guidance

How to make a request

- 9.2.1 G Requests for individual *guidance* may be made in writing or orally. Requests for individual *guidance* in relation to the *Part 6 rules* should be made in writing other than in circumstances of exceptional urgency or in the case of a request from a *sponsor* in relation to the provision of a *sponsor service*. If oral queries raise complex or significant issues, the *FCA* will normally expect the details of the request to be confirmed in writing. Simple requests for *guidance* may often be dealt with orally, although it is open to a *person* to seek a written confirmation from the *FCA* of oral *guidance* given by the *FCA*.

Who to address a request to

- 9.2.2 G A *firm* and its professional advisers should address requests for individual *guidance* to the *firm's* usual supervisory contact at the *FCA*, with the exception of requests for *guidance* on ■ **MAR 1** which should be addressed to the specialist team within the Enforcement and Markets Oversight Division. A *firm* may wish to discuss a request for *guidance* with the relevant contact before making a written request.
- 9.2.3 G A *person* who is not a *firm* should address his request for individual *guidance* to the appropriate department within the *FCA*. A *person* who is unsure of where to address his request may address his enquiry to the *FCA*, making clear the nature of the request.

Discussions on a no-names basis

- 9.2.4 G The *FCA* does not expect to enter into discussions on a 'no-name' basis about the affairs of an individual *person*.
- 9.2.4A G [deleted]

The FCA's response to a reasonable request

- 9.2.5 G The *FCA* will aim to respond quickly and fully to reasonable requests. The *FCA* will give high priority to enquiries about areas of genuine uncertainty or about difficulties in relating established requirements to innovative practices or products. What constitutes a 'reasonable request' is a matter for the *FCA*. It will depend on the nature of the request and on the resources of the *firm* or other *person* making it. The *FCA* will expect the *person* to have taken reasonable steps to research and analyse a topic before approaching the *FCA*

for individual *guidance*. The *FCA* should not be viewed as a first port of call for *guidance*, except where it is only the *FCA* that can give the *guidance*, for example in confirming non-standard reports that it wishes to receive from a *firm*.

**Information required by the FCA**

9.2.6

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The *FCA* will always need sufficient information and time before it can properly evaluate the situation and respond to a request. If a request is time-critical, the *person* or its professional adviser should make this clear. The more notice a *person* can give the *FCA*, the more likely it is that the *FCA* will be able to meet the *person's* timetable. However, the time taken to respond will necessarily depend upon the complexity and novelty of the issues involved. In making a request, a *person* should identify the *rule*, general *guidance*, or other matter on which individual *guidance* is sought, and provide a description of the circumstances relating to the request. The *FCA* may request further information if it considers that it does not have sufficient information.

### 9.3 Giving individual guidance to a firm on the FCA's own initiative

**9.3.1** G Business and internal control risks vary from *firm* to *firm*, according to the nature and complexity of the business. The *FCA's* assessment of these risks is reflected in how its *rules* apply to different categories of *firm* as well as in the use of its other regulatory tools. One of the tools the *FCA* has available is to give a *firm* individual *guidance* on the application of the requirements or standards under the *regulatory system* in the *firm's* particular circumstances.

**9.3.2** G The *FCA* may give individual *guidance* to a *firm* on its own initiative if it considers it appropriate to do so. For example:

- (1) the *FCA* may consider that general *guidance* in the *Handbook* does not appropriately fit a *firm's* particular circumstances (which may be permanent or temporary) and therefore decide to give additional individual *guidance* to the *firm*;
- (2) some of the *FCA's* requirements are expressed in general terms; however, there may be times when the *FCA* will wish to respond to a *firm's* particular circumstances by giving individual *guidance* on the application of the general requirement in these circumstances;
- (3) the *FCA* may consider that a *firm* should be given more detailed *guidance* than that contained in the *FCA Handbook*; for example, where a *firm* holds positions in instruments of a non-standard form it may be appropriate to give the *firm* additional or more detailed *guidance* on how the *FCA* considers that it should calculate its financial resources requirement;
- (4) in some instances a *rule* allows a *firm* to select which requirement, within a range of alternative requirements, a *firm* should comply with; in many instances, the *FCA Handbook* gives *guidance* setting out the circumstances in which compliance with a particular requirement is appropriate; the *FCA* may sometimes consider it necessary to give additional individual *guidance* to tell a *firm* which requirement it considers appropriate;
- (5) in relation to the maintenance of adequate financial resources, the *FCA* may give a *firm* individual *guidance* on the amount or type of financial resources the *FCA* considers appropriate. Further *guidance* on how and when the *FCA* may give individual *guidance* on financial resources is contained in the Prudential Standards part of the *Handbook*:
  - (a) for a *MIFIDPRU investment firm*, ■ [MIFIDPRU 7.10](#); and

- (b) [deleted]
- (c) for a *securities and futures firm* (or other *firm* required to comply with *IPRU(INV) 3*): *IPRU(INV) 3-79R*.
- (d) [deleted]
- (e) [deleted]

9.3.3 G If the *FCA* intends to give a *firm* individual *guidance* on its own initiative, it will normally seek to discuss the issue with the *firm* and agree suitable individual *guidance*.

9.3.4 G Individual *guidance* given to a *firm* on the *FCA's* own initiative will normally be given in writing.





9.4 Reliance on individual guidance

Reliance by recipient of individual guidance

9.4.1 G If a *person* acts in accordance with current individual written *guidance* given to him by the *FCA* in the circumstances contemplated by that *guidance*, then the *FCA* will proceed on the footing that the *person* has complied with the aspects of the *rule* or other requirement to which the *guidance* relates.

9.4.2 G The extent to which a *person* can rely on individual *guidance* given to him will depend on many factors. These could include, for example, the degree of formality of the original query and the *guidance* given, and whether all relevant information was submitted with the request. Individual *guidance* is usually given in relation to a set of particular circumstances which exist when the *guidance* is given. If the circumstances later change, for example, because of a change in the circumstances of the *person* or a change in the underlying *rule* or other requirement, and the premises upon which individual *guidance* was given no longer apply, the *guidance* will cease to be effective.

9.4.3 G If the circumstances relating to individual *guidance* change it will be open to a *person* to ask for further *guidance*.

Effect on rights of third parties

9.4.4 G Rights conferred on third parties (such as a *firm's* *clients*) cannot be affected by *guidance* given by the *FCA*. *Guidance* on *rules*, the *Act* or other legislation represents the *FCA* view, and does not bind the courts, for example in relation to an action for damages brought by a *private person* for breach of a *rule* (section 138D of the *Act* (Actions for damages)) or in relation to enforceability of a contract if the *general prohibition* is breached (sections 26 and 27 of the *Act* (Enforceability of agreements)). A *person* may need to seek his own legal advice.



## Chapter 10A

# FCA Approved Persons in Appointed Representatives

		<div>10A.1Application</div>
		<div>General</div>
10A.1.1	R	This chapter applies to <i>SMCR firm</i> with respect to their <i>appointed representatives</i> .
10A.1.1A	G	■ SUP 10C deals with the <i>approved persons</i> regime for <i>SMCR firms</i> themselves.
10A.1.2	G	<div>This chapter is also relevant to:<div><div>(1) <i>FCA-approved person</i> of an <i>appointed representative</i> of an <i>SMCR firm</i>; and</div><div>(2) an <i>appointed representative</i> of an <i>SMCR firm</i>.</div></div></div>
10A.1.3	G	The <i>rules</i> in this chapter specify descriptions of <i>FCA controlled functions</i> under section 59 of the <i>Act</i> (Approval for particular arrangements).
10A.1.4	G	The directions in this chapter relate to the manner in which a <i>firm</i> must apply for the <i>FCA's</i> approval under section 59 of the <i>Act</i> and other procedures.
		<div>Overseas appointed representatives: UK services</div>
10A.1.5	R	<div><div>(1) This chapter does not apply in relation to an overseas <i>appointed representative</i> in relation to <i>regulated activities</i> which are carried on in the <i>United Kingdom</i> other than from an establishment maintained by it or its <i>principal</i> in the <i>United Kingdom</i>.</div><div>(2) An overseas <i>appointed representative</i> means an <i>appointed representative</i> which has its registered office (or, if it has no registered office, its head office) outside the <i>United Kingdom</i>.</div></div>
		<div>Overseas appointed representatives: UK establishments</div>
10A.1.6	R	<div><div>(-1) Only the following <i>FCA governing functions</i> (as modified by this <i>rule</i>) apply in relation to an overseas <i>appointed representative</i> which maintains (or whose <i>principal</i> maintains) an establishment in the <i>United Kingdom</i> from which <i>regulated activities</i> are carried on:<div><div>(a) the <i>director function</i>;</div><div>(b) the <i>non-executive director function</i>; and</div><div>(c) the <i>chief executive function</i>.</div></div></div><div>(1) The <i>director function</i> only applies to the extent that the <i>person</i> performing that function:</div></div>

- (a) has responsibility for the *regulated activities* of the *UK* establishment which are likely to enable them to exercise significant influence over that establishment; or
  - (b) is someone whose decisions or actions are regularly taken into account by the *governing body* of that establishment.
- (2) The *non-executive director function* only applies to the extent that the *person* performing that function:
  - (a) has responsibility for the *regulated activities* of the *UK* establishment which is likely to enable them to exercise significant influence over that establishment; or
  - (b) is someone whose decisions or actions are regularly taken into account by the *governing body* of that establishment.
- (3) [deleted]
- (4) [deleted]
- (5) [deleted]
- (6) [deleted]
- (7) [deleted]
- (8) An overseas *appointed representative* has the same meaning as in ■ SUP 10A.1.5R.

**EEA firms**

- 10A.1.7

R

This chapter does not apply in relation to the *appointed representative* of: an *EEA SMCR firm*

if and in so far as the question of whether a *person* is fit and proper to perform a particular function in relation to that *firm* is reserved to an authority in a country or territory outside the *United Kingdom* as contemplated by section 59(8) of the *Act*. This *rule* has effect to the extent that, and for as long as, section 59(8) of the *Act* remains in effect under the standstill direction (as it relates to that section) as defined in the direction made by the *FCA* under Part 7 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019 that came into force on *IP completion day* and is titled “Main FCA Transitional Directions”.
- 10A.1.8

G

[deleted]
- 10A.1.9

G

[deleted]
- 10A.1.10

G

[deleted]
- 10A.1.11

R

**Incoming EEA firms: passported activities from a branch**

Only the following *FCA controlled functions* apply to an *incoming EEA firm* with respect to its *passported activities* carried on from a *branch* in the *United Kingdom*:

- (3) the *customer function* other than where this relates to the function in ■ SUP 10A.10.7R (4) and ■ (7).

10A.1.12 R [deleted]

### Incoming EEA firms etc with top-up permission activities from a UK branch

10A.1.13 R In relation to the activities of a *firm* for which it has a *top-up permission*, only the following *FCA controlled functions* apply:

- (1) the *FCA required functions*, other than the *apportionment and oversight function* and the *compliance oversight function*;
- (2) the *significant management function*, in so far as it relates to:
  - (a) *designated investment business* other than *dealing in investments as principal*, disregarding article 15 of the *Regulated Activities Order*; or
  - (b) processing confirmations, payments, settlements, insurance claims, *client money* and similar matters, in so far as this relates to *designated investment business*; and
  - (c) [deleted]
- (3) the *customer function*.

10A.1.14 R [deleted]

### Appointed representatives

10A.1.15 R The descriptions of the following *FCA controlled functions* apply to an *appointed representative* of a *firm*, except in relation to *CBTL business* or an *introducer appointed representative*, as they apply to an *FCA-authorised person*:

- (1) the *FCA governing functions*, subject to ■ SUP 10A.1.16 R and except for a *tied agent* of an *EEA MiFID investment firm*; and
- (2) the *customer function* other than in relation to acting in the capacity of an *investment manager* (see ■ SUP 10A.10.7R (6)).

10A.1.16 R (1) This chapter is is modified in relation to an *appointed representative* meeting the conditions in (2) so that only one of the following *FCA governing functions*:

- (a) *director function*; or
- (b) *chief executive function*; or
- (c) *partner function*; or
- (d) *director of unincorporated association function*;

applies, as appropriate, to an individual within that *appointed representative* who will be required to be an *FCA-approved person*.

	<p>(2) The conditions are that:</p> <ul style="list-style-type: none"> <li>(a) the scope of appointment of the <i>appointed representative</i> includes <i>insurance distribution activity</i> in relation to <i>non-investment insurance contracts</i> or <i>credit-related regulated activity</i>, but no other <i>regulated activity</i>; and</li> <li>(b) the principal purpose of the <i>appointed representative</i> is to carry on activities other than <i>regulated activities</i>.</li> </ul>
10A.1.16A <b>R</b>	<p>(-1) The <i>customer function</i> is the only <i>controlled function</i> in this chapter that applies to an <i>appointed representative</i> that is an <i>SMCR firm</i> and has a <i>limited permission</i> to carry on a <i>regulated activity</i> prescribed for the purposes of section 39(1E)(a) of the Act.</p> <p>(1) [deleted]</p> <p>(2) The <i>customer function</i> applies to the <i>appointed representative</i> in relation to the carrying on of the <i>regulated activity</i>, for which it does not have <i>permission</i>, comprised in the business for which its <i>principal</i> has accepted responsibility.</p>
10A.1.16B <b>R</b>	[deleted]
10A.1.16C <b>G</b>	Certain additional <i>controlled functions</i> apply to a <i>firm</i> in <b>SUP 10A.1.16AR</b> under <b>SUP 10C</b> (FCA senior managers regime for approved persons in SMCR firms).
	<p><b>Senior management functions</b>.....</p>
10A.1.16D <b>G</b>	<p>(1) Under section 59(6A) of the Act, if the FCA is satisfied that, in relation to the carrying on of a <i>regulated activity</i> by an <i>SMCR firm</i>, a <i>controlled function</i> is a <i>senior management function</i>, the FCA must designate the function in its <i>rules</i> as a <i>senior management function</i>.</p> <p>(2) Generally, the FCA does not think that a <i>person</i> performing a function in this chapter will have sufficient responsibility for managing the affairs of the <i>appointed representative's principal</i> (as opposed to managing the affairs of the <i>appointed representative</i> itself) to perform a <i>senior management function</i>.</p> <p>(3) Therefore:</p> <ul style="list-style-type: none"> <li>(a) the FCA has not designated any of the functions in this chapter as a <i>senior management function</i>; and</li> <li>(b) none of the functions in this chapter are <i>designated senior management functions</i>.</li> </ul> <p>(4) <b>SUP 10C.1.8G</b> (Appointed representatives) explains that it is unlikely that <b>SUP 10C</b> (FCA senior managers regime for approved persons in <i>SMCR firms</i>) will apply to <i>approved persons</i> working in <i>appointed representatives</i> of an <i>SMCR firm</i> in addition to this chapter.</p>
10A.1.17 <b>R</b>	[deleted]

10A.1.18 **R** [deleted]

10A.1.19 **G** [deleted]

**Insolvency practitioners**

10A.1.20 **R** This chapter does not apply to a function performed by:

- (1) a *person* acting as an insolvency practitioner within the meaning of section 388 of the Insolvency Act 1986; or
- (2) a *person* acting as a nominee in relation to a voluntary arrangement under Parts I (Company Voluntary Arrangements) and VIII (Individual Voluntary Arrangements) of the Insolvency Act 1986; or
- (3) a *person* acting as an insolvency practitioner within the meaning of Article 3 of the Insolvency (Northern Ireland) Order 1989; or
- (4) a *person* acting as a nominee in relation to a voluntary arrangement under Parts II (Company Voluntary Arrangements) and VIII (Individual Voluntary Arrangements) of the Insolvency (Northern Ireland) Order 1989.

10A.1.21 **G** [deleted]

10A.1.21A **G** [deleted]

10A.1.22 **R** [deleted]

10A.1.23 **G** [deleted]

10A.1.24 **G** [deleted]

10A.1.25 **R** [deleted]

10A.1.26 **R** [deleted]

10A.1.27 **G** [deleted]

10A.1.28 **R** [deleted]

10A.1.29 **R** [deleted]

10A.1.30 **R** [deleted]



10A.1.31 G [deleted]

10A.1.32 G [deleted]

**Obligations on firms**

- 10A.1.33 G
- (1) The requirements in this chapter about notifications and applications are addressed to *firms*. This means they are addressed to the *appointed representative's principal*.
  - (2) If an *appointed representative* has more than one *principal*, the requirements in (1) are addressed to the *authorised approved person employer* of the *approved person* in question.

**Gibraltar firms**

- 10A.1.34 R
- (1) A *firm* that is a Gibraltar-based firm (as defined in ■ GEN 2.3 (General saving of the Handbook for Gibraltar)) is treated as an *EEA firm* for the purposes of this chapter.
  - (2) (1) is without prejudice to the generality of ■ GEN 2.3.

			10A.2	Purpose
10A.2.1	G	The immediate purpose of ■ SUP 10A.3 to ■ SUP 10A.11 is to specify, under section 59 of the <i>Act</i> , descriptions of the <i>FCA controlled function</i> which are listed in ■ SUP 10A.4.4 R. The underlying purpose is to establish, and mark the boundaries of, the "FCA-approved persons regime" for <i>appointed representatives</i> .		
10A.2.2	G	[deleted]		
10A.2.3	G	[deleted]		

		<div>10A.3</div> <div>Provisions related to the Act</div>
10A.3.1	R	<p>A function is an <i>FCA controlled function</i> only to the extent that it is performed under an <i>arrangement</i> entered into by:</p> <div><div>(1) a <i>firm</i>; or</div><div>(2) a contractor of the <i>firm</i>;</div></div> <p>in relation to the carrying on by the <i>firm</i> of a <i>regulated activity</i>.</p>
10A.3.2	G	<p>Sections 59(1) and (2) of the <i>Act</i> provide that approval is necessary in respect of an <i>FCA controlled function</i> which is performed under an <i>arrangement</i> entered into by a <i>firm</i>, or its contractor (typically an <i>appointed representative</i>), in relation to a <i>regulated activity</i>.</p>
10A.3.3	G	<p><i>Arrangement</i> is defined in section 59(10) of the <i>Act</i> as any kind of arrangement for the performance of a function which is entered into by a <i>firm</i> or any of its contractors with another <i>person</i> and includes the appointment of a <i>person</i> to an office, their becoming a <i>partner</i>, or their employment (whether under a contract of service or otherwise).</p>
10A.3.4	G	<p>[deleted]</p>
10A.3.5	G	<p>The <i>arrangement</i> must be “in relation to” the carrying on of a <i>regulated activity</i>. <i>Regulated activities</i> are defined in the Glossary by reference to the <i>Regulated Activities Order</i>. This order prescribes the activities which are <i>regulated activities</i> for the purposes of the <i>Act</i>.</p>



10A.4

Specification of functions

- 10A.4.1 R Each of the functions described in ■ SUP 10A.4.4 R (the table of FCA controlled function) is an *FCA controlled function*.
- 10A.4.2 R [deleted]
- 10A.4.2A G [deleted]
- 10A.4.3 G The fact that a *person* may be *FCA*-approved for one purpose does not have the effect of bringing all his activities within that *FCA controlled function*.
- 10A.4.4 R FCA controlled functions

(FCA controlled functions for appointed representatives)		
Type	CF	Description of FCA controlled function
FCA governing functions*	1	Director function
	2	Non-executive director function
	3	Chief executive function
	4	Partner function
	5	Director of unincorporated association function
Customer-dealing function	30	Customer function
*FCA significant-influence functions		



10A.5 Significant-influence functions

What are the FCA significant-influence functions?

10A.5.1 **G** The *FCA significant-influence functions*, which are specified in **■ SUP 10A.4.1 R**, comprise the *FCA governing functions* (**■ SUP 10A.6**). **■ SUP 10A.5** applies to each of the *FCA significant-influence functions*.

Definition of FCA significant-influence function

10A.5.2 **R** Each *FCA significant-influence function* is one which comes within the definition of a *significant-influence function*.

10A.5.3 **R** A *significant-influence function*, in relation to the carrying on of a *regulated activity* by an *appointed representative*, means a function that is likely to enable the *person* responsible for its performance to exercise a significant influence on the conduct of the *appointed representative's* affairs, so far as relating to the activity.

10A.5.4 **G** [deleted]

10A.5.5 **G** Whether an *FCA controlled function* is likely to result in the *person* responsible for its performance exercising significant influence is a question of fact in each case.

10A.5.5A **G** A function is not a *significant-influence function* unless it also meets the requirements of **■ SUP 10A.3.1R** (Provisions related to the Act).

Periods of less than 12 weeks

10A.5.6 **R** If:

- (1) a *firm* or its *appointed representative* appoints an individual to perform a function which, but for this *rule*, would be an *FCA significant-influence function*;
- (2) the appointment is to provide cover for an *approved person* whose absence is:
  - (a) temporary; or
  - (b) reasonably unforeseen; and

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(3) the appointment is for less than 12 weeks in a consecutive 12-month period;

the description of the relevant *FCA significant-influence function* does not relate to those activities of that individual.

10A.5.7

G

■ SUP 10A.5.6 R enables cover to be given for, as an example, holidays and emergencies and avoids the need for the precautionary approval of, for example, a deputy. However, as soon as it becomes apparent that a *person* will be performing an *FCA controlled function* for more than 12 weeks, the *authorised approved person employer* of the *approved person* in question should apply for approval.



10A.6 FCA governing functions

Introduction

- 10A.6.1
- G
- (1) Every *appointed representative* will have one or more *persons* responsible for directing its affairs. These *persons* will be performing the *FCA governing functions* and will be required to be *FCA-approved persons* unless the application provisions in ■ SUP 10A.1, or the particular description of an *FCA controlled function*, provide otherwise. For example, each *director* of a *company* incorporated under the Companies Acts will perform an *FCA governing function*.
- (2) [deleted]
- (3) [deleted]

- 10A.6.2
- G
- A *sole trader* does not fall within the description of the *governing functions*.

- 10A.6.2A
- G
- [deleted]

- 10A.6.3
- R
- [deleted]

- 10A.6.4
- G
- [deleted]

- 10A.6.5
- G
- [deleted]

- 10A.6.6
- G
- [deleted]

Director function (CF1)

- 10A.6.7
- R
- If an *appointed representative* is a *body corporate* (other than a *limited liability partnership*), the *director function* is the function of acting in the capacity of a *director* (other than *non-executive director*) of that *appointed representative*.

- 10A.6.8
- R
- (1) If an *appointed representative* is a *body corporate* (other than a *limited liability partnership*), the *director function* is also the function of acting in the capacity of a *person*:

		<p>(a) who is a <i>director</i>, partner, officer, member (if the <i>parent undertaking</i> or <i>holding company</i> is a <i>limited liability partnership</i>), <i>senior manager</i>, or employee of a <i>parent undertaking</i> or <i>holding company</i> of the <i>appointed representative</i>; and</p> <p>(b) whose decisions or actions are regularly taken into account by the <i>governing body</i> of the <i>appointed representative</i>.</p> <p>(2) (1) does not apply if that <i>parent undertaking</i> or <i>holding company</i> has a <i>Part 4A permission</i> or is regulated by an <i>EEA regulator</i>.</p> <p>(3) (1) does not apply to the function falling into ■ SUP 10A.6.13 R (<i>non-executive director</i> of the <i>parent undertaking</i> or <i>holding company</i>).</p>
10A.6.9	G	[deleted]
10A.6.10	G	A <i>director</i> can be a <i>body corporate</i> and may accordingly require approval as an <i>FCA-approved person</i> in the same way as a <i>natural person</i> may require approval.
10A.6.11	G	[deleted]
10A.6.11A	R	[deleted]
		<b>Non-executive director function (CF2)</b>
10A.6.12	R	If a an <i>appointed representative</i> is a <i>body corporate</i> , the <i>non-executive director function</i> is the function of acting in the capacity of a <i>non-executive director</i> of that <i>appointed representative</i> .
10A.6.13	R	<p>(1) If an <i>appointed representative</i> is a <i>body corporate</i>, the <i>non-executive director function</i> is also the function of acting in the capacity of a <i>person</i>:</p> <p>(a) who is a <i>non-executive director</i> of a <i>parent undertaking</i> or <i>holding company</i>; and</p> <p>(b) whose decisions or actions are regularly taken into account by the <i>governing body</i> of the <i>appointed representative</i>.</p> <p>(2) However, (1) does not apply if that <i>parent undertaking</i> or <i>holding company</i> has a <i>Part 4A permission</i> or is regulated by an <i>EEA regulator</i>.</p>
10A.6.14	G	[deleted]
10A.6.15	G	[deleted]
10A.6.15A	R	[deleted]



10A.6.15B **R** [deleted]

10A.6.15C **G** [deleted]

### Guidance on persons in a parent undertaking or holding company exercising significant influence

- 10A.6.16 **G**
- (1) The explanation in **■ SUP 10C.5B.2G** of the basis on which the *group entity senior manager function* is included as a *controlled function* for an *SMCR firm* is also relevant to the basis on which the *director function* and the *non-executive director function* are applied to persons who have a position with the *appointed representative's parent undertaking or holding company* under **■ SUP 10A.6.8 R** or **■ SUP 10A.6.13 R**.
  - (2) The *guidance* in **■ SUP 10C.5B.3G** to **■ SUP 10C.5B.5G** about when the *group entity senior manager function* applies to an *SMCR firm* is also relevant to when those who have a position with an *appointed representative's parent undertaking or holding company* may be performing a *controlled function* under **■ SUP 10A.6.8 R** or **■ SUP 10A.6.13 R**.

### Chief executive function (CF3)

10A.6.17 **R** The *chief executive function* is the function of acting in the capacity of a *chief executive* of an *appointed representative*.

10A.6.18 **G** This function is having the responsibility, alone or jointly with one or more others, under the immediate authority of the *governing body*:

- (1) for the conduct of the whole of the business (or relevant activities); or
- (2) in the case of a branch in the *United Kingdom* of a non-UK *appointed representative*, for the conduct of all of the activities subject to the *UK regulatory system*.

10A.6.19 **G** For a branch in the *United Kingdom* of a non-UK *appointed representative*, the *FCA* would not normally expect the overseas *chief executive* of the *appointed representative* as a whole to be *FCA-approved* for this function where there is a *senior manager* under them with specific responsibility for those activities of the branch which are subject to the *UK regulatory system*. In some circumstances, the *person* within the *appointed representative* responsible for *UK operations* may, if the function is likely to enable them to exercise significant influence over the branch, also perform the *chief executive function*.

10A.6.20 **G** A *person* performing the *chief executive function* may be a member of the *governing body* but need not be. If the chairman of the *governing body* is also the *chief executive*, he will be discharging this function. If the responsibility is divided between more than one *person* but not shared, there is no *person* exercising the *chief executive function*. But if that

		responsibility is discharged jointly by more than one <i>person</i> , each of those <i>persons</i> will be performing the <i>chief executive function</i> .
10A.6.21	G	Note that a <i>body corporate</i> may be a <i>chief executive</i> . If so, it will need to be approved to perform the <i>chief executive function</i> .
10A.6.22	G	[deleted]
10A.6.23	R	<b>Partner function (CF4)</b>  (1) If an <i>appointed representative</i> is a <i>partnership</i> , the <i>partner function</i> is the function of acting in the capacity of a <i>partner</i> in that <i>appointed representative</i> .  (2) If the principal purpose of the <i>appointed representative</i> is to carry on one or more <i>regulated activities</i> , each <i>partner</i> performs the <i>partner function</i> .  (3) If the principal purpose of the <i>appointed representative</i> is other than to carry on <i>regulated activities</i> :  (a) a <i>partner</i> performs the <i>partner function</i> to the extent only that they have responsibility for a <i>regulated activity</i> ; and  (b) a <i>partner</i> in an <i>appointed representative</i> will be taken to have responsibility for each <i>regulated activity</i> except where the <i>partnership</i> has apportioned responsibility to another <i>partner</i> or group of <i>partners</i> .
10A.6.24	G	[deleted]
10A.6.25	G	[deleted]
10A.6.26	R	If an <i>appointed representative</i> is a <i>limited liability partnership</i> , the <i>partner function</i> extends to the <i>appointed representative</i> as if the <i>appointed representative</i> were a <i>partnership</i> and a member of the <i>appointed representative</i> were a <i>partner</i> .
10A.6.27	R	If a <i>partnership</i> is registered under the Limited Partnership Act 1907, the <i>partner function</i> does not extend to any function performed by a limited partner.
10A.6.28	G	[deleted]
10A.6.29	R	<b>Director of unincorporated association function (CF5)</b>  If an <i>appointed representative</i> is an unincorporated association, the <i>director of unincorporated association function</i> is the function of acting in the capacity of a <i>director</i> of the unincorporated association.

10A.6.30	G	[deleted]
10A.6.31	R	[deleted]
10A.6.32	R	[deleted]
10A.6.33	G	[deleted]
10A.6.34	G	[deleted]



10A.7 FCA required functions

[deleted]

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## 10A.8 Systems and controls functions

[deleted]



**10A.9      Significant management functions  
[deleted]**

[deleted]

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10A.10 Customer-dealing functions

Introduction

- 10A.10.1 R
- SUP 10A.10 applies with respect to activities carried on from an establishment maintained by the *appointed representative* or its *principal* in the *United Kingdom*.
- 10A.10.2 G
- Without ■ SUP 10A.10.1 R, the description of the *customer function* would extend to this function wherever it was performed. The effect of ■ SUP 10A.10.1 R is that the description is limited, in relation to *regulated activities* with an overseas element, in a manner which is broadly consistent with the scope of conduct of business regulation.
- 10A.10.3 G
- The *customer function* has to do with giving advice on, *dealing* and arranging deals in and *managing investments*; it has no application to banking business such as deposit taking and lending, nor to *general insurance business* or *credit-related regulated activity*.

The basic rule about the customer function

- 10A.10.4 R
- The *customer function* is one which comes within the definition of a *customer-dealing function*.
- 10A.10.5 R
- The customer-dealing function, in relation to an *appointed representative* ("A"), means a function that will involve the *person* performing it in dealing with:

(1) customers of A; or

(2) property of customers of A;
- 10A.10.5A R
- In ■ SUP 10A.10.5R, customer, in relation to an *appointed representative*, means a *person* who is using, or who is or may be contemplating using, any of the services provided by the *appointed representative*.
- 10A.10.5B G
- A function is not included in the *customer function* unless it also meets the requirements of ■ SUP 10A.3.1R (Provisions related to the Act).
- 10A.10.6 G
- The *FCA* interprets the phrase "dealing with" as including having contact with customers and extending beyond "dealing" as used in the phrase

"dealing in investments". "Dealing in" is used in Schedule 2 to the Act to describe in general terms the *regulated activities* which are specified in Part II of the *Regulated Activities Order*.

### Customer function (CF 30)

**10A.10.7** R

The *customer function* is the function of:

- (1) *advising on investments* other than a *non-investment insurance contract* or a *funeral plan* (but not where this is *advising on investments* in the course of carrying on the activity of giving *basic advice* on a *stakeholder product*) and performing other functions related to this such as *dealing* and *arranging*;
- (2) giving advice to *clients* solely in connection with *corporate finance business* and performing other functions related to this;
- (3) giving advice or performing related activities in connection with *pension transfers*, *pension conversions* or *pension opt-outs* for *retail clients*;
- (4) giving advice to a *person* to become, or continue or cease to be, a member of a particular Lloyd's syndicate;
- (5) *dealing*, as principal or as agent, and *arranging (bringing about) deals in investments* other than a *non-investment insurance contract* with, for, or in connection with *customers* where the *dealing* or *arranging deals* is governed by ■ COBS 11 (Dealing and managing);
- (6) [deleted]
- (7) in relation to *bidding in emissions auctions*, acting as a 'bidder's representative' within the meaning of subparagraph 3 of article 6(3) of the *auction regulation*.

**10A.10.8** R

The *customer function* does not extend to an individual who is performing the functions in ■ SUP 10A.10.7R (1) to ■ SUP 10A.10.7R (2) or ■ SUP 10A.10.7R (5) to ■ (7) and who is based overseas and who, in a 12-month period, spends no more than 30 days in the *United Kingdom* to the extent that he is appropriately supervised by a *person* approved for this function.

**10A.10.9** G

The FCA would expect an individual from overseas to be accompanied on a visit to a *customer*. ■ TC 2.1.9 R (2) (where it applies) provides that the *firm* will have to be satisfied that the individual has at least three years of up-to-date, relevant experience obtained outside the *United Kingdom*. However, the remaining provisions of ■ TC 2.1.9 R (2) are disapplied in these circumstances (except for an individual who gives advice to *retail clients* on *retail investment products*, gives advice on P2P agreements to *retail clients* or is a *broker fund adviser*). The effect of this is that such individuals need not attain the relevant regulatory module of an appropriate qualification (see ■ TC 2.1.9 R (2)).

**10A.10.10** G

The *customer function* in ■ SUP 10A.10.7R (5) does not extend to the individual who, on the instructions of the *customer*, simply inputs the *customer's*



instructions into an automatic execution system where no discretion is or may be exercised by the individual performing the activity. Nor does it extend to merely introducing a *customer* to a *firm* or distributing advertisements.

- 10A.10.11** G An individual may *advise on investments* prior to being assessed as competent in accordance with the *rules* in the Senior Management Arrangements, Systems and Controls sourcebook (SYSC) and, where relevant, the Training and Competence sourcebook (TC). The *firm* should record when that *person* subsequently becomes competent.



10A.12

Procedures relating to FCA-  
approved persons

Forms

10A.12.1

G

The forms listed in [■ SUP 10A.12.2 G](#) are referred to in [■ SUP 10A.12](#) (Procedures relating to FCA-approved persons) to [■ SUP 10A.16](#) (How to apply for approval and give notifications).

10A.12.2

G

Table: FCA-approved persons forms

Form		Purpose	Handbook re- quirement
the relevant Form A	<a href="#">SUP 10C Annex 3D</a>	Application to perform controlled functions under the approved persons regime	<a href="#">SUP 10A.13.3 D</a>
Form B	<a href="#">SUP 10C Annex 4R</a>	Notice to withdraw an application to perform controlled functions under the approved persons regime	<a href="#">SUP 10A.13.19 R</a>
Form C	<a href="#">SUP 10C Annex 5R</a>	Notice of ceasing to perform controlled functions	<a href="#">SUP 10A.14.8 R</a>
Form D	<a href="#">SUP 10C Annex 6R</a>	Notification of changes in personal information or application details	<a href="#">SUP 10A.14.15 R</a>
Form E	<a href="#">SUP 10C Annex 7D</a>	Internal transfer of an <i>approved person</i>	<a href="#">SUP 10A.14.4 D</a>

10A.12.3

G

[deleted]

10A.12.4

G

Unless the context otherwise requires, in [■ SUP 10A.12](#) (Procedures relating to FCA-approved persons) to [■ SUP 10A.16](#) (How to apply for approval and give notifications) where reference is made to a *firm*, this also includes an

applicant for *Part 4A permission*, and other *persons* seeking to carry on *regulated activities* as an *authorised person*.

**10A.12.5** G Forms B, C, D and E can only be submitted in respect of an *FCA-approved person* by the *firm* that submitted an *FCA-approved person's* original application (the relevant Form A).

**10A.12.6** G Copies of Forms A, B, C, D and E may be obtained from the *FCA* website. *Credit unions* can obtain copies from the *FCA's* Supervision Hub. To contact the *FCA's* Supervision Hub for *approved persons* enquiries:

- (1) telephone 0300 500 0597; or
- (2) e-mail [firm.queries@fca.org.uk](mailto:firm.queries@fca.org.uk); or
- (3) fax 020 7066 0017; or
- (4) write to:  
Supervision Hub  
The Financial Conduct Authority  
12 Endeavour Square  
London  
E20 1JN.



**10A.13      Application for approval and  
withdrawing an application for  
approval**

**When to apply for approval**

**10A.13.1** G In accordance with section 59 of the *Act* (Approval for particular arrangements), where a *candidate* will be performing one or more *FCA controlled functions*, a *firm* must take reasonable care to ensure that the candidate does not perform these functions unless he has prior approval from the *FCA*.

**Failure to apply for approval**

**10A.13.2** G If a *person* performs an *FCA controlled function* without approval it is not only the *firm* that is accountable. Under section 63A of the *Act* (Power to impose penalties), if the *FCA* is satisfied that:

- (1) a *person* (“P”) has at any time performed an *FCA controlled function* without approval; and
- (2) at that time P knew, or could reasonably be expected to have known, that P was performing an *FCA controlled function* without approval;

it may impose a penalty on P of such amount as it considers appropriate.

**How to apply for approval**

**10A.13.3** D An application by a *firm* for the *FCA*’s approval under section 59 of the *Act* (Approval for particular arrangements) must be made by completing Form A (except where ■ SUP 10A.14.4 D requires a Form E).

**10A.13.3A** D If a *firm* must make an application using Form A, it must use Form A (shortened form) if:

- (1) the *candidate*:
  - (a) has *current approved person approval* to perform:
    - (i) an *FCA controlled function* that is a *significant-influence function*; or
    - (ii) an *FCA-designated senior management function*; or
    - (iii) a *PRA controlled function*; or

	<p>(b) has had <i>current approved person approval</i> of the type described in (a) within the previous six <i>months</i>; and</p> <p>(2) there have been no matters arising in relation to the fitness and propriety of the <i>person</i> to whom the application relates which mean that the information provided to the <i>FCA</i> or the <i>PRA</i> regarding fitness and propriety in connection with the <i>current approved person approval</i> in (1)(a) or (b) may have changed since the application for that <i>current approved person approval</i> was made.</p>
10A.13.3B	<div>D</div> <div>[deleted]</div>
10A.13.4	<div>G</div> <div>■ SUP 10A.16.1 D explains how applications should be submitted.</div>
10A.13.4A	<div>G</div> <div>[deleted]</div>
	<div>Who should make the application?</div>
10A.13.5	<div>G</div> <div><p>(1) In accordance with section 60 of the <i>Act</i> (Applications for approval), applications must be submitted by, or on behalf of, the <i>firm</i> itself, not by:</p><p>(a) the <i>FCA candidate</i>; or</p><p>(b) the <i>appointed representative</i>.</p><p>(2) [deleted]</p></div>
10A.13.6	<div>G</div> <div>Outsourcing arrangements [deleted]</div>
10A.13.7	<div>G</div> <div>Where the notification of an <i>appointed representative</i> (■ SUP 12.7.1 R) is linked to an application for approval (■ SUP 10A.13 (Applications for approval and withdrawing an application for approval)), any delay in receiving the notification under ■ SUP 12.7.1 R may delay the <i>FCA</i>'s approval of the individuals employed by that <i>appointed representative</i> who will be performing <i>FCA controlled functions</i> for the <i>firm</i>.</div>
	<div>Processing an application</div>
10A.13.8	<div>G</div> <div>The <i>Act</i> sets out the time that the <i>FCA</i> has to consider an application and come to a decision.</div>
10A.13.9	<div>G</div> <div><p>In any case where the application for approval is made by a <i>person</i> applying for <i>permission</i> under Part 4A of the <i>Act</i>, the <i>FCA</i> has until the end of whichever of the following periods ends last:</p><p>(1) the period within which an application for that <i>permission</i> must be determined; and</p><p>(2) the period of three months from the time it receives a properly completed application.</p></div>

10A.13.10	G	In any other case it is the period of three months from the time it receives a properly completed application.
10A.13.11	G	The <i>FCA</i> must either grant the application or, if it proposes not to grant an application, issue a <i>warning notice</i> (see ■ DEPP 2). The <i>FCA</i> will deal with cases more quickly than this whenever circumstances allow and will try to meet the standard response times published on the website and in its Annual Report. However, if an application is incomplete when received, or the <i>FCA</i> has knowledge that, or reason to believe that, the information is incomplete, then the processing time will be longer than the published standard response times.
10A.13.12	G	Application forms must always be completed fully and honestly. Further notes on how to complete the form are contained in each form. If forms are not completed fully and honestly, applications will be subject to investigation and the <i>FCA candidate's</i> suitability to be approved to undertake an <i>FCA controlled function</i> will be called into question. A <i>person</i> who provides information to the <i>FCA</i> that is false or misleading may commit a criminal offence, and could face prosecution under section 398 of the Act regardless of the status of their application.
10A.13.13	G	If there is a delay in processing the application within the standard response time, the <i>FCA</i> will tell the <i>firm</i> making the application as soon as this becomes apparent.
10A.13.14	G	Before making a decision to grant the application or give a <i>warning notice</i> , the <i>FCA</i> may ask the <i>firm</i> for more information about the <i>FCA candidate</i> . If it does this, the three-month period in which the <i>FCA</i> must determine a completed application:  <div><div>(1) will stop on the day the <i>FCA</i> requests the information; and</div><div>(2) will start running again on the day on which the <i>FCA</i> finally receives all the requested information.</div></div>
10A.13.15	G	The <i>FCA</i> may grant an application only if it is satisfied that the <i>FCA candidate</i> is a fit and proper <i>person</i> to perform the <i>FCA controlled function</i> stated in the application form. Responsibility lies with the <i>firm</i> making the application to satisfy the <i>FCA</i> that the <i>FCA candidate</i> is fit and proper to perform the <i>FCA controlled function</i> applied for.
10A.13.16	G	For further guidance on criteria for assessing whether a <i>FCA candidate</i> is fit and proper, see <i>FIT</i> .
Decisions on applications		
10A.13.17	G	Whenever it grants an application, the <i>FCA</i> will confirm this in writing to all <i>interested parties</i> .

- 10A.13.18** G If the *FCA* proposes to refuse an application in relation to one or more *FCA controlled functions*, it must follow the procedures for issuing *warning* and *decision notices* to all *interested parties*. The requirements relating to warning and decision notices are in ■ **DEPP 2**.

**Withdrawing an application for approval**.....

- 10A.13.19** R A *firm* notifying the *FCA* of its withdrawal of an application for approval must notify the *FCA* using Form B (■ **SUP 10C Annex 4R**).

- 10A.13.20** G Under section 61(5) of the *Act* (Determination of applications), the *firm* may withdraw an application only if it also has the consent of the *candidate* and the *person* by whom the *candidate* is or would have been employed, if this is not the *firm* making the application.



10A.14 Changes to an FCA-approved person's details

Moving within a firm

- 10A.14.1

G

An *FCA-approved person's* job may change from time to time as a result, for instance, of a change in personal job responsibilities or a *firm's regulated activities*. Where the changes will involve the *person* performing one or more *FCA controlled functions* different from those for which approval has already been granted, then an application must be made to the *FCA* for approval for the *person* to perform those *FCA controlled functions*. The *firm* must take reasonable care to ensure that an individual does not begin performing an *FCA controlled function* until the *FCA* has granted *FCA-approved person* status to that individual in respect of that *FCA controlled function*.
- 10A.14.2

G

If:

(1) a *firm* is applying for approval for someone to perform a *controlled function* under this chapter; and

(2) that *person* is also ceasing to perform *FCA controlled functions* or a *PRA controlled function* in relation to the same *firm* or in relation to a *firm* in the same group;

the *firm* should generally use Form E. Further details can be found in ■ SUP 10A.14.4D.
- 10A.14.3

G

If a *person* is to perform an *FCA controlled function* under this chapter in relation to a *firm* for which they already perform an *FCA controlled function* as an *approved person* (whether under this chapter or ■ SUP 10C (FCA senior managers regime for approved persons in SMCR firms)) but they are not at the same time ceasing to perform an *FCA controlled function* or *PRA controlled function* for the *firm* or a *firm* in the same group, a *firm* should use Form A. See ■ SUP 10A.13.3D and ■ SUP 10A.13.3AD for further details.
- 10A.14.3A

G

See ■ SUP 10A.14.23G for circumstances in which a *firm* should use Form D rather than Form A or E.
- 10A.14.4

D

(1) A *firm* must use Form E where an *approved person* is both permanently ceasing to perform one or more *controlled functions* and needs to be approved in relation to one or more *FCA controlled functions* in relation to the same *firm* or in relation to a *firm* in the same group.



- (2) A *firm* must not use Form E if:
- (a) the *approved person* has never before been approved to perform for any *firm*:
    - (i) an *FCA controlled function* that is a *significant-influence function*; or
    - (ii) an *FCA-designated senior management function*; or
    - (iii) a *PRA controlled function*;
  - (b) the *approved person* has not been subject to a *current approved person approval* from the *FCA* or *PRA* to perform:
    - (i) an *FCA controlled function* that is a *significant-influence function*; or
    - (ii) an *FCA-designated senior management function*; or
    - (iii) a *PRA controlled function*;
 in relation to any *firm* for more than six months; or
  - (c) any of the following apply (where applicable):
    - (i) a notification referred to in ■ SUP 10C.10.9D(4)(b) or (c) (notification obligations under the *Act* applying to *SMCR firms*) has been made or should be made; or
    - (ii) any of the circumstances in ■ SUP 10A.14.10R (Qualified Form C) apply;
 in relation to any:
    - (iii) *controlled functions* which that *person* is ceasing to perform (as referred to in (1)); or
    - (iv) *controlled function* that they are continuing to perform in relation to that *firm* or to a *firm* in the same *group*.
- (3) A *firm* must not use Form E if a notification has been made or should be made under:
- (a) ■ SUP 10A.14.17R (Changes in fitness to be notified under Form D);
  - (b) ■ SUP 10C.14.18R (the corresponding requirement for *SMCR firms*); or
  - (c) the corresponding *PRA* requirements to (a).
- (whichever is applicable) in relation to any *controlled functions* that that *person* is ceasing to perform (as referred to in (1)) or any *controlled function* that he is continuing to perform in relation to that *firm* or a *firm* in the same *group*.

10A.14.4A G [deleted]

(4) [deleted]

10A.14.4AA G [deleted]

**10A.14.4AB** G

- (1) A *firm* should only use a Form E when the *candidate* is ceasing to perform a *controlled function* in a way that means that the *candidate* will cease to be approved for that *controlled function*.
- (2) See ■ SUP 10A.14.8AG to ■ SUP 10A.14.8DG for the difference between temporarily ceasing to perform a *controlled function* (which means that approval for the performance of that *controlled function* continues) and permanently ceasing to perform a *controlled function* (which means that approval for the performance of that *controlled function* lapses).
- (3) (1) and (2) are the reason that ■ SUP 10A.14.4D refers to permanently ceasing to perform a *controlled function*.

**10A.14.4B** G

[deleted]

**10A.14.4C** G

[deleted]

**10A.14.5** G

■ SUP 10A.16.1 D explains how applications should be submitted.

**Moving between firms**

**10A.14.6** G

If it is proposed that an *FCA-approved person* will no longer be performing an *FCA controlled function* under an *arrangement* entered into by the *appointed representative* of one *principal*, but will be performing the same or a different *FCA controlled function* under an *arrangement* entered into by the *appointed representative* of a new *principal*, the new *principal* will be required to make a fresh application for the performance of the *FCA controlled function* by that *person*. This applies even if the new *principal* is in the same *group* as the old *principal* or the *appointed representative* is the same.

**10A.14.7** G

[deleted]

**Ceasing to perform an FCA controlled function**

**10A.14.8** R

- (1) A *firm* must submit to the *FCA* a completed Form C (■ SUP 10C Annex 5R) no later than ten business days after an *FCA-approved person* permanently ceases to perform an *FCA controlled function*.
- (2) If:
  - (a) the *firm* is also making an application for approval for that *approved person* to perform a *controlled function* in relation to the same *firm* or to a *firm* in the same *group*; and
  - (b) ceasing to perform the *FCA controlled function* in (1) has triggered a requirement to make that application for approval:
    - (i) to the *FCA* using Form E (rather than a Form A) under ■ SUP 10A or ■ SUP 10C; or

- (ii) to the *PRA* using the *PRA's* Form E in accordance with the corresponding *PRA* requirements;  
it must make the notification under (1) using that Form E.

**10A.14.8A** G Permanently ceasing to perform an *FCA controlled function* means that that *person* no longer has approval to perform that function. Permanent cessation does not mean that that *person* cannot return to perform that function, rather that if they do, they will need fresh approval.

**10A.14.8B** G Examples of when an *FCA-approved person* will have permanently ceased to perform an *FCA controlled function* include moving within a *firm* (see ■ SUP 10A.14.1G to ■ SUP 10A.14.5G), moving between *firms* (see ■ SUP 10A.14.6G), resignation, dismissal, retirement, and death.

**10A.14.8C** G In cases of temporary absence (for example sick leave or parental leave) where the *firm* is keeping the same role open for an *FCA-approved person*, approval to perform the relevant *FCA controlled function* will continue and therefore the *firm* will not be required to submit a Form C. See ■ SUP 10A.14.8HG for guidance on interim appointments.

**10A.14.8D** G As a result, an *FCA-approved person* who returns to perform the same *FCA controlled function* following such a temporary absence will not need fresh approval.

- 10A.14.8E** R
- (1) If an *FCA-approved person* has been absent for more than 12 weeks, the *firm* must notify the *FCA* on Form D (■ SUP 10C Annex 6R) within seven *business days* of the end of the 12-week period.
  - (2) The *firm* must also notify the *FCA* on Form D (■ SUP 10C Annex 6R) within seven *business days* of the *FCA-approved persons* return.

**10A.14.8F** G Where a *firm* is aware that an *FCA-approved person* will be absent for more than 12 weeks that *firm* can notify the *FCA* prior to the end of the 12-week period.

**10A.14.8G** G The duty to notify in ■ SUP 10A.14.17R continues to apply during a temporary absence.

- 10A.14.8H** G
- (1) Where an *FCA-approved person* is temporarily absent (see ■ SUP 10A.14.8CG) a *firm* may decide to appoint another *person* to perform that *FCA-controlled function* during the interim period.
  - (2) Unless ■ SUP 10A.5.6R (The 12-week rule) applies, the *firm* will be required to make a fresh application for the performance of the *FCA-controlled function* by a *person* who has been appointed for the interim period (see ■ SUP 10A.13 (Application for approval and withdrawing an application for approval) for details).

(3) The *firm* will be required to notify the *FCA* under ■ SUP 10A.14.8R when the *person* who was appointed for the interim period gives up the role on the return of the *person* who was temporarily absent.

10A.14.9 G ■ SUP 10A.16.2 R explains how notifications should be submitted.

10A.14.9A G [deleted]

10A.14.10 R

(1) A *firm* must notify the *FCA* as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C in respect of an *FCA-approved person*.

(2) Form C is qualified if the information it contains:

- (a) relates to the fact that the *firm* or the *appointed representative* has dismissed, or suspended, the *FCA-approved person* from its employment; or
- (b) relates to the resignation by the *FCA-approved person* while under investigation by the *firm*, the *appointed representative*, the *FCA* or any other *regulatory body*; or
- (c) otherwise reasonably suggests that it may affect the *FCA's* assessment of the *FCA-approved person's* fitness and propriety.

10A.14.11 G Notification under ■ SUP 10A.14.10 R may be made by telephone, email or fax and should be made, where possible, within one *business day* of the *firm* becoming aware of the information. If the *firm* does not submit Form C, it should inform the *FCA* in due course of the reason. This could be done using Form D, if appropriate.

10A.14.12 G A *firm* is responsible for notifying the *FCA* if any *FCA-approved person* has permanently ceased to perform an *FCA controlled function* under an arrangement entered into by its *appointed representative* or former *appointed representative* or where any such *FCA-approved person* is temporarily absent.

10A.14.13 G A *firm* can submit Form C or Form E to the *FCA* in advance of the cessation date. When a *person* ceases the arrangement under which they perform an *FCA controlled function*, they will automatically cease to be an *FCA-approved person* in relation to that *FCA controlled function*. A *person* can only be an *FCA-approved person* in relation to a specific *FCA controlled function*. Therefore, a *person* is not an *FCA-approved person* during any period between ceasing to perform one *FCA controlled function* (when they are performing no other *FCA controlled function*) and being approved in respect of another *FCA controlled function*.

10A.14.14 G Sending forms promptly will help to ensure that any fresh application can be processed within the standard response times.

Changes to an approved person's personal details

- 10A.14.15 **R** If an *FCA-approved person's* title, name or national insurance number changes, the *authorised approved person employer* must notify the *FCA* on Form D (■ SUP 10C Annex 6R) of that change within seven *business days* of the *firm* becoming aware of the matter.
- 10A.14.16 **G** The duty to notify in ■ SUP 10A.14.15 R does not apply to changes to an *FCA-approved person's* private address.
- 10A.14.17 **R** If a *firm* becomes aware of information which would reasonably be material to the assessment of an *FCA-approved person's*, or a *FCA candidate's*, fitness and propriety (see FIT), it must inform the *FCA* on Form D, or (if it is more practical to do so and with the prior agreement of the *FCA*) by e-mail or fax, as soon as practicable.
- 10A.14.18 **G** ■ SUP 10A.16.2 R applies to the submission of Form D.
- 10A.14.19 **G** Failing to disclose relevant information to the *FCA* may be a criminal offence under section 398 of the *Act*.
- 10A.14.20 **R** The duty to notify in ■ SUP 10A.14.17 R extends to any circumstances that would normally be declared when giving the information required for section 5 of Form A or matters considered in ■ FIT 2.
- 10A.14.21 **G**
- (1) If, in relation to a *firm* which has completed the relevant Form A (■ SUP 10C Annex 3D), any of the details relating to arrangements and *FCA controlled functions* are to change, the *firm* must notify the *FCA* on Form D (■ SUP 10C Annex 6R).
  - (2) The notification under (1) must be made as soon as reasonably practicable after the *firm* becomes aware of the proposed change.
  - (3) This also applies in relation to an *FCA controlled function* for which an application was made using Form E.
  - (4) This *rule* also applies to a *firm* in respect of an *approved person*, to whom the grandfathering arrangements relating to the coming into force of the *Act* applied as if the *firm* had completed the relevant Form A for that *person*.
- 10A.14.22 **G** ■ SUP 10A.16.2 R also applies to the submission of Form D under ■ SUP 10A.14.21 G.
- 10A.14.23 **G** An example of where a *firm* should use Form D is when an individual who is appointed by one *appointed representative* becomes employed by another *appointed representative* but continues to perform the *customer function* for the *firm*. The *firm* should notify the *FCA* by completing Section 1.07 of Form D.

- 10A.14.24 R [deleted]
- 10A.14.25 G [deleted]
- 10A.14.26 R [deleted]



10A.15      References and accurate  
information

References

- 10A.15.1    G      (1) ■ SYSC 22 (Regulatory references) says that if a *firm* (A):
- is considering appointing a *person* (P) to perform any *controlled function* or certain other functions;
  - (b) requests a reference from a *firm* (B) that is P's current or former *employer*; and
  - (c) indicates to B the purpose of the request;
- B should, as soon as reasonably practicable, give a reference to A.
- (2) ■ SYSC 22.8.3R and ■ SYSC 22.8.4R (Appointed representatives) say that this applies to B's *appointed representatives* as well as to B.
- (3) [deleted]

10A.15.2    G      [deleted]

10A.15.3    G      [deleted]

10A.15.3A G      [deleted]

The need for complete and accurate information

10A.15.4    G      The obligations to supply information to the *FCA* under either ■ SUP 10A.14.8R or ■ SUP 10A.14.10R apply notwithstanding any agreement (for example a 'COT 3' Agreement settled by the Advisory, Conciliation and Arbitration Service (ACAS)) or any other arrangements entered into by a *firm* or its *appointed representative* and an *employee* upon termination of the *employee's* employment. A *firm* should not (and should ensure that its *appointed representatives* do not) enter into any such arrangements or agreements that could conflict with its obligations under this section.

10A.15.5    G      Failing to disclose relevant information to the *FCA* may be a criminal offence under section 398 of the *Act*.



10A.16      How to apply for approval and  
give notifications

- 10A.16.1    D
- (1) This direction applies to an application under Form A or Form E.

(2) An application must be made by submitting the Form in accordance with the requirements in SUP 10C.15 (Forms and other documents and how to submit them to the FCA) about the submission of those Forms.

(2A) [deleted]

(3) [deleted]

(4) [deleted]

(5) [deleted]
- 10A.16.2    R
- (1) This *rule* applies to a notification under Form B, Form C or Form D.

(2) A notification must be made in accordance with the requirements in SUP 10C.15 (Forms and other documents and how to submit them to the FCA) about the submission of those Forms.

(3) [deleted]
- 10A.16.2A   R
- [deleted]
- 10A.16.3    G
- [deleted]
- 10A.16.4    G
- [deleted]





**10A.17**

**Further questions [deleted]**

[deleted]



Frequently asked questions [deleted]

[deleted]



Approved persons regime: summary of forms and their use for  
applications for approval to perform an FCA-controlled function  
[deleted]

[deleted]



[Not used]

[Not used]





Form A: Application to perform controlled functions under the  
approved person regime [deleted]

[deleted]



**Form B: Notice to withdraw an application to perform controlled functions (including senior management functions) [deleted]**



**Form C: Notice of ceasing to perform controlled functions (including senior management functions) [deleted]**



**Form D: Notification of changes in personal information or application details and conduct breaches/disciplinary action related to conduct [deleted]**





Form E: Internal transfer of an approved person [deleted]

[deleted]



Form G: The Retail Investment Adviser Complaints Alerts Form

[deleted]



MiFID Article 4 APER Information Form [deleted]

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## Chapter 10B

# PRA Approved Persons

10B



10B.1 Application

General

10B.1.1 R

10B.1.2 G

10B.1.3 G

10B.1.4 G

Overseas firms: UK services

10B.1.5 R

Overseas firms: UK establishments

10B.1.6 R

Incoming EEA firms and incoming Treaty firms

10B.1.7 R

10B.1.8 G

10B.1.9 G

10B.1.10 G

Incoming EEA firms: passported activities from a branch

10B.1.11 R

Incoming EEA firms etc with top-up permission activities from a UK branch

10B.1.12 R



10B.1.13	R	Committees of the Society of Lloyd's
10B.1.14	R	
10B.1.15	R	Insolvency practitioners
10B.1.16	G	Appointed representatives

10B

10B.2.1

G



10B.2 Purpose

		<div>10B.3</div>	Basic rules for all PRA controlled functions
			<div>The need for an arrangement</div>
10B.3.1	R		
10B.3.2	G		
10B.3.3	G		
10B.3.4	G		
10B.3.5	G		
			<div>Significant-influence functions</div>
10B.3.6	R		
10B.3.7	G		
10B.3.8	G		
10B.3.9	G		
10B.3.10	G		
			<div>Actions for damages</div>
10B.3.11	R		

10B



10B.4      Specification of functions

10B.4.1      **R**

10B.4.2      **G**

10B.4.3      **R**

10



**G**

10B

10B.6 PRA governing functions	
Director function (CF1)	
10B.6.1	R
10B.6.2	R
Non-executive director function	
10B.6.3	R
10B.6.4	R
10B.6.5	R
10B.6.6	G
Chief executive function (CF3)	
10B.6.7	R
10B.6.8	G
10B.6.9	G
10B.6.10	G
10B.6.11	G
Partner function (CF4)	
10B.6.12	R
10B.6.13	R

10B.6.14 R

Director of unincorporated association function (CF5)

10B.6.15 R

Small friendly society function (CF6)

10B.6.16 R

10B.6.17 R

10B.6.18 G

Insurance mediation

10B.6.19 G

10B.6.20 G

10B

10B



**10B.7      Other functions included in the governing functions**

		<b>Systems and controls function</b>
10B.7.1	R	
10B.7.2	G	
		<b>The FCA’s apportionment and oversight function (CF8)</b>
10B.7.3	R	
10B.7.4	R	
10B.7.5	G	
10B.7.6	G	



		<div>10B.8</div> <div>PRA required functions</div>
10B.8.1	R	Actuarial function (CF12)
10B.8.2	R	With-profits actuary function (CF12A)
10B.8.3	R	Lloyd's actuary function (CF12B)

10B



10B.9 Systems and controls function

Systems and controls function (CF28)

10B.9.1 R

10B.9.2 R

10B.9.3 G



10B.10 Procedures relating to PRA-  
approved persons

Forms

10B.10.1 G

10B.10.2 G

10B.10.3 G

10B.10.4 G

10B.10.5 G

10B.10.6 G

10B

		<b>10B.11</b>	<b>Application for approval and withdrawing an application for approval</b>
			<b>When to apply for approval</b>
10B.11.1	G		
10B.11.2	G		
			<b>Failure to apply for approval</b>
10B.11.3	G		
			<b>How to apply for approval</b>
10B.11.4	D		
10B.11.5	G		
			<b>Who should make the application?</b>
10B.11.6	G		
10B.11.7	G		
			<b>Processing an application</b>
10B.11.8	G		
10B.11.9	G		
10B.11.10	G		
10B.11.11	G		
10B.11.12	G		

10B.11.13 G

10B.11.14 G

10B.11.15 G

10B.11.16 G

Decisions on applications

10B.11.17 G

10B.11.18 G

10B.11.19 G

Withdrawing an application for approval

10B.11.20 R

10B.11.21 G

10B.11.22 G

## 10B.12

## Changes to a PRA-approved person's details

## Moving within a firm

10B.12.1 

G
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10B.12.2 

G
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10B.12.3 G

10B.12.4 D

**10B.12.5** **G**

10B.12.6 **R**

**10B.12.7** G

## Moving between firms

10B.12.8 

G
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10B.12.9 

G
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## Ceasing to perform a PRA controlled function

10B.12.10 **R**

**10B.12.11** **G**

10B.12.12 **R**10B.12.13 

G
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10B.12.14 G

10B.12.15 G

Changes to a PRA-approved person’s personal details .....

10B.12.16 R

10B.12.17 G

10B.12.18

10B.12.19 G

10B.12.20 G

10B.12.21 G

10B.12.22 R

10B



10B.13      References and accurate  
information

References

10B.13.1    R

10B.13.2    G

10B.13.3    G

The need for complete and accurate information

10B.13.4    G

10B.13.5    G



## 10B.14

## How to apply for approval and give notifications

10B.14.1 D

**10B.14.2** **R**

10B.14.3 G

10B.14.4 G



[Not used]



Approved person regime: summary of forms and their use for applications for approval to perform a PRA-controlled function



[Not used]





Form A: Application to perform controlled functions under the  
approved person regime



**Form B: Notice to withdraw an application to perform controlled functions under the approved persons regime**



Form C: Notice of ceasing to perform controlled functions



**Form D: Notification of changes in personal information or application details**





Form E: Internal transfer of an approved person



## Chapter 10C

# FCA senior managers regime for approved persons in SMCR firms

		<div>10C.1</div> <div>Application</div>
		<div>General</div>
10C.1.1	R	This chapter applies to every <i>SMCR firm</i> .
10C.1.2	G	This chapter is also relevant to <i>FCA-approved SMF managers</i> of an <i>SMCR firm</i> .
10C.1.2A	G	<div>■ SUP 10C Annex 1 (What functions apply to what type of firm) sets out:<div>(1) how this chapter applies to different types of <i>SMCR firm</i>; and</div><div>(2) the <i>SMCR firms</i> to which no <i>controlled functions</i> in this chapter apply.</div></div>
		<div>Overseas firms: UK services</div>
10C.1.3	R	This chapter does not apply to an <i>overseas SMCR firm</i> other than in relation to an establishment maintained by it or its <i>appointed representative</i> in the <i>United Kingdom</i> .
		<div>EEA firms: general application</div>
10C.1.4	R	This chapter does not apply to an <i>SMCR firm</i> if and in so far as the question of whether a <i>person</i> is fit and proper to perform a particular function in relation to that <i>firm</i> is reserved to an authority in a country or territory outside the <i>United Kingdom</i> as contemplated by section 59(8) of the <i>Act</i> . This <i>rule</i> has effect to the extent that, and for as long as, section 59(8) of the <i>Act</i> remains in effect under the standstill direction (as it relates to that section) as defined in the direction made by the <i>FCA</i> under Part 7 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019 that came into force on <i>IP completion day</i> and is titled “Main FCA Transitional Directions”.
10C.1.5	G	[deleted]
		<div>Overseas firms: general</div>
10C.1.5A	G	<div>(1) Generally, where an overseas manager of an <i>overseas SMCR firm</i> has responsibilities in relation to its <i>branch</i> in the <i>United Kingdom</i> that are strategic only, they will not need to be an <i>FCA-approved SMF manager</i>.</div>

		<p>(2) However, where an overseas manager is responsible for implementing that strategy for its <i>branch</i> in the <i>United Kingdom</i>, and has not delegated that responsibility to an <i>SMF manager</i> in the <i>United Kingdom</i>, they will potentially be performing an <i>FCA controlled function</i> if the detailed conditions in this chapter defining the relevant <i>FCA controlled function</i> are met.</p>
		<p><b>UK firm with overseas branches or providing services on a cross-border basis</b></p>
10C.1.6	G	<p>There are no territorial limitations to ■ SUP 10C for:</p> <p>(1) overseas branches of <i>UK firms</i>; or</p> <p>(1) <i>UK firms</i> providing services into or out of the <i>United Kingdom</i> on a cross-border basis.</p>
		<p><b>Appointed representatives</b></p>
10C.1.7	R	<p>This chapter does not deal with an <i>approved person</i> who is approved under ■ SUP 10A (FCA Approved Persons in Appointed Representatives).</p>
10C.1.8	G	<p>(1) ■ SUP 10A (FCA Approved Persons in Appointed Representatives) deals with the <i>approved persons</i> regime for <i>appointed representatives</i> of <i>SMCR firms</i>.</p> <p>(2) In general this chapter does not apply to <i>appointed representatives</i> of <i>SMCR firms</i>. ■ SUP 10A applies instead.</p> <p>(2) In theory, a <i>person</i> employed by an <i>appointed representative</i> of an <i>SMCR firm</i> could come within one of the <i>controlled functions</i> in this chapter. If so, that <i>person</i> will be performing a <i>senior management function</i> and this chapter would apply. However, the <i>FCA</i> thinks that such a situation should rarely arise unless the <i>person</i> is seconded to the <i>firm</i>.</p> <p>If a <i>person</i> is an <i>approved person</i> under this chapter and under ■ SUP 10A for the same <i>firm</i>, this chapter applies to <i>FCA-designated senior management functions</i> under this chapter and ■ SUP 10A applies to <i>controlled functions</i> under ■ SUP 10A. It is unlikely that such a scenario would normally arise in practice.</p> <p>(5) Both this chapter and ■ SUP 10A deal with an <i>appointed representative</i> that has a <i>limited permission</i> to carry on a <i>regulated activity</i> prescribed for the purposes of section 39(1E)(a) of the <i>Act</i>.</p>
		<p><b>Insolvency practitioners</b></p>
10C.1.9	R	<p>This chapter does not apply to a function performed by a <i>person</i> acting as:</p> <p>(1) an insolvency practitioner within the meaning of section 388 of the <i>Insolvency Act 1986</i>;</p>

- a nominee in relation to a voluntary arrangement under Parts I (Company Voluntary Arrangements) and VIII (Individual Voluntary Arrangements) of the Insolvency Act 1986;
- (3) an insolvency practitioner within the meaning of article 3 of the Insolvency (Northern Ireland) Order 1989; or
- (4) a nominee in relation to a voluntary arrangement under Parts II (Company Voluntary Arrangements) and VIII (Individual Voluntary Arrangements) of the Insolvency (Northern Ireland) Order 1989.

Swiss general insurers

- 10C.1.10
- R
- For *Swiss general insurers*, references in this chapter to parts of the *PRA Rulebook* for 'Solvency II firms' are to be read as references to the corresponding parts of the *PRA Rulebook* applying to *large non-directive insurers*.
- 10C.1.11
- G
- Swiss general insurers* are in the *large non-directive insurers* sector of the *PRA Rulebook* and the *PRA* applies to them, in relation to their *controlled functions*, provisions equivalent to those applying to third country branches in the *Solvency II firms* sector of the *PRA Rulebook*. The *FCA* includes them as third country undertakings of *Solvency II firms* and so they must follow the requirements for *Solvency II firms* set out in this chapter.

Insurance and mortgage credit mediation	
10C.1.12	<div><div>G</div><div>See ■ MIPRU 2.2 (Allocation of the responsibility for insurance distribution activity or MCD credit intermediation activity) for how the <i>FCA's</i> senior managers regime for <i>SMCR firms</i> is adjusted for a <i>firm</i> carrying on <i>insurance distribution activity</i> or <i>MCD credit intermediation activity</i>.</div></div>

		10C.2	Purpose
10C.2.1	G	The purpose of SUP 10C is:	
		<ul style="list-style-type: none"><li>(1) to specify, under section 59 of the Act, descriptions of the <i>FCA-designated senior management functions</i> for <i>SMCR firms</i>, which are listed in SUP 10C.4.3R; and</li><li>(2) to specify the manner in which a <i>firm</i> must apply for the <i>FCA's</i> approval under section 59 of the Act and other procedures for <i>FCA-approved SMF managers</i>;</li></ul>	
10C.2.2	G	[deleted]	
10C.2.3	G	<ul style="list-style-type: none"><li>(1) The <i>FCA</i> has certain powers in relation to <i>PRA-approved persons</i>, such as the requirement for <i>FCA</i> consent to the <i>PRA</i> granting approval for the performance of a <i>PRA controlled function</i>. SUP 10C does not deal with these.</li><li>(2) However, SUP 10C.12.1G has material about the <i>FCA's</i> policy on giving its consent to applications made to the <i>PRA</i> about conditional and time-limited approvals for <i>SMF managers</i> in <i>PRA-authorised persons</i>.</li></ul>	
10C.2.4	G	SUP 10C.14 (Changes to an approved person's details) applies, in certain cases, to <i>PRA-approved persons</i> . Where this is the case, it says so.	





10C.3 General material about the definition of controlled functions

Purpose

10C.3.1 G This section has general provisions that apply to the definition of all *controlled functions*.

Types of controlled function

10C.3.2 G There are two types of *FCA controlled function* under the Act:

- (1) an *FCA-designated senior management function*; and
- (2) an *FCA controlled function* that is not a *designated senior management function*.

10C.3.3 G All the *controlled functions* that the FCA has specified in this chapter are *designated senior management functions*. The FCA has not, in this chapter, used its power to specify *controlled functions* that are not *designated senior management functions*.

10C.3.4 G The FCA has (in ■ SUP 10A (FCA Approved Persons in Appointed Representatives)) specified *controlled functions* for *SMCR firms* that are not *designated senior management functions*.

10C.3.5 G

- (1) Except as described in ■ SUP 10C.3.4G, in this chapter, *FCA controlled function* and *FCA-designated senior management function* cover the same functions.
- (2) Therefore, a function is only covered by ■ SUP 10C.4.3R (Table of FCA-designated senior management functions) if that function meets both the following sets of requirements:
  - (a) the requirements of ■ SUP 10C.3.6R (Definition of FCA controlled function: arrangements); and
  - (b) the requirements of ■ SUP 10C.3.10R (Definition of FCA-designated senior management function).

Definition of FCA controlled function: arrangements

10C.3.6 R In accordance with section 59 of the Act (Approval for particular arrangements), a function specified in this chapter is an *FCA controlled*

function only to the extent that it is performed under an *arrangement* entered into by:

- (1) a *firm*; or
- (2) a contractor of the *firm*;

in relation to the carrying on by the *firm* of a *regulated activity*.

**10C.3.7** G Section 59(1) and (2) of the *Act* provide that approval is necessary for an *FCA controlled function* which is performed under an *arrangement* entered into by a *firm*, or its contractor (typically an *appointed representative*), in relation to a *regulated activity*.

**10C.3.8** G

- (1) *Arrangement* is defined in section 59(10) of the *Act* as any kind of arrangement for the performance of a function which is entered into by a *firm* or any of its contractors with another *person*.
- (2) *Arrangement* includes the appointment of a *person* to an office, a *person* becoming a *partner*, or a *person's* employment (whether under a contract of service or otherwise).
- (3) An *arrangement* need not be a written contract but could arise by conduct, custom and practice.

**10C.3.9** G If a *firm* is a member of a group, a *person* employed elsewhere in the *group* (for example, by the *holding company*) who carries out a function in relation to the *firm* will only perform an *FCA controlled function*:

- (1) if the function is performed under an *arrangement* entered into by the *firm* (under section 59(1)); or
- (2) if:
  - (a) there is a contract (under section 59(2)) between the *firm* and the relevant *group* member permitting this; and
  - (b) the function is performed under an *arrangement* entered into by the contractor.

#### Definition of FCA-designated senior management function

**10C.3.10** R Each *FCA-designated senior management function* is one which comes within the definition of a *senior management function*.

**10C.3.11** G Section 59ZA(2) of the *Act* says that a function is a 'senior management function', in relation to the carrying on of a *regulated activity* by a *firm*, if:

- (1) the function will require the *person* performing it to be responsible for managing one or more aspects of the *firm's* affairs, so far as relating to the activity; and
- (2) those aspects involve, or might involve, a risk of serious consequences:

- (a) for the *firm*; or
- (b) for business or other interests in the *United Kingdom*.

**10C.3.12** G Section 59ZA(3) of the *Act* says that ‘managing’ includes, for these purposes, taking decisions, or participating in the taking of decisions, about how one or more aspects of the *firm’s* affairs should be carried on.

### The 12-week rule

**10C.3.13** R If:

- (1) a *firm* appoints an individual to perform a function which, but for this *rule*, would be an *FCA-designated senior management function*;
- (2) the appointment is to provide cover for an *SMF manager* whose absence is:
  - (a) temporary; or
  - (b) reasonably unforeseen; and
- (3) the appointment is for less than 12 weeks in a consecutive 12-month period;

the description of the relevant *FCA-designated senior management function* does not relate to those activities of that individual.

**10C.3.14** G ■ SUP 10C.3.13R enables cover to be given for (as an example) holidays and emergencies and avoids the need for the precautionary approval of, for example, a deputy. However, as soon as it becomes apparent that a *person* will be performing an *FCA-designated senior management function* for more than 12 weeks, the *firm* should apply for approval.

**10C.3.15** G See ■ SUP 10C.12.7G to ■ SUP 10C.12.14G (time-limited approvals) for procedures for temporary appointments longer than 12 weeks.

**10C.3.16** G

- (1) A *firm* to which ■ SYSC 26 (Senior managers and certification regime: Overall and local responsibility) applies may have allocated responsibilities under that chapter to an *SMF manager* who is absent under ■ SUP 10C.3.13R.
- (2) ■ SYSC 26.4.6R (Exclusion where the 12-week rule applies) deals with how those responsibilities may be reallocated during the *SMF manager’s* absence.
- (3) ■ SYSC 26.4.8G explains that ■ SYSC 26.4.6R and ■ SUP 10C.3.13R apply to a *person* performing the *other overall responsibility function* or the *other local responsibility function* as well as to other *designated senior management functions*.

**10C.3.17** **G**

- (1) If:
- (a) a *firm* allocates any *FCA-prescribed senior management responsibilities* to an *SMF manager*; and
  - (b) the *SMF manager* later becomes absent;  
the *firm* should reallocate them to another *SMF manager*.
- (2) The *firm* may not allocate the absent manager's *FCA-prescribed senior management responsibilities* to the *person* providing cover for that manager unless the *person* providing cover is also an *SMF manager* of the *firm*.



10C.4 Specification of functions

- 10C.4.1
- R
- (1) Each function described in ■ SUP 10C.4.3R is an *FCA controlled function*.

(2) In accordance with section 59(6A) of the Act (Approval for particular arrangements), the *FCA* designates each function in (1) as a *senior management function*.

10C.4.2

R

■ SUP 10C Annex 1 (What functions apply to what type of firm) sets out which of the functions in ■ SUP 10C.4.3R apply to which kind of *firm*.

10C.4.3

R

Table of FCA-designated senior management functions for SMCR firms

Type	SMF	Description of FCA controlled function
FCA governing functions	SMF 1	Chief executive function
	SMF 3	Executive director function
	SMF 7	Group entity senior manager function
	SMF 9	Chair of the governing body function
	SMF 10	Chair of the risk committee function
	SMF 11	Chair of the audit committee function
	SMF 12	Chair of the remuneration committee function
	SMF 13	Chair of the nomination committee function
	SMF 14	Senior independent director function
	SMF 15	Chair of the with-profits committee function
	SMF 19	Head of third country branch function
	SMF 27	Partner function

Type	SMF	Description of FCA controlled function
FCA required functions	SMF 16	Compliance oversight function
	SMF 17	Money laundering reporting function
	SMF 18	Other overall responsibility function
	SMF22	Other local responsibility function
	SMF 23b	Conduct risk oversight (Lloyd's) function
	SMF 29	Limited scope function
Other high-level management functions	SMF 21	EEA branch senior manager function
Systems and controls functions	SMF 2	Chief finance officer function
	SMF 4	Chief risk officer function
	SMF 5	Head of internal audit function
	SMF 24	Chief operations function

10C.4.4 G As described in ■ SUP 10C.1.7R to ■ SUP 10C.1.8G (Appointed representatives), ■ SUP 10A (FCA Approved Persons in Appointed Representatives) specifies certain other *controlled functions* for *SMCR firms*.



10C.4A FCA governing functions: General

PRA-authorised persons

10C.4A.1 G

■ SUP 10C.9 (Minimising overlap with the PRA approved persons regime) explains that in many cases a *person* performing one of the functions set out in ■ SUP 10C.5 or ■ SUP 10C.5A for a *PRA-authorised person* will not in fact require approval from the *FCA* to perform the function and will just require *PRA* approval.

Sole traders

10C.4A.2 G

- (1) An individual *sole trader* themselves will not need approval to perform any of the *FCA governing functions*. Therefore the *FCA governing functions* do not apply to a *sole trader* with no employees.
- (2) It is possible, although perhaps not likely in practice, that the *FCA governing functions* could apply to staff working for the *sole trader*.
- (3) In particular, it is possible for the *sole trader* to give sufficient authority to a staff member that the staff member meets the *Glossary* definition of a *director*.
- (4) This might happen, for example, if the *sole trader's* business is so large that the *sole trader* sets up a *governing body* to run it.



10C.5 FCA governing functions:  
Executive

Executive director function (SMF3): General

10C.5.1	R	<p>(1) For a <i>UK SMCR firm</i>, the <i>executive director function</i> is the function of acting in the capacity of a <i>director</i> (other than a <i>non-executive director</i>) of a the <i>firm</i>.</p> <p>(2) For an <i>overseas SMCR firm</i>, the <i>executive director function</i> is the function of acting in the capacity of a <i>director</i> (other than a <i>non-executive director</i>) in relation to its <i>branch</i> in the <i>United Kingdom</i> where the <i>person</i> performing that function has responsibility for managing one or more aspects of the <i>firm's</i> affairs so far as relating to the activities of the <i>branch</i>.</p> <p>(3) Paragraph (2) includes a <i>person</i> who is a member (other than a non-executive member) of the <i>branch's governing body</i>.</p> <p>(4) The <i>executive director function</i> does not apply to a <i>UK SMCR firm</i> that is:</p> <p>(a) a <i>partnership</i>; or</p> <p>(b) a <i>limited liability partnership</i>.</p>
10C.5.2	R	[deleted] [Editor's note: The text of this provision has been moved to ■ SUP 10C.5A.3R]
10C.5.3	G	[deleted] [Editor's note: The text of this provision has been moved to ■ SUP 10C.5A.4G]
10C.5.4	G	[deleted]
10C.5.5	G	[deleted]
10C.5.6	G	[deleted] [Editor's note: The text of this provision has been moved to ■ SUP 10C.5A.1G]
10C.5.7	G	[deleted]



**10C.5.8** **R** **Executive director function: Extension of definition for Lloyd's**  
In the case of the *Society*, the *executive director function* also includes the function of acting in the capacity of an executive member of a committee to which the Council of the *Society* directly delegates authority to carry out the *Society's* regulatory functions.

**10C.5.9** **R** **Executive director function: Adjustment of definition for non-directive friendly societies**

- (1) This *rule* applies to a *non-directive friendly society*.
- (2) The *executive director function* is the function of directing the affairs of the *firm*, either alone or jointly with others. Each such *person* is referred to in this *rule* as a "director".
- (3) The *executive director function* includes the function of being or acting in the capacity of:
  - (a) a member of the *firm's governing body*; or
  - (b) (in the case of an *FCA-authorised firm*) the *chief executive*.The term *director* also includes each such a *person*.
- (4) If the principal purpose of the *firm* is to carry on *regulated activities*, each *director* performs the *FCA controlled function*.
- (5) If the principal purpose of the *firm* is other than to carry on *regulated activities*, a *director* performs the *FCA controlled function* only to the extent that they have responsibility for a *regulated activity*.
- (6) Each *person* on the *firm's governing body* will be taken to have responsibility for its *regulated activities*, unless the *firm* has apportioned this responsibility to one particular *person* to whom it is reasonable to give this responsibility.
- (7) The "particular" *person* referred to in (6) need not be a member of the *firm's governing body*.
- (8) The *executive director function* does not include acting in the capacity of a *non-executive director*.
- (9) This *rule* applies in place of **■ SUP 10C.5.1R**.

**10C.5.10** **G**  

- (1) Typically a *non-directive friendly society* will appoint a "committee of management" to direct its affairs.
- (2) However, the governing arrangements may be informal and flexible. If this is the case, the *FCA* would expect the society to resolve to give responsibility for the carrying on of *regulated activities* to one individual who is appropriate in all the circumstances.
- (3) The individual in (2) may, for example, have the title of chief executive or similar. The individual would (subject to **■ SUP 10C.5.11G**) have to be an *FCA-approved person* under **■ SUP 10C.5.9R**.

10C.5.11 **G**

- (1) In practice, the *FCA* expects that most *non-directive friendly societies* will be *PRA-authorised persons*.
- (2) Where that is the case, the *executive director function* will often not apply (see ■ SUP 10C.4A.1G).

#### **Executive director function: Addition for small non-directive insurers**

10C.5.12 **R**

- (1) This *rule* applies to a *small non-directive insurer*.
- (2) The *executive director function* includes being a *chief executive* of the *firm*.

10C.5.13 **G**

■ SUP 10C.5.12R means:

- (1) that being the *chief executive* of a *small non-directive insurer* is an *FCA controlled function* (subject to (4));
- (2) but being *chief executive* is not an *FCA controlled function* in its own right but is rolled up into the *executive director function*;
- (3) that being promoted from executive director to *chief executive* does not require a new approval from the *FCA*;
- (4) that being the *chief executive* is not an *FCA controlled function* where ■ SUP 10C.4A.1G applies; and
- (5) ■ SUP 10C.5.9R(4) to ■ SUP 10C.5.9R(7) do not apply to the *chief executive*.

#### **Partner function (SMF27): Partnerships and limited liability partnerships**

10C.5.14 **R**

- (1) This *rule* applies to a *UK SMCR firm* that is a *partnership*.
- (2) The *partner function* is the function of being or occupying the position of a *partner* in that *firm*.
- (3) The *partner function* also includes:
  - (a) the function of being or occupying the position of a partner in that *firm* (by whatever name called); and
  - (b) acting as a member of the *firm's governing body*.

10C.5.15 **G**

- (1) The purpose of ■ SUP 10C.5.14R(3) is to make sure that every partner and everyone else performing a function in ■ SUP 10C.5.14R(3) is potentially included in the *partner function* even if the *Glossary* definition of *partner* is not wide enough to cover them all.
- (2) Therefore, for example, the *partner function* applies to every partner in a *firm* unless ■ SUP 10C.5.18G applies.
- (3) In practice most functions in ■ SUP 10C.5.14R(3) will also fall within ■ SUP 10C.5.14R(2).

- 10C.5.16** R
- (1) This *rule* applies to a *UK SMCR firm* that is a *limited liability partnership*.
  - (2) The *partner function* is the function of being or acting in the capacity of:
    - (a) a member in that *firm* or a *person* occupying the position of a member (by whatever name called);
    - (b) a person appointed to direct the *firm's* affairs;
    - (c) a member of the *firm's governing body*; or
    - (d) a *person* in accordance with whose directions or instructions (not being advice given in a professional capacity) the members or *directors* are accustomed to act.

#### Partner function: Limited partnerships

- 10C.5.17** R
- If a *partnership* is registered under the Limited Partnership Act 1907, the *partner function* does not extend to any function performed by a limited partner.

#### Partner function: Partners without influence

- 10C.5.18** G
- (1) ■ SUP 10C.5.14R to ■ SUP 10C.5.17R (Partner function) are drafted to cover all partners and members.
  - (2) However, the *partner function* (as are all *FCA-designated senior management functions*) is subject to ■ SUP 10C.3.10R (Definition of *FCA-designated senior management function*).
  - (3) The effect is that unless the function performed by the partner or member in question comes within the definition of a *senior management function*, the function does not come within the *partner function*. Therefore partners or members who play no part in the management of the *firm* are unlikely to be performing the *partner function*.

#### Partner function: When partners and members do not require approval

- 10C.5.19** R
- (1) This *rule* applies to an *SMCR firm* that is an *FCA-authorised person* to which the *partner function* applies.
  - (2) If the principal purpose of the *firm* is to carry on one or more *regulated activities*, each *person* in ■ SUP 10C.5.14R to ■ SUP 10C.5.16R (a "*partner*") performs the *partner function*.
  - (3) If the principal purpose of the *firm* is other than to carry on *regulated activities*:
    - (a) a partner performs the *partner function* to the extent only that they have responsibility for a *regulated activity*; and
    - (b) a partner in a *firm* will be taken to have responsibility for each *regulated activity* except where the *firm* has apportioned responsibility to another partner or group of partners.

10C.5.20 **G**

- (1) This paragraph ■ SUP 10C.5.20G describes some of the combined effects of ■ SUP 10C Annex 1 2.1R and ■ SUP 10C.5.19R.
- (2) A partner whose only *regulated activities* are incidental to their professional services, in a *firm* whose principal purpose is to carry on other than *regulated activities*, need not be an *FCA-approved person*.
- (3) What amounts to the principal purpose of the *firm* is a matter of fact in each case having regard to all the circumstances, including the activities of the *firm* as a whole.
- (4) Any *regulated activities* which such a partner carries on are not within the description of the *partner function*.

#### Chief executive function (SMF1)

10C.5.21 **R**

- (1) The *chief executive function* is the function of acting in the capacity of a *chief executive* of a *firm*.
- (2) This function does not apply to a *non-directive friendly society*.

10C.5.22 **G**

This function is having the responsibility, alone or jointly with one or more others, under the immediate authority of the *governing body* for the conduct of the whole of the business (or relevant activities) of the *firm*.

10C.5.23 **G**

- (1) A *person* performing the *chief executive function* may be a member of the *governing body* but need not be.
- (2) If the chairman of the *governing body* is also the *chief executive*, they will be discharging this function.
- (3) If the responsibility is divided between more than one *person* but not shared, there is no *person* exercising the *chief executive function*.
- (4) But if that responsibility is discharged jointly by more than one *person*, each of those *persons* will be performing the *chief executive function*.

#### Head of third country branch function (SMF 19)

10C.5.24 **R**

- (1) This *rule* applies to an *overseas SMCR firm*.
- (2) The *head of third country branch function* is the function of having responsibility alone or jointly with others, for the conduct of all activities of the *United Kingdom branch* of the *firm* which are subject to the *UK regulatory system*.

## 10C.5A FCA governing functions: Oversight

### Non-executive directors

- 10C.5A.1 G
- (1) As explained in ■ SUP 10C.7.4G, the FCA does not expect a *non-executive director* ever to perform the *other overall responsibility function*.
  - (2) Therefore, a *non-executive director* will not need to be approved to perform any *FCA-designated senior management function* unless they perform one of the *FCA-designated senior management functions* set out in this section.

### No requirement to set up committees

- 10C.5A.2 G
- (1) This section says that being the chair of certain committees is an *FCA-designated senior management function*.
  - (2) If a *firm* is not otherwise required to have one of the committees described in this section but chooses to set one up anyway:
    - (a) being the chair of that committee is still an *FCA-designated senior management function*; and
    - (b) this is the case even if the *firm* is not subject to any requirements of the *regulatory system* about the matters dealt with by the committee.
  - (3) So for example being the chair of the *firm's* nomination committee is an *FCA-designated senior management function* even if the *firm*:
    - (a) is not required to have a nomination committee by ■ SYSC 4.3A.8R or some other requirement of the *regulatory system*; and
    - (b) is not subject to any requirements of the *regulatory system* dealing with nominations to the *firm's governing body* or the other matters covered by ■ SYSC 4.3A.9R.
  - (4) However, nothing in ■ SUP 10C requires a *firm* to set up one of the committees mentioned in this section if the *firm* is not required to have that committee by a *rule* elsewhere in the *FCA Handbook* or by some other requirement of the *regulatory system*.
  - (5) So for example if a *firm* is not otherwise required to have a nomination committee nothing in this section requires it to set one up.
  - (6) If a *firm*:

- (a) is not otherwise required to have one of the committees described in this section;
  - (b) chooses to set it up anyway; and
  - (c) gets approval for the chair of the committee to perform the applicable *FCA-designated senior management function*;
- then:
- (d) the *firm* is free to scrap that committee later; and
  - (e) if it does so, the chair will cease to perform that *FCA-designated senior management function*.

**Chair of the nomination committee function (SMF13)**

- 10C.5A.3 **R** If the *firm* has a nomination committee, the *chair of the nomination committee function* is the function of acting in the capacity of the chair of that committee.
- 10C.5A.4 **G** See **SYSC 4.3A** (Management body and nomination committee) for material about nomination committees.

**Chair of the with-profits committee function (SMF15)**

- 10C.5A.5 **R** If the *firm* has a *with-profits committee*, the *chair of the with-profits committee function* is the function of acting in the capacity of a non-executive chair of the committee.
- 10C.5A.6 **R** If the *firm* has a *with-profits advisory arrangement*, the *chair of the with-profits committee function* is the function of being whichever of the following applies to the *firm*:
- (1) the independent person referred to in paragraph (a) of the definition of *with-profits advisory arrangement*; or
  - (2) the *non-executive directors* referred to in paragraph (b) of that definition.

**Chair of the governing body function (SMF9)**

- 10C.5A.7 **R** The *chair of the governing body function* is the function of having responsibility for chairing, and overseeing the performance of the role of, the *governing body* of the *firm*.

**Chair of the risk committee function (SMF10)**

- 10C.5A.8 **R** The *chair of the risk committee function* is the function of having responsibility for chairing, and overseeing the performance of, any committee responsible for the oversight of the risk management systems, policies and procedures of the *firm*, including, where applicable to the *firm*, a committee established in accordance with the *risk control requirements for SMCR firms*.

10C.5A.9	<b>R</b>	<b>Chair of the audit committee function (SMF11)</b> The <i>chair of the audit committee function</i> is the function of having responsibility for chairing, and overseeing the performance of, any committee responsible for the oversight of the internal audit system of the <i>firm</i> including, where applicable to the <i>firm</i> , a committee established in accordance with the <i>internal audit requirements for SMCR firms</i> .
10C.5A.10	<b>R</b>	<b>Chair of the remuneration committee function (SMF12)</b> The <i>chair of the remuneration committee function</i> is the function of having responsibility for chairing, and overseeing the performance of, any committee responsible for the oversight of the design and the implementation of the <i>remuneration</i> policies of a <i>firm</i> , including, where applicable to the <i>firm</i> , a committee established in accordance with:  (1) [deleted]  (2) ■ SYSC 19B.1.9R (AIFM Remuneration Principle 3: Governance);  (3) [deleted]  (4) ■ SYSC 19D.3.12R (Remuneration Principle 4: Governance);  (5) ■ SYSC 19E.2.9R (UCITS Remuneration Principle 3: Governance); and  (6) ■ MIFIDPRU 7.3.3R (Remuneration committee).
10C.5A.11	<b>R</b>	<b>Senior independent director function (SMF14)</b> The <i>senior independent director function</i> is the function of performing the role of a senior independent director, and having particular responsibility for leading the assessment of the performance of the person performing the <i>chair of the governing body function</i> .



## 10C.5B

## FCA governing functions: Group entities

### Group entity senior manager function (SMF7)

#### 10C.5B.1 R

- (1) The *group entity senior manager function* is the function of having a significant influence on the management or conduct of one or more aspects of the affairs of a *firm* in relation to its *regulated activities*.
- (2) This *controlled function* does not include having such influence in the course of performance of another *designated senior management function* for that *firm*.
- (3) This *controlled function* only applies if it is performed by:
  - (a) a *person* employed by; or
  - (b) an officer of:  
any of the following:
    - (c) a *parent undertaking* or *holding company* of the *firm*; or
    - (d) another *undertaking* which is a member of the *firm's group*.

### Basis on which group entity senior manager function is included

#### 10C.5B.2 G

- (1) This provision explains the basis on which the *group entity senior manager function* is included as a *controlled function*.
- (2) The basic position is set out in ■ SUP 10C.3.9G. As is the case with all *controlled functions* in this chapter, the definition of the *group entity senior manager function* is subject to the overriding provisions in ■ SUP 10C.3.6R, which sets out the requirements of section 59(1) and (2) of the Act.
- (3) This means that unless the *firm* has an *arrangement* permitting the performance of these roles by the *persons* concerned, these persons will not be performing the *group entity senior manager function*.
- (4) Therefore, the FCA accepts that there will be cases in which a *person* performing the role described in ■ SUP 10C.5B.1R will not require approval.
- (5) However where there is such an *arrangement* the function may apply.



**When the group entity senior manager function applies**

**10C.5B.3** **G**

- (1) Individuals in the management of a group in which a *firm* is a subsidiary do not automatically come within the *group entity senior manager function* because their job relates to the *firm*.
- (2) The *FCA* does not aim or expect to approve individuals to perform this function for every *firm* to which the function potentially applies under ■ SUP 10C Annex 1 (What functions apply to what type of firm) just because the *firm* is part of a group.
- (3) The *FCA* would not consider it to be unusual for there to be no one performing the *group entity senior manager function* for a *firm* that is a subsidiary in a group.

**10C.5B.4** **G**

Whether someone performs the *group entity senior manager function* should be assessed on a case-by-case basis. The factors to be taken into account include:

- (1) the organisational structures of the group and the *firm*;
- (2) the split of key responsibilities between the group and *firm* boards and senior management; and
- (3) whether *SMF managers* based in the *firm* have an appropriate level of authority within the group to ensure that the *firm* complies with the requirements of the *regulatory system*.

**10C.5B.5** **G**

- (1) An individual based elsewhere in a group whose responsibilities in relation to a subsidiary in the group that is a *firm* are limited to developing the group's overall strategy is unlikely to be performing the *group entity senior manager function*.
- (2) The function is more likely to apply to individuals who are directly responsible for implementing the group's strategy in the *firm*.
- (3) Therefore, if an individual based elsewhere in the group:
  - (a) is directly responsible for taking decisions about how the *firm* should conduct its *regulated activities*; and
  - (b) has not delegated this responsibility to an *SMF manager* based in the *firm*;
 it is likely that they will require approval to perform the *group entity senior manager function* (or, as described in ■ SUP 10C.5B.6G, another *designated senior management function*).
- (4) If however the *firm's governing body* has sufficient discretion in how it applies and responds to proposals coming from group committees or individuals based in parent entities, approval would generally not be required. In this case the individual will be carrying on a group-level function rather than performing a function on behalf of the *firm*.
- (5) So, where:

**10C.5B.6** G

- (a) a *firm* has in place the required *SMF managers* based in the *firm*; and
  - (b) those *SMF managers* are effective and have sufficient control over the *firm*;
- the *FCA* would not routinely expect the *firm* to have *persons* performing the *group entity senior manager function* in place.

- (1) ■ **SUP 10C.5B.1R(2)** means that an individual who is approved to perform another *designated senior management function* for a *firm* will often not need to be approved to perform the *group entity senior manager function* for that *firm* as well.
- (2) So for example if the individual has responsibility for the *firm's* finances they may be performing the *chief finance officer function*. If that is the case the individual will not be performing the *group entity senior manager function* by carrying out the functions of a chief finance officer.
- (3) Similarly an individual who is approved to perform another *designated senior management function* for the *firm* may have influence that comes from holding that post in matters falling outside the core duties of that post. For example a chief finance officer of a *firm* will have important input into decisions that fall outside the core financial control function. That influence does not mean that they are performing the *group entity senior manager function*.

**10C.5B.7** G

The *group entity senior manager function* is potentially relevant:

- (1) whether the individual is located in or outside the *United Kingdom*; and
- (2) whether the group is headquartered in the *United Kingdom* or overseas.

**10C.5B.8** G

- (1) The parent of a subsidiary *firm* cannot itself perform the *group entity senior manager function*.
- (2) A shareholder in the parent will also not perform this function unless the shareholder is also a director, officer or employee of the parent and is exerting significant influence over the *firm* through that role.

		<div>10C.6</div> <div>FCA required functions</div>
10C.6.1	R	<div><b>Compliance oversight function (SMF16)</b></div> <div>The <i>compliance oversight function</i> is the function of acting in the capacity of a <i>person</i> who is allocated the function in:<ul style="list-style-type: none"><li>■ SYSC 6.1.4R(2);</li><li>article 22(3) of the <i>MiFID Org Regulation</i>;</li><li>article 22(3) of the <i>MiFID Org Regulation</i> (as applied in accordance with ■ SYSC 1 Annex 1 2.8AR, ■ SYSC 1 Annex 1 3.2-AR, ■ SYSC 1 Annex 1 3.2-BR, ■ SYSC 1 Annex 1 3.2CR and ■ SYSC 1 Annex 1 3.3R);</li><li>(4) ■ SYSC 6.1.4CR;</li><li>(5) ■ SYSC 3.2.8R; or</li><li>(for a <i>full-scope UK AIFM</i>) article 61(3)(b) of the <i>AIFMD level 2 regulation</i>.</li></ul></div>
10C.6.2	R	<div><b>Money laundering reporting function (SMF17)</b></div> <div>The <i>money laundering reporting function</i> is the function of acting in the capacity of the <i>money laundering reporting officer</i> of a <i>firm</i>.</div>
10C.6.3	G	[deleted]
10C.6.4	R	<div><b>Conduct risk oversight (Lloyd’s) function (SMF23b)</b></div> <div>The <i>conduct risk oversight (Lloyd’s) function</i> is the function of acting in the capacity of a <i>person</i> who is allocated the function in ■ SYSC 3.2.9AR.</div>
10C.6.5	R	<div><b>Limited scope function (SMF29)</b></div> <div>The <i>limited scope function</i> is the function of acting in the capacity of a <i>person</i>:<ul style="list-style-type: none"><li>responsible for the apportionment function and/or the oversight function set out in ■ SYSC 4.4.5R;</li><li>who has the responsibility allocated under ■ MAR 8.5.2R (Responsibility for benchmark activities: regulated benchmark administrators); or</li></ul></div>

performing the role of the senior manager described in  
■ MAR 8.5.4R(2) (Responsibility for benchmark activities: regulated  
benchmark administrators).

10C.6.6 G [deleted]

10C



10C.6A Systems and controls functions: Finance, risk and internal audit

Introduction

- 10C.6A.1 G The *FCA-designated senior management functions* in this section apply even if the *firm*:
- (1) is not required by the *regulatory system* to allocate any of these roles to someone; or
  - (2) is not subject to any requirements of the *regulatory system* dealing with the management of the matters referred to in ■ SUP 10C.6A.3R to ■ SUP 10C.6A.6R.

Seniority

- 10C.6A.2 G The *FCA* expects a *firm* to ensure that a person performing a function in this section for a *firm* has sufficient expertise and authority to perform that function effectively. A *director* or *senior manager* would meet this expectation.

Chief finance officer function (SMF2)

- 10C.6A.3 R The *chief finance officer function* is the function of having responsibility for management of the financial resources of the *firm*, including reporting directly to the *governing body* of the *firm* in relation to its financial affairs.

Chief risk officer function (SMF4)

- 10C.6A.4 R The *chief risk officer function* is the function of having responsibility for overall management of the risk controls of a *firm*, including:
- (1) the setting and managing of the *firm's* risk exposures; and
  - (2) reporting directly to the *governing body* of the *firm* in relation to its risk management arrangements.
- 10C.6A.5 G
- (1) Risk controls systems include ones designed to deal with the kinds of matters in the *risk control requirements for SMCR firms*.
  - (2) However ■ SUP 10C.6A.4R applies even if the provisions in (1) do not apply to the *firm*.

Head of internal audit function (SMF5)

10C.6A.6 **R** The *head of internal audit function* is the function of having responsibility for management of the internal audit function of the *firm*, including reporting directly to the *governing body* of the *firm* on the internal audit function.

- 10C.6A.7 **G**
- (1) Internal audit covers the kinds of matters in the *internal audit requirements for SMCR firms*.
  - (2) However **■** SUP 10C.6A.6R applies even if the provisions in (1) do not apply to the *firm*.



10C.6B Systems and controls functions: Other

Seniority

10C.6B.1 G The FCA expects a *firm* to ensure that a person performing a function in this section for a *firm* has sufficient expertise and authority to perform that function effectively. A *director* or *senior manager* would meet this expectation.

The chief operations function (SMF24)

10C.6B.2 R

- (1) The *chief operations function* is the function of having overall responsibility for managing all or substantially all the internal operations or technology of the *firm* or of a part of the *firm*.
- (2) In deciding whether a *person* has overall responsibility for managing all or substantially all the matters described in (1) for the purposes of this *rule*, the following are left out of account if one or more other *persons* have overall responsibility for them:
  - (a) the matters to which the *internal audit requirements for SMCR firms*, the *compliance requirements for SMCR firms* or the *risk control requirements for SMCR firms* relate;
  - (b) the matters to which any of the *FCA required functions* relate; or
  - (c) any part of the *firm* responsible for advising other parts of the *firm*.
- (3) (2) applies to a *firm* whether or not the requirements in (2)(a) or the functions in (2)(b) apply to it.
- (4) The *chief operations function* does not include the function of acting in the capacity of a *chief executive* of a *firm*.
- (5) A *person* (P) does not perform the *chief operations function* by managing the internal operations or technology of a part of a *firm* that carries out other functions (such as a part of the *firm* that carries on *regulated activities* with *clients*) as part of P's function of managing that part of the *firm*.
- (6) A *firm's SMCR legal function* is not included in the *firm's* internal operations or technology for the purpose of the definition of the *chief operations function*.

10C.6B.3	<div>G</div> <div><div><div>(1)</div><div>In <a href="#">■ SUP 10C.6B.2R</a> technology refers principally to the <i>firm's</i> information and communications technology (ICT) systems and services.</div></div><div><div>(2)</div><div>Those services include but may not be necessarily limited to the mechanisms and networks that support the operations of a <i>firm</i>, including data entry, data storage, data processing and reporting services, but also monitoring, business and decision support services.</div></div></div>
10C.6B.4	<div>G</div> <div><div>The <i>chief operations function</i> may include but not necessarily be limited to areas such as:</div><div><div><div>(1)</div><div>business continuity (including responsibility for compliance with <a href="#">■ SYSC 4.1.6R</a> and <a href="#">■ SYSC 4.1.7R</a> (Business continuity), if those <i>rules</i> apply to the <i>firm</i>);</div></div><div><div>(2)</div><div>cybersecurity;</div></div><div><div>(3)</div><div>information technology;</div></div><div><div>(4)</div><div>internal operations;</div></div><div><div>(5)</div><div>operational continuity, resilience and strategy;</div></div><div><div>(5)</div><div>outsourcing, procurement and vendor management; and</div></div><div><div>(5)</div><div>management of services shared with other <i>group</i> members.</div></div></div></div>
10C.6B.5	<div>G</div> <div><div>As explained in <a href="#">■ SYSC 26.11.4G</a> (Overall responsibility for internal operations), if:</div><div><div><div>(1)</div><div>a <i>firm</i> does not have anyone who performs the <i>chief operations function</i>; but</div></div><div><div>(2)</div><div><a href="#">■ SYSC 26</a> (Senior managers and certification regime: Overall and local responsibility) applies to the <i>firm</i>;</div></div></div><div><div>the firm should allocate responsibility for the functions in <a href="#">■ SUP 10C.6B.4G</a> among its <i>SMF managers</i> under <a href="#">■ SYSC 26</a>.</div></div></div>
10C.6B.6	<div>G</div> <div><div>If a <i>firm</i> is required to have a <i>management responsibilities map</i>, the map should include the functions in <a href="#">■ SUP 10C.6B.4G</a>, whether or not the <i>firm</i> has someone who performs the <i>chief operations function</i> (see <a href="#">■ SYSC 25 Annex 1</a> (Examples of the business activities and functions of an SMCR firm)).</div></div>
10C.6B.7	<div>G</div> <div><div>The table in <a href="#">■ SUP 10C.6B.8G</a> gives examples of how the <i>chief operations function</i> applies.</div></div>
10C.6B.8	<div>G</div> <div><div>Table: Examples of how the chief operations function applies</div></div>



Example	Comments
<p>(1) <i>Firm A</i> has the following three individuals.</p> <ul style="list-style-type: none"> <li>- Chief Operating Officer (COO);</li> <li>- Chief Information &amp; Technology Officer (CITO);</li> <li>- Head of Human Resources (Head of HR).</li> </ul> <p>The Head of HR and the CITO report to the COO.</p>	<p>The COO is the only person performing the <i>chief operations function</i>.</p>
<p>(2) <i>Firm A</i> has the following two individuals:</p> <ul style="list-style-type: none"> <li>- Chief Operating Officer (COO);</li> <li>- Chief Information and Technology Officer (CITO).</li> </ul> <p>The COO and CITO are equally senior. Both have separate reporting lines to the Board and the CEO.</p> <p>Overall responsibility for information technology is shared between the COO and CITO.</p> <p>The COO has overall responsibility for all other internal operations.</p>	<p>Both individuals perform the <i>chief operations function</i>.</p>
<p>(3) <i>Firm A</i> has two business lines (broking and advice). It has the following individuals:</p> <ul style="list-style-type: none"> <li>- a Chief Operating Officer responsible for the internal operations of the broking business (other than technology) (B)</li> <li>- a Chief Information and Technology Officer for the broking business (C)</li> <li>- an individual who combines the roles of Chief Operating Officer and Chief Information and Technology Officer for the advice business (D).</li> </ul> <p>B, C and D are equally senior. They all have separate reporting lines to the Board and the CEO.</p>	<p>B, C and D perform the <i>chief operations function</i>.</p>
<p>(4) <i>Firm A</i> splits overall responsibility for its internal operations between various individuals. A separate individual is responsible for human resources, business continuity, procurement and outsourcing, buildings and the remaining parts of internal operations. <i>Firm A</i> also has a Chief Information &amp; Technology Officer (CITO) with responsibility for all the <i>firm's</i> technology.</p>	<p>The CITO performs the <i>chief operations function</i>.</p> <p>None of the others perform the <i>chief operations function</i>. This is because none of them has responsibility for the <i>firm's</i> internal operations as a whole or for all the internal operations of a part of the business. <i>Firm A</i> has divided the responsibility based on function rather than business line.</p>

Example	Comments
Each individual is equally senior.	However those others may be performing the <i>other overall responsibility function</i> .
(5) <i>Firm A</i> has a Chief Operating Officer (B) responsible for its internal operations. However <i>Firm A</i> separates its internal advisory functions (such as economic and market analysis) and allocates them to C.	B performs the <i>chief operations function</i> . C does not. The same answer would apply if C's functions were split between several others.
(6) <i>Firm A</i> has a Chief Operating Officer (B). B does not report to the <i>firm's governing body</i> . B reports to several directors about different aspects of B's job, who in turn report to the <i>governing body</i> .	B does not perform the <i>chief operations function</i> . B does not have overall responsibility for internal operations as B does not have direct responsibility to the <i>governing body</i> . SYSC 26.7 (Meaning of local and overall responsibility: Reporting to the governing body) is relevant to the meaning of overall responsibility in this context.  The directors to whom B reports do not perform the <i>chief operations function</i> either, for the reasons in Example (4).
(7) <i>Firm A</i> has two business lines (broking and advice). B is chief executive of the broking division and C is chief executive of the advisory division. Each chief executive is responsible for the internal operations and IT of their division. Both B and C report to the Board.	SUP 10C.6B.2R(5) means that neither B nor C performs the <i>chief operations function</i> .
(8) <i>Firm A</i> has a Chief Operating Officer (B) responsible for its internal operations. B is not responsible for <i>Firm A's</i> legal department, which is managed by the <i>firm's</i> general counsel (C).	B performs the <i>chief operations function</i> . C does not.



10C.7 Other overall responsibility function (SMF18)

Application

10C.7.1-2 R

This section applies to a *firm*:

- (1) to which ■ SYSC 26 (Senior managers and certification regime: Overall and local responsibility) applies; and
- (2) that is a *UK SMCR firm*.

10C.7.1-1 G

The effect of ■ SUP 10C.7.1-2R is that this section only applies to one of the following types of *UK SMCR firm*:

- (1) an *SMCR banking firm*;
- (2) a *Solvency II firm* (including a *large non-directive insurer*) but excluding an *insurance special purpose vehicle* and certain *firms* in run-off; and
- (3) an *enhanced scope SMCR firm*.

Definition

10C.7.1 R

A *person* performs the *other overall responsibility function* in relation to a *firm* if that *person*:

- (1) is performing:
  - (a) a function allocated to that *person* under ■ SYSC 26.3.1R (Main rules) in relation to the *firm*;
  - (b) *FCA-prescribed senior management responsibility* (z) in the table in ■ SYSC 24.2.6R (functions in relation to CASS) allocated to that *person* under ■ SYSC 24.2 (Allocation of FCA-prescribed senior management responsibilities: Main allocation rules); or
  - (c) (if the *firm* has allocated such a function to someone) the function of having overall responsibility for any of the activities, business areas and management functions of the *firm* excluded from ■ SYSC 26.3 (Main rules) by ■ SYSC 26.4.18R (Exclusion for AIFMD); and
- (2) does not have an approval to perform any other *designated senior management function* in relation to the *firm*.

10C

**10C.7.2** **G** The table in ■ SUP 10C.7.3G gives examples of how ■ SUP 10C.7.1R(2) works.

**10C.7.3** **G** Table: Examples of how the other overall responsibility function applies

Example	Comments
(1) 'A' is appointed to perform the <i>executive director function</i> and to perform a potential <i>other overall responsibility function</i> for the same firm.	A only needs approval to perform the <i>executive director function</i> .
(2) 'A' is approved to perform the <i>other overall responsibility function</i> . Later, A is appointed to perform the <i>executive director function</i> for the same firm.	A requires approval for the <i>other overall responsibility function</i> when A is first appointed. When A is later approved to perform the <i>executive director function</i> , A stops performing the <i>other overall responsibility function</i> . The firm should use Form E to apply for approval for A to perform the <i>executive director function</i> and to notify the FCA that A is no longer performing the <i>other overall responsibility function</i> .
(3) 'A' is appointed to perform the PRA's Head of Key Business Area <i>designated senior management function</i> for Firm X and to perform a potential <i>other overall responsibility function</i> for the same firm. Firm X is an SMCR banking firm.	A only needs approval to perform the PRA's Head of Key Business Area <i>designated senior management function</i> . It does not make any difference whether the potential <i>other overall responsibility function</i> that A performs is connected to the PRA's Head of Key Business Area <i>designated senior management function</i> .
(4) 'A' is approved to perform the <i>other overall responsibility function</i> for Firm X. Firm X is an SMCR banking firm. Later, A is appointed to perform the PRA's Head of Key Business Area <i>designated senior management function</i> for the same firm.	A requires approval for the <i>other overall responsibility function</i> when A is first appointed. When A is later approved to perform the PRA's Head of Key Business Area <i>designated senior management function</i> , A stops performing the <i>other overall responsibility function</i> .
(5) 'A' is appointed to perform: (a) the <i>compliance oversight function</i> for one firm (Firm X) in a group (which may or may not be an SMCR firm to which the <i>other overall responsibility function</i> applies); and (b) a function coming within the scope of the <i>other overall responsibility function</i> for another firm (which is a an SMCR firm to which the <i>other overall responsibility function</i> applies) in the same group (Firm Y).	A needs approval to perform the <i>compliance oversight function</i> for Firm X and the <i>other overall responsibility function</i> for Firm Y.
(6) 'A' is appointed to be head of	A only needs approval to perform

Example	Comments
<p>sales for Firm X and to report directly to the <i>firm's governing body</i> about this. This function also comes within the <i>PRA's Head of Key Business Area designated senior management function</i>. Firm X is an <i>SMCR banking firm</i>.</p>	<p>the <i>PRA's Head of Key Business Area designated senior management function</i>.</p>
<p>(7) 'A' is appointed to take on some functions that come within the <i>other overall responsibility function</i>. Later, A is appointed as chief risk officer.</p> <p>The <i>firm</i> is one of those for which being chief risk officer is a <i>PRA-designated senior management function</i> or an <i>FCA-designated senior management function</i>.</p>	<p>On A's first appointment, A will need to be approved to perform the <i>other overall responsibility function</i>.</p> <p>On being appointed as chief risk officer, A will stop performing the <i>other overall responsibility function</i>.</p>
<p>(8) 'A' is appointed to a role for Firm X that comes within the <i>other overall responsibility function</i>. Firm X is an <i>SMCR banking firm</i>. Later, the firm reorganises and A's role comes within the <i>PRA's Head of Key Business Area designated senior management function</i>. A's role does not otherwise change.</p>	<p>On A's first appointment, A will need to be approved to perform the <i>other overall responsibility function</i>.</p> <p>When A is later approved to perform the <i>PRA's Head of Key Business Area designated senior management function</i>, A stops performing the <i>other overall responsibility function</i>.</p>
<p>(9) 'A' is appointed to a role for Firm X that comes within the <i>PRA's Head of Key Business Area designated senior management function</i>. It is also a potential <i>other overall responsibility function</i>. Later, the firm reorganises—A's role stays the same but now it falls outside the <i>PRA's Head of Key Business Area designated senior management function</i>.</p>	<p>On A's first appointment, A only needs approval to perform the <i>PRA's Head of Key Business Area designated senior management function</i>. Following the reorganisation, the <i>firm</i> has three months to get approval for A to perform the <i>other overall responsibility function</i>. This three-month period applies because the relevant <i>PRA</i> rules keep the <i>PRA's Head of Key Business Area designated senior management function</i> in place, which means that the <i>other overall responsibility function</i> does not apply during that period.</p> <p>The relevant <i>PRA</i> rules can be found in Chapter 2 of the part of the <i>PRA Rulebook</i> titled 'Senior Management Functions', Chapter 2 of the part of the <i>PRA Rulebook</i> titled 'Insurance - Senior Management Functions' and Chapter 2 of the part of the <i>PRA Rulebook</i> titled 'Large Non-Solvency II Firms – Senior Management Functions'.</p>
<p>(10) 'A' is appointed to a role for Firm X that comes within the <i>PRA's Head of Key Business Area designated senior management function</i>. A also performs a potential <i>other</i></p>	<p>The answer to example (9) applies.</p>

Example	Comments
<p>overall responsibility function. Later, A gives up the PRA role but carries on with the potential other overall responsibility function.</p> <p>(11) 'A' is appointed as an executive director. A then resigns and takes up a job with the same firm coming within the other overall responsibility function.</p> <p>Note (1): A potential other overall responsibility function means a function that would have come within the other overall responsibility function but is excluded by SUP 10C.7.1R(2).</p> <p>Note (2): A potential other overall responsibility function should be recorded in A's statement of responsibilities and in the firm's management responsibilities map.</p>	<p>On A's first appointment, A will need to be approved to perform the executive director function. A will need to get approval to perform the other overall responsibility function before A takes up their new responsibilities.</p>

Non-executive directors

- 10C.7.4
- G
- For the reasons described in ■ SYSC 26.4.5G, the FCA does not expect that a non-executive director will ever perform the other overall responsibility function.

Temporary absences

- 10C.7.5
- R
- A person does not perform the other overall responsibility function in relation to a firm by performing a function allocated to that person under ■ SYSC 26.4.6R (Exclusion where the 12-week rule applies) in relation to the firm.

Head of the legal function

- 10C.7.6
- R
- A person does not perform the other overall responsibility function by having overall responsibility for the SMCR legal function under ■ SYSC 26.3.

- 10C.7.7
- G
- (1) The purpose of ■ SUP 10C.7.6R (together with ■ SYSC 26.4.9R(2)) is to ensure that a firm can allocate overall responsibility for its legal function to someone who is not an SMF manager. That means that the head of its legal function need not be an SMF manager.

(2) However, that does not mean that the head of a firm's legal function cannot be an SMF manager. For example, they could be an executive director performing the executive director function.



10C.8 The other local responsibility function (SMF22)

Application

10C.8.-2 **R** This section:

- (1) applies to an *overseas SMCR firm* to which **SYSC 26** (Senior managers and certification regime: Overall and local responsibility) applies; and
- (2) does not apply to an *EEA SMCR firm*.

10C.8.-1 **G** The *other local responsibility function* only applies to one of the following types of *overseas SMCR firm*:

- (1) an *SMCR banking firm*; and
- (2) a *Solvency II firm* (including a *large non-directive insurer*) but excluding certain *firms* in run-off;

but does not apply to any *EEA SMCR firm*.

Other local responsibility function (SMF22)

10C.8.1 **R** A *person* performs the *other local responsibility function* in relation to a *branch* maintained in the *United Kingdom* by an *overseas SMCR firm* if that *person*:

- (1) is performing:
  - (a) a function allocated to that *person* under **SYSC 26.3.1R** (Main rules) in relation to the *firm*; or
  - (b) *FCA-prescribed senior management responsibility* (z) in the table in **SYSC 24.2.6R** (functions in relation to CASS) allocated to that *person* under **SYSC 24.2** (Allocation of FCA-prescribed senior management responsibilities: Main allocation rules); and
- (2) does not have an approval to perform any other *designated senior management function* in relation to the *branch*.

10C.8.2 **G** The table in **SUP 10C.8.3G** gives:

- (1) examples of how **SUP 10C.8.1R(2)** works; and
- (2) other examples of how the *other local responsibility function* works.



**10C.8.3**



Table: Examples of how the other local responsibility function applies

Example	Comments
(1) 'A' is allocated local responsibility for one of a <i>branch's</i> main business lines. A is also appointed to perform a <i>PRA-designated senior management function</i> for the same <i>branch</i> . The <i>firm</i> is a <i>PRA-authorised person</i> .	A only needs approval to perform the <i>PRA-designated senior management function</i> .
(2) 'A' is outside the <i>branch's</i> management structure and A's responsibilities for the <i>branch</i> are limited to setting overall strategy for the <i>branch</i> . A does not have responsibility for implementing that strategy.	A is not performing the <i>other local responsibility function</i> . The reason for this is explained in SYSC 26.8.3G. SUP 10C.8.1R(2) is irrelevant to this example.
(3) A small branch undertakes two business lines (wholesale lending and corporate investments). 'A' is head of wholesale lending and is also an <i>executive director</i> of the branch. 'B' is head of corporate investments and does not sit on the branch management committee but reports to it on corporate investments. The branch allocates local responsibility for these functions to A and B. Neither A nor B performs any other <i>FCA-designated senior management function</i> or (if the firm is a <i>PRA-authorised person</i> ) <i>PRA-designated senior management function</i> .	A only needs approval to perform the <i>executive director function</i> . B needs approval to perform the <i>other local responsibility function</i> .
(4) A <i>branch</i> does not have a Head of Internal Audit. 'P' is allocated local responsibility for internal audit in relation to that <i>branch</i> .	P needs approval to perform the <i>other local responsibility function</i> . However, if P has already been approved to perform another <i>FCA-designated senior management function</i> or (if the <i>firm</i> is a <i>PRA-authorised person</i> ) <i>PRA-designated senior management function</i> for that <i>firm</i> , then P will not be performing the <i>other local responsibility function</i> .
(5) 'A' is appointed to perform the <i>executive director function</i> . The same branch also allocates local responsibility for some branch functions to A.	A only needs approval to perform the <i>executive director function</i> .
(6) 'A' is approved to perform the <i>other local responsibility function</i> . Later, A is appointed to perform the <i>executive director function</i> for the same <i>firm</i> .	A requires approval for the <i>other local responsibility function</i> when A is first appointed. When A is later approved to perform the <i>executive director function</i> , A stops performing the <i>other local responsibility function</i> . The <i>firm</i> should use Form E to apply for approval for A to perform the <i>executive director function</i> and to notify the <i>FCA</i> that A is no longer performing the <i>other local responsibility function</i> .
(7) 'A' is appointed to perform:	A needs approval to perform the



Example	Comments
<p>(a) the <i>compliance oversight function</i> for one <i>firm</i> (Firm X) in a group (which may or may not be an <i>SMCR firm</i> to which the <i>other local responsibility function</i> applies); and</p> <p>(b) a function coming within the scope of the <i>other local responsibility function</i> for the <i>United Kingdom branch</i> of another <i>firm</i> (which is an <i>overseas SMCR firm</i> to which the <i>other local responsibility function</i> applies) in the same group (Firm Y).</p> <p>(8) 'A' is appointed to take on some functions that come within the <i>other local responsibility function</i>. Later, A is appointed as chief risk officer. A is a type of <i>firm</i> for which being chief risk officer is a <i>PRA designated senior management function</i> or an <i>FCA-designated senior management function</i>.</p> <p>(9) 'A' is appointed as an executive director. A then resigns and takes up a job with the same <i>firm</i> coming within the <i>other local responsibility function</i>.</p>	<p><i>compliance oversight function</i> for Firm X and the <i>other local responsibility function</i> for Firm Y.</p> <p>On A's first appointment, A will need to be approved to perform the <i>other local responsibility function</i>.</p> <p>On being approved as chief risk officer, A stops performing the <i>other local responsibility function</i>.</p> <p>On A's first appointment, A will need to be approved to perform the <i>executive director function</i>. A will need to get approval to perform the <i>other local responsibility function</i> before A takes up their new responsibilities.</p> <p>Note: Local responsibility is explained in SYSC 26 (Senior managers and certification regime: Overall and local responsibility).</p>

- 10C.8.4

R

[deleted] [Editor's note: The text of this provision has been moved to ■ SUP 10C.8A.2R]
- 10C.8.5

G

[deleted] [Editor's note: The text of this provision has been moved to ■ SUP 10C.8A.3G]
- 10C.8.6

G

[deleted] [Editor's note: The text of this provision has been moved to ■ SUP 10C.8A.4G]
- 10C.8.7

G

[deleted] [Editor's note: The text of this provision has been moved to ■ SUP 10C.5A.3G]
- 10C.8.8

R

Temporary absences

A person does not perform the *other local responsibility function* in relation to a *firm* by performing a function allocated to that *person* under ■ SYSC 26.4.6R (Exclusion where the 12-week rule applies) in relation to the *firm*.

Head of the legal function

- 10C.8.9
- R
- A *person* does not perform the *other local responsibility function* by having local responsibility for the *SMCR legal function* under ■ SYSC 26.3.
- 10C.8.10
- G
- The *guidance* in ■ SUP 10C.7.7G also applies to ■ SUP 10C.8.9R.

## 10C.8A EEA branch senior manager function (SMF21)

10C.8A.1 **R** This section applies to an *EEA SMCR firm*.

10C.8A.2 **R** (1) A person performs the *EEA branch senior manager function* in relation to the *branch* in the *United Kingdom* of an *EEA SMCR firm* if that person has significant responsibility for one or more significant business units of the *branch* that carry on any of the activities listed in (2).

(2) The activities listed in this paragraph are:

- (a) *designated investment business* other than *dealing in investments as principal*, disregarding article 15 of the *Regulated Activities Order*;
- (b) processing confirmations, payments, settlements, insurance claims, client money and similar matters, in so far as this relates to *designated investment business*;
- (c) the activity of *accepting deposits* from *banking customers* and activities substantially connected to that activity to the extent that it does not fall within (a) or (b), above; and
- (d) activities that are subject to CASS.

(3) In considering whether a person performs the functions in (2), only activities carried on from the *branch* are relevant.

(4) Paragraph (2)(d) only applies in relation to the *regulated activities* of a *firm* that are not *passport*ed activities as defined in (5) and (6).

For the purposes of this rule, “*passport*ed activities” of an *EEA PTV firm* means *regulated activities* that meet the following conditions:

they are included in the *permission* of the *EEA SMCR firm* under the EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018; and

(b) the *firm* was entitled to carry them on in the *United Kingdom* immediately before *IP completion day* by virtue of section 31(1)(b) or (c) of the *Act* as it was in force immediately before *IP completion day*.

(6) For the purposes of this rule, “*passport*ed activities” of an *EEA SMCR firm* also mean *regulated activities* that were subject to an EEA right applicable to the category of *firm* into which the *EEA SMCR firm* falls and which the *firm* is entitled to carry on in its Home State. For these

purposes EEA right has the meaning that it did in Schedule 3 of the Act as it was in force immediately before *IP completion day* and Home State has the meaning that it did in the *Glossary* as it was in force immediately before *IP completion day*.

- 10C.8A.3
- G
- (1) The definition of the *EEA branch senior manager function* (SMF21) is similar to that of the significant management *FCA certification function* under ■ SYSC 27.8.4R. However, only the former is an *FCA-designated senior management function*.

(2) The main differences are:

(a) ■ SUP 10C.8A.2R(2) is not included in the significant management *FCA certification function*; and

(b) the overriding requirements in ■ SUP 10C.3 (General material about the definition of controlled functions) do not apply to the significant management *FCA certification function*.
- 10C.8A.4

G

A person performing the *EEA branch senior manager function* could, for example, be:

(1) the head of a significant business unit carrying on the activities in ■ SUP 10C.8A.2R(2); or

(2) a member of a committee (that is, a person who, together with others, has authority to commit the *branch*) making decisions about those activities.

EEA branch senior manager function (SMF21): Meaning of “significance”

10C.8A.5

G

When considering whether a business unit is significant for the purposes of ■ SUP 10C.8A.2R, the *firm* should take into account all relevant factors in the light of the *firm’s* current circumstances and its plans for the future, including:

(1) the risk profile of that unit;

(2) its use or commitment of the *firm’s* capital;

(3) its contribution to the profit and loss account;

(4) the number of *employees* or *approved persons* working in the business unit;

(5) the number of customers; and

(6) any other factor which makes the unit significant to the conduct of the *branch’s* affairs.

SUP 10C/42

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		<div><div></div><div>10C.9</div><div>Minimising overlap with the PRA approved persons regime</div></div>
		<div>Application</div>
10C.9.-1	G	This section only applies to a <i>PRA-authorised person</i> .
		<div>Introduction</div>
10C.9.1	G	■ SUP 10C.9 deals with how the <i>FCA's</i> senior managers regime for <i>SMCR firms</i> interacts with the <i>PRA's</i> one.
10C.9.2	G	Both the <i>FCA</i> and the <i>PRA</i> may specify a function as a <i>designated senior management function</i> in relation to a <i>PRA-authorised person</i> .
10C.9.3	G	<div>If a <i>person's</i> job for a <i>firm</i> involves performing:<div><div>an <i>FCA-designated senior management function</i>, the <i>firm</i> should apply to the <i>FCA</i> for approval;</div><div>(2) a <i>PRA-designated senior management function</i>, the <i>firm</i> should apply to the <i>PRA</i> for approval;</div><div>(3) both an <i>FCA-designated senior management function</i> and a <i>PRA-designated senior management function</i>, the <i>firm</i> should apply to both the <i>FCA</i> and the <i>PRA</i> for approval (the purpose of ■ SUP 10C.9 is to cut down the need for this sort of dual approval).</div></div></div>
		<div>FCA controlled functions absorbed into PRA controlled functions</div>
10C.9.4	G	The <i>FCA</i> is under a duty, under section 59A of the Act (Specifying functions as controlled functions: supplementary), to exercise the power to specify any <i>senior management function</i> as an <i>FCA controlled function</i> in a way that it considers will minimise the likelihood that approvals need to be given by both the <i>FCA</i> and the <i>PRA</i> for the performance by a <i>person</i> of <i>senior management functions</i> in relation to the same <i>PRA-authorised person</i> .
10C.9.5	G	The <i>FCA</i> and <i>PRA</i> have coordinated their <i>approved person</i> regimes to reduce the amount of overlap.

10C.9.6

**G**

- (1) ■ SUP 10C.9.8R applies when a *firm* is seeking approval from the *PRA* for a *candidate* to perform a *PRA controlled function* and the intention is that the *candidate* will also perform what would otherwise be an *FCA governing function* once the *PRA* gives its approval. ■ SUP 10C.9.8R works by disapplying that *FCA governing function*.
- (2) Where (1) applies, the activities within that *FCA governing function* are included in the *PRA controlled function* for which the *person* has approval. Chapter Two of the part of the *PRA's* rulebook titled 'Senior Management Functions' deals with this. The following parts of the *PRA Rulebook* deal with this:
  - (a) Chapter 2 of the part of the *PRA Rulebook* titled 'Senior Management Functions';
  - (b) Chapter 2 of the part of the *PRA Rulebook* titled 'Insurance - Senior Management Functions';
  - (c) Chapter 2 of the part of the *PRA Rulebook* titled 'Large Non-Solvency II Firms – Senior Management Functions';
  - (d) Chapter 2 of the part of the *PRA Rulebook* titled 'Non-Solvency II Firms - Senior Management Functions';
  - (e) Chapter 6 of the part of the *PRA Rulebook* titled 'Insurance - Senior Managers Regime – Transitional Provisions'; and
  - (f) Chapter 6 of the part of the *PRA Rulebook* titled 'Large Non-Solvency II Firms – Senior Managers Regime – Transitional Provisions'.

10C.9.7

**G**

- (1) ■ SUP 10C.9.9G gives some examples of how ■ SUP 10C.9.8R works.
- (2) The examples do not cover the *other overall responsibility function* because that function does not apply if the *person* holds any other *designated senior management function* for the same *firm*. See the table in ■ SUP 10C.7.3G for examples of how this works.

### The main rule

10C.9.8

**R**

A *person* (referred to as 'A' in this *rule*) is not performing an *FCA governing function* (referred to as the 'particular' *FCA governing function* in this *rule*) in relation to a *PRA-authorised person* (referred to as 'B' in this *rule*), at a particular time, if:

- (1) A has been approved by the *PRA* to perform any *PRA-designated senior management function* in relation to B;
- (2) throughout the whole of the period between the time of the *PRA* approval in (1) and the time in question, A has been the subject of a *current PRA approved person approval* to perform a *PRA-designated senior management function* in relation to B;
- (3) at the time of the *PRA* approval referred to in (1), A was not subject to a *current FCA approved person approval* to perform the particular *FCA governing function* in relation to B;

- (4) as part of the application for the *PRA* approval referred to in (1), B notified the *PRA* that A would start to perform what would otherwise have been the particular *FCA governing function* (referred to as the ‘potential’ *FCA governing function* in this rule) at or around the time of the *PRA* approval in (1); and
- (5) A started to perform the potential *FCA governing function* at, or around the time of, the *PRA* approval in (1) and has continued to perform it up to the time in question (ignoring any occasions on which A has temporarily ceased to perform that function because, for example, of holidays or illness).

10C.9.9

**G** Table: Examples of how the need for dual FCA and PRA approval in relation to PRA-authorised persons is reduced

Example	Whether FCA approval required	Whether PRA approval required	Comments
(1) A is appointed as chief risk officer and an executive director.	No. A is not treated as performing the <i>executive director function</i> .	Yes	Chief risk officer is a <i>PRA-designated senior management function</i> . A's functions as a director will be included in the <i>PRA-designated senior management function</i> . To avoid the need for <i>FCA</i> approval, A's appointment as director should not take effect before <i>PRA</i> approval for the chief risk officer role.
(2) Same as example (1), except that A will take up the role as an executive director slightly later because approval is needed from the <i>firm's</i> shareholders or governing body.	No	Yes	The answer for (1) applies. The arrangements in this section apply if the application to the <i>PRA</i> says that A will start to perform the potential <i>FCA governing function</i> around the time of the <i>PRA</i> approval as well as at that time.
(3) Same as example (1) but the application to the <i>PRA</i> does not mention that it is also intended that A is to be an	Yes, to perform the <i>executive director function</i> .	Yes	<b>SUP 10C.9.8R</b> does not apply if the application for <i>PRA</i> approval does not say that A will also be performing what



Example	Whether FCA approval required	Whether PRA approval required	Comments
executive director.			would otherwise be an <i>FCA governing function</i> .
(4) A is to be appointed as chief executive and an executive director.	No. A is not treated as performing the <i>executive director function</i> .	Yes	Being a chief executive is a <i>PRA-designated senior management function</i> . A's functions as a director will be included in the <i>PRA controlled function</i> .
(5) A is appointed as chief risk officer. Later, A is appointed as an executive director while carrying on as chief risk officer.	Yes, when A takes up the director role. The <i>executive director function</i> applies.	Yes, when A takes up the chief risk officer role.	<a href="#">SUP 10C.9.8R</a> does not apply because, when the firm applied for approval for A to perform the <i>PRA chief risk officer designated senior management function</i> , there was no plan for A also to perform the <i>executive director function</i> .
(6) A is appointed as an executive director. Later, A takes on the chief risk officer function and remains as an executive director.	Yes, when A is appointed as director. The <i>executive director function</i> applies.	Yes, when A takes up the chief risk officer role.	When A is appointed as chief risk officer, A is still treated as carrying on the <i>executive director function</i> . A retains the status of an <i>FCA-approved person</i> .
(7) A is appointed as chief risk officer. A then stops performing that role and for a while does not perform any <i>controlled function</i> for that firm. Later, A is appointed as an executive director with the same firm.	Yes, when A is appointed as an executive director. The <i>executive director function</i> applies.	Yes, when A takes up the chief risk officer role.	<a href="#">SUP 10C.9.8R</a> does not apply because there is no current <i>PRA</i> approval when A is being appointed as a director.
(8) A is appointed as an executive director and chief risk officer at the same time. Later, A	No, on A's first appointment (see example (1)). But when A gives up the role as chief risk officer, <i>FCA</i>	Yes, on A's first appointment.	When A stops being a chief risk officer, A stops performing a <i>PRA-designated senior</i>



Example	Whether FCA approval required	Whether PRA approval required	Comments
gives up the role as chief risk officer but remains as an executive director.	<p>approval is needed to perform the <i>executive director function</i>.</p> <p>Form E should be used. The application should state that it is being made as a result of A ceasing to perform a <i>PRA-designated senior management function</i>.</p> <p>Form A should be used if there have been changes in A's fitness (SUP 10C.10.9D(4))</p>		<p><i>management function</i>. However, being an executive director requires FCA approval. A does not have that approval because A did not need it when A was first appointed.</p> <p>The combined effect of SUP 10C.9.8R and the relevant PRA rules is that the <i>firm</i> has three months to secure approval by the FCA. During that interim period, A keeps the status of a <i>PRA approved person</i> performing the director element of the <i>PRA chief risk designated senior management function</i> - which is included in that function under relevant PRA rules. The relevant PRA rules say that, during this transitional period, A is still treated as performing the <i>PRA chief risk designated senior management function</i> and SUP 10C.9.8R says that, for as long as A is performing a <i>PRA-designated senior management function</i>, A does not perform the <i>executive director function</i>.</p>

Example	Whether FCA approval required	Whether PRA approval required	Comments
(9) A is appointed as the chief finance officer and an executive director at the same time. Later, A switches to being chief risk officer while remaining as an executive director.	No	Yes	The arrangements in <a href="#">SUP 10C.9.8R</a> continue to apply, even though A switches between <i>PRA-designated senior management functions</i> after the <i>PRA's</i> first approval.
(10) A is appointed chief risk officer and an executive director. A goes on temporary sick leave. A takes up their old job when A comes back.	No, neither on A's first appointment nor when A comes back from sick leave.	Yes, on A's first appointment.	<a href="#">SUP 10C.9.8R</a> still applies on A's return because A does not cease to have approval for the <i>PRA's</i> chief risk function or permanently cease to perform what would otherwise have been the <i>executive director function</i> just because A goes on temporary sick leave.
(11) A is appointed to be chair of the <i>governing body</i> and chair of the nomination committee at the same time.	No. A does not need approval to perform the <i>chair of the nomination committee function</i> .	Yes, on first appointment.	Being chair of the <i>governing body</i> is a <i>PRA-designated senior management function</i> . Therefore, the answer for example (1) applies.
(12) 'A' is to be appointed to perform the Head of Overseas Branch <i>PRA-designated senior management function</i> (SMF19) for a an overseas SMCR firm that is not an EEA SMCR firm. A is also an executive director of that firm's UK branch.	No. A is not treated as performing the <i>executive director function</i> .	Yes	A's functions as a director will be included in the <i>PRA controlled function</i> .
Note 1: The relevant <i>PRA</i> rules can be found in the parts of the <i>PRA Rulebook</i> listed in <a href="#">SUP 10C.9.6G</a> .			

		Example	Whether FCA ap- proval required	Whether PRA ap- proval required	Comments
		Note 2: Where one of the examples in this table includes someone being chief risk or finance officer or chair of the <i>governing body</i> , the example assumes that the <i>firm</i> is of a type for which that function is a <i>PRA-designated senior management function</i> .			
10C.9.10	G	(1) The potential <i>FCA governing functions</i> should be recorded in A's <i>statement of responsibilities</i> and in the <i>firm's management responsibilities map</i> .  (2) A potential <i>FCA governing function</i> means a function that would have been an <i>FCA governing function</i> but which is not an <i>FCA governing function</i> because of ■ SUP 10C.9.8R.			
		<b>Further guidance on the arrangements between the FCA and PRA about approvals</b>			
10C.9.11	G	The <i>PRA</i> cannot give its approval for the performance of a <i>PRA-designated senior management function</i> without the consent of the <i>FCA</i> . The <i>firm</i> does not need to apply to the <i>FCA</i> for that consent.			
10C.9.12	G	Under section 59B of the <i>Act</i> (Role of FCA in relation to PRA decisions), the <i>FCA</i> may arrange with the <i>PRA</i> that, in agreed cases, the <i>PRA</i> may give approval without obtaining the consent of the <i>FCA</i> . No such arrangements are currently in force.			

		<div>10C.10</div> <div>Application for approval and withdrawing an application for approval</div>
		<div>Purpose</div>
10C.10.1	G	This section explains how a <i>firm</i> should apply for approval for a <i>person</i> to perform an <i>FCA-designated senior management function</i> .
10C.10.2	R	Unless the context otherwise requires, in ■ SUP 10C.10 (Application for approval and withdrawing an application for approval) to ■ SUP 10C.15 (Forms and other documents and how to submit them to the FCA), where reference is made to a <i>firm</i> , this includes an applicant for <i>Part 4A permission</i> and other <i>persons</i> seeking to carry on <i>regulated activities</i> as an <i>SMCR firm</i> .
10C.10.2A	D	■ SUP 10C.10.2R applies to every direction in ■ SUP 10C.10 to ■ SUP 10C.15.
		<div>When to apply for approval</div>
10C.10.3	G	<div>(1) Section 59 of the <i>Act</i> (Approval for particular arrangements) says that a <i>firm</i> must take reasonable care to ensure that no one performs an <i>FCA controlled function</i> (including an <i>FCA-designated senior management function</i>) unless that <i>person</i> is acting in accordance with an approval given by the <i>FCA</i>.</div> <div>(2) That means that where a <i>candidate</i> will be performing one or more <i>FCA-designated senior management functions</i>, a <i>firm</i> must take reasonable care to ensure that the <i>candidate</i> does not perform these functions unless they have prior approval from the <i>FCA</i>.</div>
		<div>Failure to apply for approval</div>
10C.10.4	G	<div>(1) If a <i>person</i> performs an <i>FCA controlled function</i> (including an <i>FCA-designated senior management function</i>) without approval, it is not only the <i>firm</i> that is accountable. Under section 63A of the <i>Act</i> (Power to impose penalties), if the <i>FCA</i> is satisfied that:</div> <div><div>(a) a <i>person</i> ('P') has at any time performed an <i>FCA controlled function</i> without approval; and</div><div>(b) at that time P knew, or could reasonably be expected to have known, that P was performing an <i>FCA controlled function</i> without approval;</div></div>

it may impose a penalty on P of such amount as it considers appropriate.

- (2) A person performs a controlled function without approval for these purposes if that person is not acting in accordance with an approval given under section 59 (Approval for particular arrangements).

Who should make the application?

10C.10.5 G In accordance with section 60 of the Act (Applications for approval), applications must be submitted by, or on behalf of, the firm itself, not by:

- (1) the FCA candidate; or
- (2) (where the FCA candidate works for the firm's parent undertaking or holding company) by the firm's parent undertaking or holding company.

10C.10.6 G (1) The firm that is employing the FCA candidate to perform the FCA-designated senior management function will usually make the submission itself.

(■ SUP 10C.10.7G describes some common situations.)

- (2) Where a firm has outsourced the performance of an FCA-designated senior management function, the details of the outsourcing determines whom the FCA anticipates will submit the FCA-approved persons application forms.

- (3) The firm which is outsourcing is referred to as 'A' and the person to whom the performance of the FCA-designated senior management function has been outsourced, or which makes the arrangement for the FCA-designated senior management function to be performed, is referred to as 'B'. In each situation, A must take reasonable care to ensure that, in accordance with section 59(2) of the Act, no person performs an FCA-designated senior management function under an arrangement entered into by its contractor in relation to the carrying on by A of a regulated activity, without approval from the FCA.

10C.10.7 G Outsourcing arrangements

Outsourcing arrangements	Explanation	Submitting form
Firm A to firm B	The FCA will consider A to have taken reasonable care if it enters into a contract with B under which B is responsible for ensuring that the relevant FCA-designated senior management functions are performed by FCA-approved SMF managers, and that it is reasonable for A to rely on this.	Firm B submits FCA-approved persons forms on behalf of firm A.

Outsourcing arrangements	Explanation	Submitting form
Outsourcing by A to B (both being a member of the same <i>United Kingdom group</i> and each having its registered office in the <i>United Kingdom</i> )	See SUP 10C.3.9G	Either A or B may submit <i>FCA-approved persons</i> forms on behalf of <i>firms</i> in the group (see SUP 15.7.8G).
(i) A to B, where B: (a) is not an <i>authorised person</i> ; and (b) is not part of the same <i>group</i> as A; or (ii) A to B, where A is a <i>branch</i> of an <i>overseas firm</i> in the <i>United Kingdom</i> , and B is an <i>overseas undertaking</i> of the same <i>group</i> ; or (iii) A to B, where A is a <i>UK authorised subsidiary</i> of an <i>overseas firm</i> and B is an <i>overseas undertaking</i> of the same <i>group</i> .	Responsibility for (as opposed to the performance of) any activity <i>outsourced</i> to B will remain with A. See SYSC 8.	A ensures that an individual approved by the <i>FCA</i> or the <i>PRA</i> to perform a <i>designated senior management function</i> has responsibility for the <i>outsourced arrangement</i> and A submits a form in relation to that individual.

How to apply for approval

10C.10.8 D

- (1) An application by a *firm* for the *FCA*'s approval under section 59 of the Act (Approval for particular arrangements) for the performance of an *FCA-designated senior management function* must be made by completing Form A (■ SUP 10C Annex 3D), except where ■ SUP 10C.10.9D requires Form E.
- (2) If a *firm* must make an application using Form A, it must use Form A (shortened form) in the circumstances described in ■ SUP 10C.10.8AD.

10C.10.8A D

- If a *firm* must make an application using Form A, it must use Form A (shortened form) if:
- (1) the *candidate*:
- (a) has *current approved person approval* to perform:
    - (i) an *FCA controlled function* that is a *significant-influence function*; or
    - (ii) an *FCA-designated senior management function*; or
    - (iii) a *PRA controlled function*; or
  - (b) has had *current approved person approval* of the type described in (a) within the previous six *months*; and
- (2) there have been no matters arising in relation to the fitness and propriety of the *person* to whom the application relates which mean that the information provided to the *FCA* or the *PRA* regarding

fitness and propriety in connection with the *current approved person approval* in (1)(a) or (b) may have changed since the application for that *current approved person approval* was made.

**10C.10.8B** D

A *firm* must not use Form A (shortened form) if:

- (1) the *firm* is a *MiFID investment firm* (except a *credit institution*); and
- (2) ■ SUP 10C.10.9BD applies to that application.

**10C.10.9** D

- (1) A *firm* must use Form E (■ SUP 10C Annex 7D) where an *approved person*:
  - (a) is both permanently ceasing to perform one or more *controlled functions*; and
  - (b) needs to be approved in relation to one or more *FCA-designated senior management function*; within the same *firm* or *group*.
- (2) A *firm* must not use Form E if the *approved person* has never before been approved to perform for any *firm*:
  - (a) an *FCA controlled function* that is a *significant-influence function*;
  - (b) an *FCA-designated senior management function*; or
  - (c) a *PRA controlled function*.
- (3) A *firm* must not use Form E if the *approved person* has not been subject to a *current approved person approval* from the *FCA* or *PRA* to perform for any *firm* for more than six months:
  - (a) an *FCA controlled function* that is a *significant-influence function*;
  - (b) an *FCA-designated senior management function*; or
  - (c) a *PRA controlled function*.
- (4) A *firm* must not use Form E if:
  - (a) a notification has been made or should be made:
    - (i) to the *FCA* under ■ SUP 10C.14.18R (Changes in fitness to be notified under Form D); or
    - (ii) (if the *firm* is a *PRA-authorised person*) to the *PRA* under any equivalent *PRA* rule;
    - (iii) to the *FCA* under ■ SUP 10A.14.17R (the equivalent to (i) in ■ SUP 10A);
 (whichever is applicable);
  - (b) a notification has been made or should be made to the *FCA* or (if the *firm* is a *PRA-authorised person*) *PRA* under any of the following:
    - (i) section 63(2A) of the *Act* (Duty to notify regulator of grounds for withdrawal of approval); or
    - (ii) [deleted]



**10C.10.9A** G

- (iii) section 64C of the Act (Requirement for relevant authorised persons to notify regulator of disciplinary action); or
  - (c) (if the *firm* is a *PRA-authorised person*) a notification has been made or should be made to the *PRA* under any provision of the *PRA Rulebook* corresponding to the requirements in (b); or
  - (d) any of the circumstances in ■ SUP 10C.14.7R (Qualified Form C) apply;
- in relation to any:
- (e) *controlled functions* which that *person* is ceasing to perform (as referred to in (1)); or
  - (f) any *controlled function* that they are continuing to perform for that *firm* or a *firm* in the same *group*.

- (1) The *MiFID authorisation and management body change notification ITS* requires that *MiFID investment firms* (except *credit institutions*) submit the Annex III information on a specified template (which is based on one prepared by *ESMA* and which is available at <https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.docx> ('Annex III template')) where there is a change to a member of the *management body* or a *person* who effectively directs the business.
- (2) *MiFID investment firms* (except *credit institutions*) need to submit this Annex III template within ten *business days* of the change in the *online notification and application system* (also known as Connect).
- (3) ■ SUP 10C.10.9BD explains how this requirement fits in with the requirement to submit a Form A or Form E.
- (4) [deleted]

**10C.10.9AA** G

- (1) The *MiFID authorisation and management body change notification ITS* requires that a *person* applying to be a *MiFID investment firm* (except a *credit institution*) should notify the *appropriate regulator* of information about members of its *management body* by filling in the template set out in Annex II of the appropriate part of the *MiFID authorisation and management body change notification ITS*.
- (2) This applies whether:
  - (a) the *person* is applying for *authorisation*; or
  - (b) the *person* is a *firm* applying for a variation of its *permission* that would turn it into a *MiFID investment firm*.
- (3) There is no requirement to fill in the MiFID Article 4 SMR Information Form referred to in ■ SUP 10C.10.9BD along with a Form A or Form E.

**10C.10.9B** G

Where:

- (1) there is a change to a member of the *management body* or *person* who directs the business of a *MiFID investment firm* (except a *credit institution*) that the *firm* must notify to the *appropriate regulator* under Annex III of the appropriate part of the *MiFID authorisation and management body change notification ITS*; and



	<p>(2) that change also requires the <i>firm</i> to apply for approval for that member or <i>person</i> to perform an <i>FCA-designated senior management function</i>;</p> <p>the <i>firm</i> must submit to the <i>FCA</i> the completed form found in ■ SUP 10C Annex 11D (MiFID Article 4 SMR Information Form) at the same time as submitting the Form A or Form E about the <i>candidate</i>.</p>
10C.10.9C G	<p>MiFID investment firms (except credit institutions) who submit:</p> <p>(1) Form A or Form E; and</p> <p>(2) the MiFID Article 4 SMR Information Form;</p> <p>about a <i>candidate</i> can complete the Annex III template outlined in ■ SUP 10C.10.9AG by cross-referring to any information required by the template that has been included in the relevant Form A or Form E. The template should be annexed to the relevant Form A or Form E.</p>
10C.10.10 G	<p>■ SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how applications should be submitted.</p>
10C.10.10A G	<p>(1) A <i>firm</i> should only use a Form E (■ SUP 10C Annex 7D) when the <i>candidate</i> is ceasing to perform a <i>controlled function</i> in a way that means that the <i>candidate</i> will cease to be approved for that <i>controlled function</i>.</p> <p>(2) See ■ SUP 10C.14.5AG to ■ SUP 10C.14.5DG for the difference between temporarily ceasing to perform a <i>controlled function</i> (which means that approval for the performance of that <i>controlled function</i> continues) and permanently ceasing to perform a <i>controlled function</i> (which means that approval for the performance of that <i>controlled function</i> lapses).</p> <p>(3) (1) and (2) are the reason that ■ SUP 10C.10.9D refers to permanently ceasing to perform a <i>controlled function</i>.</p>
	<p><b>Statements of responsibilities</b></p>
10C.10.11 G	<p>An application by a <i>firm</i> for the <i>FCA</i>'s approval under section 59 of the Act (Approval for particular arrangements) for the performance of an <i>FCA-designated senior management function</i> should be accompanied by a <i>statement of responsibilities</i> about the <i>candidate</i>.</p>
10C.10.12 G	<p>■ SUP 10C.11 (Statements of responsibilities) contains more material about <i>statements of responsibilities</i>, including (in particular) about a <i>statement of responsibilities</i> submitted under an application under ■ SUP 10C.10.</p>
	<p><b>Other material to be included in an application</b></p>
10C.10.13 G	<p>A <i>firm</i> to which ■ SYSC 25.9 (Handover procedures and material) applies should include in an application a reasonable summary of:</p>

	<div>(1) any handover certificate; and</div> <div>(2) any other handover material;</div> <div>referred to in ■ SYSC 25.9 that relates to the responsibilities that the <i>candidate</i> is to perform.</div>
10C.10.13A	<div>D</div> <div>A <i>firm</i> to which ■ SYSC 25.2 (Management responsibilities maps: Main rules) applies must include in an application for the <i>FCA's</i> approval under section 59 of the <i>Act</i> (Approval for particular arrangements) for the performance of an <i>FCA-designated senior management function</i> the latest version of the <i>firm's management responsibilities map</i>.</div>
	<div>Vetting of candidates by the firm</div>
10C.10.14	<div>G</div> <div>Under section 60A of the <i>Act</i>, before a <i>firm</i> makes an application for approval, it should be satisfied that the <i>candidate</i> is a fit and proper person to perform the function to which the application relates. In deciding that question, the <i>firm</i> should have particular regard to whether the <i>candidate</i>, or any <i>person</i> who may perform a function on the <i>candidate's</i> behalf:</div> <div><div>(1) has obtained a qualification;</div><div>(2) has undergone, or is undergoing, training;</div><div>(3) possesses a level of competence; or</div><div>(4) has the personal characteristics;</div></div> <div>required by <i>FCA rules</i> in relation to <i>persons</i> performing functions of the kind to which the application relates.</div>
10C.10.15	<div>G</div> <div>For <i>guidance</i> on criteria that a <i>firm</i> should use for assessing whether an <i>FCA candidate</i> is fit and proper (including the <i>FCA rules</i> referred to in ■ SUP 10C.10.14G), see <i>FIT</i>.</div>
	<div>Criminal records checks and verifying fitness and properness</div>
10C.10.16	<div>R</div> <div><div>(1) This <i>rule</i> applies to an application by a <i>firm</i> for the <i>FCA's</i> approval under section 59 of the <i>Act</i> (Approval for particular arrangements) for the performance of an <i>FCA-designated senior management function</i>.</div><div>(2) A <i>firm</i> must (as part of its assessment of whether a <i>candidate</i> is a fit and proper person to perform an <i>FCA-designated senior management function</i> and to verify the information contained in the application to carry out the <i>FCA-designated senior management function</i>) obtain the fullest information that it is lawfully able to obtain about the <i>candidate</i> under Part V of the Police Act 1997 (Certificates of Criminal Records, &amp;c) and related subordinated legislation of the <i>UK</i> or any part of the <i>UK</i> before making the application.</div><div>(3) This <i>rule</i> does not apply to a <i>firm</i> that is a <i>sole trader</i> if the <i>candidate</i> is the <i>sole trader</i> themselves.</div></div>

- 10C.10.17** G (1) In England and Wales a *firm* should get an application form from the Disclosure and Barring Service (DBS) or an umbrella body (a registered body that gives access to DBS checks).
- (2) The *firm* should ask the *candidate* to fill in and return the form to the *firm*. The *firm* should then send the completed application form to the DBS or the *firm's* umbrella body.
- (3) The *firm* should then ask the *candidate* to show the *firm* the certificate when the *candidate* receives it from the DBS.
- (4) There is an equivalent procedure in Scotland (involving Disclosure Scotland) and Northern Ireland (involving AccessNI).
- 10C.10.18** G The *firm* should not send a copy of the certificate to the FCA unless required to do so under ■ SUP 10C.10.18AG or ■ SUP 10C.10.28G (requests for additional information).
- 10C.10.18A** G *MiFID investment firms (except credit institutions)* should provide a copy of the certificate to the FCA in cases where they disclose, in accordance with the *MiFID authorisation and management body change notification ITS*, the existence of a criminal conviction in response to the questions in:
- (a) Long Form A; or
- (b) the MiFID Article 4 SMR Information Form.
- 10C.10.19** G If the *candidate* is employed by a contractor, the *firm* may ask the contractor to obtain the certificate.
- 10C.10.20** G A *firm* should also check the *Financial Services Register* as part of its assessment of whether a *candidate* is fit and proper and to verify the information contained in the application for approval.
- 10C.10.21** G If appropriate, a *firm* should:
- (1) carry out a criminal record check; and
- (2) check any equivalent of the *Financial Services Register*;
- in a jurisdiction outside the UK. This may be appropriate if the *candidate* has spent time working or living in that jurisdiction.
- 10C.10.22** G A *firm* should consider whether it should take additional steps to verify any information contained in an application to carry out an *FCA-designated senior management function* or that it takes into account in its assessment of whether a *candidate* is a fit and proper person.
- 10C.10.23** G Please see ■ SYSC 22 (Regulatory references) about the requirement for a *firm* to ask for references from previous employers.

- 10C.10.23A** G
- (1) ■ **SUP 10C.10.16R** (Criminal records checks) does not require a *firm* to carry out a criminal records check for the purposes of its annual assessment of the fitness and propriety of its *SMF managers* under section 63(2A) of the Act.
  - (2) The requirement in section 63(2A) of the Act is summarised in ■ **SUP 10C.14.24G** (Table: Explanation of the sections of the Act mentioned in SUP 10C.14.22R).

### Processing an application

- 10C.10.24** G The Act sets out the time that the FCA has to consider an application and come to a decision.

- 10C.10.25** G In any case where the application for approval is made by a *person* applying for a *Part 4A permission*, the FCA has until the end of whichever of the following periods ends last:

- (1) the period within which an application for that *permission* must be determined; and
- the period of three months from the time it receives a properly completed application.

- 10C.10.26** G In any other case, it is the period of three months from the time it receives a properly completed application.

- 10C.10.27** G The FCA will deal with cases more quickly than this whenever circumstances allow and will try to meet the standard response times published on the website and in its Annual Report. However, the processing time will be longer than the published standard response times if:

- (1) an application is incomplete when received; or
- (2) the FCA has knowledge that, or reason to believe that, the information is incomplete.

- 10C.10.28** G Before making a decision to grant the application or give a *warning notice*, the FCA may ask the *firm* for more information about the *FCA candidate*. If it does this, the three-month period in which the FCA must determine a completed application:

- (1) will stop on the day the FCA requests the information; and
- (2) will start running again on the day on which the FCA finally receives all the requested information.

- 10C.10.29** G If there is a delay in processing the application within the standard response time, the FCA will tell the *firm* making the application as soon as this becomes apparent.

- 10C.10.30** G
- (1) Application forms must always be completed fully and honestly. Further notes on how to complete the form are contained in each form.
  - (2) If forms are not completed fully and honestly, applications will be subject to investigation and the *FCA candidate's* suitability to be approved to undertake an *FCA controlled function* will be called into question.
  - (3) A *person* who provides information to the *FCA* that is false or misleading may commit a criminal offence and could face prosecution under section 398 of the *Act*, regardless of the status of their application.

**10C.10.31** G The *FCA* may grant an application only if it is satisfied that the *FCA candidate* is a fit and proper *person* to perform the *FCA-designated senior management function* stated in the application form. Responsibility lies with the *firm* making the application to satisfy the *FCA* that the *FCA candidate* is fit and proper to perform the *FCA-designated senior management function* applied for.

**10C.10.32** G For further *guidance* on criteria for assessing whether an *FCA candidate* is fit and proper for the purposes of ■ SUP 10C.10.31G, see *FIT*.

### Decisions on applications

- 10C.10.33** G The *FCA* must:
- (1) grant the application;
  - (2) grant the application subject to conditions or limitations (see ■ SUP 10C.12 for more information); or
  - (3) refuse the application.

**10C.10.34** G Whenever it grants an application, the *FCA* will confirm this in writing to all *interested parties*.

**10C.10.35** G If the *FCA* proposes to take the steps in ■ SUP 10C.10.33G(2) or ■ SUP 10C.10.33G(3) in relation to one or more *FCA-designated senior management functions*, it must follow the procedures for issuing *warning* and *decision notices* to all *interested parties*. The requirements relating to *warning* and *decision notices* are in ■ DEPP 2.

### Withdrawing an application for approval

**10C.10.36** R A *firm* notifying the *FCA* of its withdrawal of an application for approval must use Form B (■ SUP 10C Annex 4R).

**10C.10.37** G Under section 61(5) of the *Act* (Determination of applications), the *firm* may withdraw an application only if it also has the consent of:

- (1) the *candidate*; and
- (2) the *person* by whom the *candidate* is or would have been employed, if this is not the *firm* making the application.

10C.10.38 G ■ SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how a notice of withdrawal should be submitted.



10C.11 Statements of responsibilities

What a statement of responsibilities is

10C.11.1 G

- (1) Section 60(2A) of the *Act* (Applications for approval) says that, if a *firm* is applying for approval from the *FCA* or the *PRA* for a *person* to perform a *designated senior management function*, the regulator to which the application is being made must require the application to contain, or be accompanied by, a statement setting out the aspects of the affairs of the *firm* which it is intended that the *person* will be responsible for managing in performing the function.
- (2) That statement is a *statement of responsibilities*.
- (3) A *statement of responsibilities* includes a statement amended under section 62A of the *Act* (see ■ SUP 10C.11.5G).

What this section covers

10C.11.2 G

- (1) This section is about the *FCA*'s requirements for *statements of responsibilities*.
- (2) However, in the case of a *PRA-authorised person*, where applications and notifications relate both to *FCA-designated senior management functions* and to *PRA* ones, the regulators' requirements are consistent with each other.
- (3) The general material in this section (■ SUP 10C.11.13D to ■ SUP 10C.11.35G) applies to *statements of responsibilities* submitted in all the cases covered by this section. It covers *statements of responsibilities* submitted as part of an application for approval or variation and revised *statements of responsibilities*.

Applications for approval

10C.11.3 D

An application by a *firm* for the *FCA*'s approval under section 59 of the *Act* (Approval for particular arrangements) for the performance of an *FCA-designated senior management function* must be accompanied by a *statement of responsibilities* (■ SUP 10C Annex 10D).

10C.11.4 G

- (1) ■ SUP 10C.10 (Application for approval and withdrawing an application for approval) explains the procedures for applying for approval.
- (2) ■ SUP 10C.15 (Forms and other documents and how to submit them to the *FCA*) explains how applications for approval should be submitted.



- (3) See the table in ■ SUP 10C.11.19G for examples of how the requirements of this section about including *statements of responsibilities* in applications for approval apply in different situations.

#### Revised statements of responsibilities: Introduction

10C.11.5 G

Under section 62A of the *Act*, a *firm* must provide the *FCA* with a revised *statement of responsibilities* if there has been any significant change in the responsibilities of an *FCA-approved SMF manager*. More precisely:

- (1) if a *firm* has made an application (which was granted) to the *FCA* for approval for a *person* to perform an *FCA-designated senior management function*;
- (2) the application contained, or was accompanied by, a *statement of responsibilities*; and
- (3) since the granting of the application, there has been any significant change in the aspects of the *firm's* affairs which the *FCA-approved SMF manager* is responsible for managing in performing the function;

the *firm* should provide the *FCA* with a revised *statement of responsibilities*.

#### Revised statements of responsibilities: Meaning of significant change

10C.11.6 G

- (1) This paragraph sets out non-exhaustive examples of potential changes which, in the *FCA's* view, may be significant and thus require the submission of a revised *statement of responsibilities*.
- (2) A variation of the *FCA-approved SMF manager's* approval, either at the *firm's* request or at the *FCA's* or (in the case of a *PRA-authorised person*), *PRA's* initiative, resulting in the imposition, variation or removal of a condition or time limit, may involve a significant change.
- (3) Fulfilling or failing to fulfil a condition on approval may involve a significant change.
- (4) The addition, re-allocation or removal of any of the following (or part of one):
  - (a) an *FCA-prescribed senior management responsibility*;
  - (b) (in the case of a *PRA-authorised person*), a *PRA-prescribed senior management responsibility*; or
  - (c) responsibility for a function under ■ SYSC 26 (Senior managers and certification regime: Overall and local responsibility);may involve a significant change.
- (5) The sharing or dividing of an *FCA-prescribed senior management responsibility* or a *PRA-prescribed senior management responsibility* or, in the case of a *PRA-authorised person*, that was originally performed by one *person* between two or more *persons* may involve a significant change.



- (6) Ceasing to share an *FCA-prescribed senior management responsibility* or a *PRA-prescribed senior management responsibility* or, in the case of a *PRA-authorised person*, that was originally shared with another, or others, may involve a significant change.
- (6A) Beginning or ceasing to share responsibility for a function under ■ SYSC 26 (Senior managers and certification regime: Overall and local responsibility) may involve a significant change.
- (6B) Where an *FCA-approved SMF manager* goes on a temporary absence of longer than 12 weeks and on their return from that absence (see ■ SUP 10C.14.5CG).
- (7) A change is likely to be significant if it reflects a significant change to the job that the *person* is doing for the *firm*. Some factors relevant here include:
  - (a) the importance to the *firm* of the functions being given up or taken on;
  - (b) whether the *FCA-approved SMF manager's* seniority in the *firm's* management changes;
  - (c) whether there are changes to the identity, number or seniority of those whom the *FCA-approved SMF manager* manages; and
  - (d) whether there are changes to the skills, experience or knowledge needed by the *FCA-approved SMF manager* for the job.

#### Revised statements of responsibilities: Procedure

##### 10C.11.7 D

- (1) A *firm* must provide a revised *statement of responsibilities* under section 62A of the Act (■ SUP 10C Annex 10D) under cover of Form J (■ SUP 10C Annex 9D).
- (2) A *firm* must not use Form J where the revisions are to be made as part of arrangements involving an application:
  - (a) for approval for the *FCA-approved SMF manager* concerned to perform another *designated senior management function* for the same *firm*; or
  - (b) to vary (under section 63ZA of the Act (Variation of senior manager's approval at request of relevant authorised person)) an approval for the *FCA-approved SMF manager* concerned to perform a *designated senior management function* for the same *firm*.
- (3) In the case of a *PRA-authorised person*, where the change to be notified to the *FCA* under section 62A of the Act is part of an arrangement under which:
  - (a) the *firm* is also required to make an application or notification about the *FCA-approved SMF manager* to the *PRA* which involves sending a *statement of responsibilities* for that *FCA-approved SMF manager* in relation to the same *firm* to the *PRA*; but
  - (b) the *firm* is not required to send any other application or notice about the *FCA-approved SMF manager* under this chapter directly to the *FCA*;

the *firm* must provide the revised *statement of responsibilities* to the FCA by including it with the application or notice to the PRA.

**10C.11.8** G Broadly, the intention of ■ SUP 10C.11.7D(2) is that there is no need for Form J if the revised *statement of responsibilities* is being submitted together with Form A, Form E, the MiFID Article 4 SMR Information Form or Form I for the same *firm*.

**10C.11.9** G

- (1) ■ SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how revised *statements of responsibilities* should be submitted.
- (2) See the table in ■ SUP 10C.11.19G for examples of how the requirements of this section about submitting revised *statements of responsibilities* apply in different situations.
- (3) In particular, the table in ■ SUP 10C.11.19G gives examples of how ■ SUP 10C.11.7D(2) and (3) work.

#### Variation of approval

**10C.11.10** D An application by a *firm* to the FCA for the variation of an existing approval under section 63ZA of the Act (Variation of a senior manager's approval at request of authorised person) must be accompanied by a *statement of responsibilities*.

**10C.11.11** G

- (1) See ■ SUP 10C.13 (Variation of conditional and time-limited approvals) for more details about applications to vary an approval.
- (2) ■ SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how applications to vary an approval should be submitted.
- (3) See the table in ■ SUP 10C.11.19G for examples of how the requirements of this section about submitting *statements of responsibilities* with applications to vary an approval apply in different situations.

#### Ceasing to carry on some functions

**10C.11.12** R

- (1) If:
  - (a) an FCA-approved SMF manager ceases to perform a *designated senior management function* for a *firm*; but
  - (b) continues to perform an FCA-designated senior management function for that *firm*;
 the *firm* must (under Form J) submit a *statement of responsibilities* for the remaining FCA-designated senior management functions complying with the requirements of this section (including ■ SUP 10C.11.13D).
- (2) Where the matter to be notified to the FCA under (1) is part of an arrangement under which:

- (a) the *firm* is also required to make an application or notification about the *FCA-approved SMF manager* to the *PRA* that involves sending a *statement of responsibilities* for that *FCA-approved SMF manager* in relation to the same *firm* to the *PRA*; but
- (b) the *firm* is not required to give any other notice or make any application about the *FCA-approved SMF manager* under this chapter directly to the *FCA*;

the *firm* must provide the revised *statement of responsibilities* to the *FCA* by including it with the application or notice to the *PRA*.

#### One document for each SMF manager for each firm

##### 10C.11.13 D

- (1) A *firm* must prepare *statements of responsibilities* (including revised ones) for one of its *FCA-approved SMF managers* as a single document covering every *designated senior management function* for which:
  - (a) that *FCA-approved SMF manager* has approval; or
  - (b) for which an application for approval is being made; for that *firm*.
- (2) The statement must be up to date for each *designated senior management function*.

##### 10C.11.14 G

- (1) ■ SUP 10C.11.13D means that, at any time, a *firm* should have a single document for an *FCA-approved SMF manager* that:
  - (a) contains *statements of responsibilities* for all *designated senior management functions* for which that *SMF manager* has approval; and
  - (b) where relevant, contains *statements of responsibilities* for all *designated senior management functions* for which the *firm* is applying for approval.
- (2) (In the case of a *PRA-authorised person*), the document in (1) should cover *PRA-designated senior management functions* as well as *FCA-designated senior management functions*.
- (3) The document should be updated:
  - (a) under section 62A of the Act (see ■ SUP 10C.11.5G); and
  - (b) whenever the *firm* has to submit *statements of responsibilities* under this section.
- (4) The *FCA* and the *PRA* have coordinated their arrangements so that a *PRA-authorised person* can prepare a single document that will meet the requirements of both regulators about *statements of responsibilities*.
- (5) The table in ■ SUP 10C.11.19G gives examples of how these requirements work.

##### 10C.11.15 G

If a *person* is an *SMF manager* for several *firms* in a group that are *SMCR firms*, there should be a separate document for each *firm*.

10C.11.16 **G** There should be a separate document for each *SMF manager* in a *firm*. A *firm* should not combine *statements of responsibilities* for several *SMF managers*.

10C.11.17 **G** The requirement for a single document does not prevent the document having an attachment sheet for additional information where **■ SUP 10C Annex 10D** (the *FCA's* template for *statements of responsibilities*) allows this.

**Submitting statements of responsibilities: examples of how the requirements work**

10C.11.18 **G** The table in **■ SUP 10C.11.19G** gives examples of how the requirements in this section for submitting *statements of responsibilities* (combined, in the case of a *PRA-authorised person*, with the corresponding *PRA* requirements) work in different cases.

10C.11.19 **G** Table: Examples of how the requirements for submitting statements of responsibilities work

Example	Comments
(1) A <i>firm</i> applies for approval for A to perform the <i>executive director function</i> and the <i>money laundering reporting function</i> .	There should be a single <i>statement of responsibilities</i> document that covers the two functions.  The combined document should be included with the application for approval.
(2) Firm X applies for approval for A to perform the <i>executive director function</i> . Firm Y applies for approval for A to perform the <i>money laundering reporting function</i> . Both <i>firms</i> are <i>SMCR firms</i> .	There should be separate <i>statements of responsibilities</i> for each <i>firm</i> .  This is the case even if Firm X and Firm Y are in the same group.
(3) A <i>firm</i> applies for approval for A to perform an <i>FCA-designated senior management function</i> and a <i>PRA-designated senior management function</i> .  The arrangements in <b>SUP 10C.9</b> for <i>FCA</i> functions to be absorbed into <i>PRA</i> ones do not apply and so there are separate applications to the <i>FCA</i> and <i>PRA</i> .  The <i>firm</i> is a <i>PRA-authorised person</i> .	The single <i>statement of responsibilities</i> document should cover both the <i>FCA</i> and the <i>PRA</i> functions.
(4) A has approval to perform the <i>executive director function</i> . Later, A is to be appointed to perform the <i>money laundering reporting function</i> for the same <i>firm</i> . This will also result in substantial changes to A's duties as an executive director.	The <i>firm</i> should not use Form J to notify the changes to A's duties as an executive director.  The <i>firm</i> should submit a revised single <i>statement of responsibilities</i> document along with the application to perform the <i>money laundering reporting function</i> .  The single <i>statement of responsibilities</i> document should cover both

Example	Comments
<p>(5) A has approval to perform the <i>executive director function</i>. Later, A is to be appointed to perform the <i>PRA's chief risk officer designated senior management function</i> for the same <i>firm</i>. This will also result in substantial changes to A's duties as an executive director.</p> <p>The <i>firm</i> is a <i>PRA-authorised person</i>.</p>	<p>functions. The part relating to A's duties as an executive director should be updated.</p> <p>The <i>firm</i> should not use Form J to notify the changes to A's duties as an executive director.</p> <p>The <i>firm</i> should submit a revised single <i>statement of responsibilities</i> document along with the application to perform the <i>PRA</i> function.</p> <p>The <i>firm</i> should not submit the revised single <i>statement of responsibilities</i> document separately to the <i>FCA</i>. Instead, it should include it as part of the application to the <i>PRA</i>.</p> <p>The single <i>statement of responsibilities</i> document should cover both the <i>FCA</i> and the <i>PRA</i> functions. The part relating to A's duties as an executive director should be updated.</p>
<p>(6) A has approval to perform the <i>money laundering reporting function</i>. The approval to perform the <i>money laundering reporting function</i> is subject to a condition. The <i>firm</i> is applying to vary that condition.</p>	<p>The <i>firm</i> should include a revised <i>statement of responsibilities</i> with the application.</p> <p>The <i>firm</i> should not use Form J. It should submit a revised <i>statement of responsibilities</i> along with the application to vary the approval.</p>
<p>(7) A has approval to perform the <i>executive director function</i> and the <i>money laundering reporting function</i> for the same <i>firm</i>. The approval to perform the <i>money laundering reporting function</i> is subject to a condition. The <i>firm</i> is applying to vary that condition. As part of the same arrangements, there are to be substantial changes to A's job as an executive director.</p>	<p>The <i>firm</i> should not use Form J to notify the changes to A's duties as an executive director.</p> <p>The <i>firm</i> should submit a revised single <i>statement of responsibilities</i> document along with the application to vary the approval for the <i>money laundering reporting function</i>.</p> <p>The single <i>statement of responsibilities</i> document should be updated and should cover both functions.</p>
<p>(8) A has approval to perform the <i>executive director function</i> and the <i>PRA's chief risk officer designated senior management function</i> for the same <i>firm</i>. The arrangements in SUP 10C.9 for <i>FCA</i> functions to be absorbed into <i>PRA</i> ones do not apply and so there are separate <i>FCA</i> and <i>PRA</i> approvals.</p> <p>The approval to perform the <i>PRA's chief risk officer designated senior management function</i> is subject to a condition. The <i>firm</i> is applying to vary that condition. As part of the same arrangements, there are to be substantial changes to A's job as an executive director.</p>	<p>The <i>firm</i> should not use Form J to notify the changes to A's duties as an executive director.</p> <p>The <i>firm</i> should submit a revised single <i>statement of responsibilities</i> document along with the application to vary the <i>PRA</i> function.</p> <p>The <i>firm</i> should not submit the revised document separately to the <i>FCA</i>. Instead it should include it as part of the application to the <i>PRA</i>.</p> <p>The single <i>statement of responsibilities</i> document should cover both the <i>FCA</i> and the <i>PRA</i> functions and should be updated.</p>



Example	Comments
<p>The <i>firm</i> is a <i>PRA-authorised person</i>.</p> <p>(9) A has approval to perform the <i>executive director function</i> and the <i>money laundering reporting function</i> for the same <i>firm</i>.</p> <p>Sometime later, A is to give up the <i>money laundering reporting function</i> and take up the <i>PRA's chief risk officer designated senior management function</i>. This will involve major changes to A's role as executive director.</p> <p>The <i>firm</i> is a <i>PRA-authorised person</i>.</p> <p>(10) A <i>firm</i> has approval for A to perform the <i>executive director function</i> and the <i>money laundering reporting function</i>.</p> <p>A then ceases to perform the <i>money laundering reporting function</i> but continues to perform the <i>executive director function</i>.</p> <p>(11) A has approval to perform the <i>executive director function</i> and the <i>PRA's chief risk officer designated senior management function</i> for the same <i>firm</i>. Later, A gives up his role as chief risk officer.</p> <p>The <i>firm</i> is a <i>PRA-authorised person</i>.</p> <p>(12) A has approval to perform the <i>executive director function</i>. Later, A is to be appointed to perform the <i>money laundering reporting function</i> for the same <i>firm</i>.</p> <p>The application is rejected.</p>	<p>The answer to example (5) applies.</p> <p>The application to the <i>PRA</i> to perform the <i>PRA</i> function should be accompanied by a single document that:</p> <ul style="list-style-type: none"> <li>(1) contains the <i>statement of responsibilities</i> for the new function;</li> <li>(2) contains the revised <i>statement of responsibilities</i> for the <i>executive director function</i>; and</li> <li>(3) reflects the fact that A is no longer performing the <i>money laundering reporting function</i>.</li> </ul> <p>The <i>firm</i> must submit:</p> <ul style="list-style-type: none"> <li>(a) Form C for the <i>money laundering reporting function</i>;</li> <li>(b) Form J; and</li> <li>(c) a single updated <i>statement of responsibilities</i> document that covers the <i>executive director function</i> and reflects the fact that A is no longer performing the <i>money laundering reporting function</i>.</li> </ul> <p>The <i>firm</i> must submit:</p> <ul style="list-style-type: none"> <li>(a) Form C for the <i>PRA</i> function;</li> <li>(b) Form J; and</li> <li>(c) a single updated <i>statement of responsibilities</i> document that covers the <i>executive director function</i>.</li> </ul> <p>The <i>firm</i> should not submit the revised single <i>statement of responsibilities</i> document separately to the <i>FCA</i>. Instead, it should include it as part of the notification to the <i>PRA</i>.</p> <p>The single <i>statement of responsibilities</i> document submitted as part of the application will no longer be correct as it reflects the proposed new approval.</p> <p>If the only changes to the single document in the version sent with the application are ones clearly and exclusively tied to the new function, the <i>firm</i> will not need to amend the document as the changes will automatically fall away.</p> <p>In any other case (for instance if the application is approved conditionally), it is likely that the <i>firm</i> will need to update it using Form J.</p>

Example	Comments
<p>(13) A has approval to perform the <i>money laundering reporting function</i>. Later, A is to be appointed as an executive director for the same <i>firm</i>.</p> <p>This will not result in any significant changes to A's duties in the <i>money laundering reporting function</i>. However, there have been some insignificant changes to A's role in the <i>money laundering reporting function</i> since the <i>firm</i> submitted the most recent single <i>statement of responsibilities</i> document. The changes are not connected to A's appointment as executive director.</p> <p>(14) A has approval to perform the <i>executive director function</i>. Later, A's business unit grows in size and so the <i>firm</i> needs to apply for A to be approved to perform the <i>PRA's Head of Key Business Area designated senior management function</i>. However, A's responsibilities do not change.</p> <p>The <i>firm</i> is a <i>PRA-authorised person</i>.</p> <p>(15) Firm X has a <i>branch</i> in the <i>United Kingdom</i>. Firm Y is a <i>UK authorised subsidiary</i> of firm X.</p> <p>Firm X is an <i>overseas SMCR firm</i> that is not an <i>EEA SMCR firm</i> and firm Y is a <i>UK SMCR firm</i>.</p> <p>Both <i>firms</i> apply for approval for the same individual (P) to perform the <i>executive director function</i>.</p> <p>(16) An <i>FCA-approved SMF manager</i> goes on or returns from a temporary absence of longer than 12 weeks.</p>	<p>In any case, the <i>FCA</i> may contact the <i>firm</i> to agree a revised single <i>statement of responsibilities</i> document.</p> <p>The answer for example (4) applies.</p> <p>The single <i>statement of responsibilities</i> document should be updated to cover the changes to A's duties in the money laundering role as well as covering A's appointment to perform the <i>executive director function</i>. It does not matter that the changes to A's money laundering role are not significant.</p> <p>The <i>firm</i> should submit a revised single <i>statement of responsibilities</i> document along with the application to perform the <i>PRA</i> function.</p> <p>The <i>firm</i> should submit a single <i>statement of responsibilities</i> document that covers both the <i>FCA</i> and the <i>PRA</i> functions.</p> <p>It should not submit the revised single <i>statement of responsibilities</i> document separately to the <i>FCA</i>. Instead, it should include it as part of the application to the <i>PRA</i>.</p> <p>There should be separate <i>statement of responsibilities</i> for P for each <i>firm</i>.</p> <p>The <i>firm</i> must submit:</p> <ul style="list-style-type: none"> <li>(a) Form D (SUP 10C Annex 6R);</li> <li>(b) Form J (SUP 10C Annex 9D); and</li> <li>(c) an updated <i>statement of responsibilities</i> document (SUP 10C Annex 10D).</li> </ul> <p>Note: The single <i>statement of responsibilities</i> document means the single document described in SUP 10C.11.13D.</p>

### Need for a complete set of current statements of responsibilities

**10C.11.20** R A *firm* must, at all times, have a complete set of current *statement of responsibilities* for all its *SMF managers*.

- 10C.11.21** G
- (1) A complete set of current *statement of responsibilities* means all *statements of responsibilities* that the *firm* has provided to the *FCA* or (in the case of a *PRA-authorised person*), *PRA* as revised under section 62A of the Act and this chapter.
  - (2) A *statement of responsibilities* is not current if the *person* in question no longer performs any of the *controlled functions* to which it relates.

### Past versions

- 10C.11.22** G
- (1) A *firm* should consider past versions of its *statements of responsibilities* as an important part of its records and as an important resource for the *FCA* in supervising the *firm*.
  - (2) Past versions of a *firm's statements of responsibilities* form part of its records under the *regulatory system*.

- 10C.11.22A** R
- (1) This *rule* applies to an *SMCR firm* that is a *Solvency II firm* (including a *large non-directive insurer*).
  - (2) A *firm* must retain each version of a *statement of responsibilities* for:
    - (a) (in the case of a *large non-directive insurer*) six years; or
    - (b) (in any other case) ten years;
 from the date on which it was superseded by a more up-to-date version.
  - (3) A *firm* must be in a position to provide each version to the *FCA* on request for as long as the *firm* is required to retain it.

### What statements of responsibilities should contain: General

- 10C.11.23** G A *statement of responsibilities* should:
- (1) show clearly how the responsibilities that the *SMF manager* performs as part of their *FCA-designated senior management function* fit in with the *firm's* overall governance and management arrangements;
  - (1A) be consistent with the *statement of responsibilities* for the *firm's* other *SMF managers*; and
  - (2) be consistent with the *firm's management responsibilities map* (if the *firm* is required to have one).

(See ■ SYSC 25.4.1G and ■ SYSC 25.4.2G for more about this.)



10C.11.24 **G**

- (1) A *statement of responsibilities* (including its attachment sheet for additional information) should:
  - (a) be complete by itself;
  - (b) not refer to documents not forming part of it; and
  - (c) only contain material about the matters that this chapter, the corresponding *PRA* requirements (in the case of a *PRA-authorised person*), and the *Act* say should be included in it.
- (2) For example, if it is necessary to include relevant material from the *firm's* report and accounts, the *statement of responsibilities* should not attach the whole of the report and accounts or cross refer to them. Instead it should include a summary of the relevant part only.

10C.11.25 **G**

A *statement of responsibilities* should be:

- (1) practical and useable by the *FCA*;
- (2) without unnecessary detail; and
- (3) succinct and clear.

10C.11.26 **G**

- (1) *SYSC* or another part of the *regulatory system* will generally impose requirements (referred to as 'prescribed requirements' in this paragraph) that relate to a particular post or set of responsibilities.
- (2) For instance, these include:
  - (a) the responsibilities that go with the *FCA required functions*; and
  - (b) the *FCA-prescribed senior management responsibilities* and (in the case of a *PRA-authorised person*) the *PRA-prescribed senior management responsibilities*.
- (3) The allocation of responsibilities under a *statement of responsibilities* should not reduce or alter the scope of any applicable prescribed requirements.
- (4) If:
  - (a) the responsibilities that the *SMF manager* carries out as described in the *statement of responsibilities* go beyond the prescribed requirements; or
  - (b) the *firm* includes additional information about any prescribed requirements;the additional responsibilities or additional information should not:
  - (c) reduce or alter the scope of the prescribed requirements; or
  - (d) dilute or undermine the prescribed requirements.

10C.11.27 **G**

An example of the requirement that a *firm's statements of responsibilities* for its *SMF managers* should be consistent (see **SUP 10C.11.23G**) is that they should together demonstrate that there are no gaps in the allocation of responsibilities among the *firm's SMF managers*.

**10C.11.28** G

- (2) A *firm's statements of responsibilities* should be interpreted, where possible, so as to avoid any gaps in the allocation of responsibility for its activities among its *SMF managers*.
  - (3) Paragraphs (1) and (2) apply to a *firm* to which ■ SYSC 26 (Senior managers and certification regime: Overall and local responsibility) applies.
- (1) A *statement of responsibilities* of an *SMF manager* should include details about any:
    - (a) *FCA-prescribed senior management responsibilities* and (in the case of a *PRA-authorised person*) *PRA-prescribed senior management responsibilities* allocated to the *SMF manager*;
    - (b) (in the case of a *PRA-authorised person*) functions that are included in a *PRA controlled function* under the arrangements described in ■ SUP 10C.9 (Minimising overlap with the PRA approved persons regime);
    - (c) responsibility for a function allocated to the *SMF manager* under ■ SYSC 26 (Senior managers and certification regime: Overall and local responsibility) if that chapter applies to the *firm*; and
    - (d) responsibilities allocated under ■ MIPRU 2.2 (Responsibility for insurance distribution activity or MCD credit intermediation activity).
  - (2) Paragraph (1)(c) applies even if the responsibility is excluded from the *other overall responsibility function* under ■ SUP 10C.7.1R(2) (exclusion for *approved person* with approval to perform other *controlled functions*) or from the *other local responsibility function* under ■ SUP 10C.8.1R(2) (exclusion for *approved person* with approval to perform other *controlled functions*).

**10C.11.29** G

- (1) The definition of every *FCA-designated senior management function* contains a responsibility which is inherent, inseparable from and intrinsically built into the specific role.
- (2) In many ways, this inherent responsibility is the most important responsibility of any given *SMF manager*, as it provides a rationale as to why that specific function is subject to pre-approval by the *FCA* in the first place.
- (3) Even where an *SMF manager* has not been allocated any other responsibilities by the *firm*, the responsibility inherent in the definition of their *FCA-designated senior management function* means that they will be accountable for that aspect of the *firm's* activities.
- (4) For instance, even if a person approved to perform the *compliance oversight function* has no other responsibilities allocated to them, they will be accountable for the *Handbook* requirements for the *compliance oversight function*.

**10C.11.30** G

- (1) The *FCA* may request a *firm* to include specific responsibility for a regulatory outcome in the *statement of responsibilities* of the relevant *SMF managers*.
- (2) For example, where the *FCA* asks a *firm* to take remediation action following an internal or supervisory review or a report under section 166 of the *Act* (Reports by skilled persons) and considers it appropriate for an *SMF manager* to take responsibility for that action, it may ask the *firm* to add an additional, customised, explicit responsibility to the relevant *SMF manager's statement of responsibilities*.

**What statements of responsibilities should contain: dividing and splitting responsibilities**

**10C.11.31** G

- (1) Where a responsibility or function is shared or divided between an *SMF manager* and others, the *statements of responsibilities* for each *SMF manager* concerned should make this clear.
- (2) Where a responsibility or function is divided between an *SMF manager* and others, the *statements of responsibilities* for each *SMF manager* concerned should make it clear for what part of which responsibility or function that *SMF manager* has responsibility.
- (3) Together, the *statements of responsibilities* should show which responsibility or function is shared or divided between which *SMF managers* and, if applicable, between which *SMF managers* and other persons. It should be clear which responsibility or function and which *SMF managers* or other persons are involved.

**10C.11.32** G

- (1) Where:
  - (a) an *FCA-prescribed senior management responsibility* is divided or shared between several *SMF managers*; or
  - (b) any function allocated under ■ SYSC 26 (Senior managers and certification regime: Overall and local responsibility) is shared between several *SMF managers* (if that chapter applies to the *firm*);the *statement of responsibilities* for each *SMF manager* should:
  - (c) explain why this has been done; and
  - (d) give full details of the arrangements, including the names of the other persons and their *FCA/PRA* Individual Reference Numbers (IRN) (if known).
- (2) Where a responsibility or function is shared between several *SMF managers*, this should be recorded in the same way in the *statements of responsibilities* of each of them. This should also be consistent with the *firm's management responsibilities map*.

**10C.11.33** G

- (1) Where two or more *SMF managers* share a responsibility, each will be individually responsible for everything included in that responsibility, including anything inherent in that responsibility (see ■ SUP 10C.11.29G for inherent responsibilities).

- (2) Where:
- (a) a responsibility is divided between several *SMF managers*; but
  - (b) some part of the responsibility has not clearly been allocated to any of them;
- it should be assumed that that part is the joint responsibility of all of them.

**What statements of responsibilities should contain: Non-executive directors**

- 10C.11.34** G In general, the *FCA* expects the *statement of responsibilities* of a *non-executive director* who is an *SMF manager* to be less extensive than those of an executive *SMF manager*.
- 10C.11.35** G The *FCA* does not require any of the general duties of a *non-executive director* described in section 2 of ■ COCON 1 Annex 1 (The general role of a NED) to be included in the *non-executive director's statement of responsibilities*.



10C.12 Conditional and time-limited approvals

Purpose

- 10C.12.1
- G
- (1)

■ SUP 10C.12 describes the regime for conditional and time-limited approvals.
- (2)

In particular, ■ SUP 10C.12 sets out the *FCA's* policies on giving approval under section 59 subject to conditions or for a limited period only, as required by section 63ZD of the *Act* (Statement of policy relating to conditional approval and variation).
- (3)

(In the case of a *PRA-authorised person*) the policies described in ■ SUP 10C.12 also apply when the *FCA* is considering whether to give its consent to an application made to the *PRA* for approval.
- (4)

Material on variations of conditional and time-limited approvals can be found in ■ SUP 10C.13 (Variation of conditional and time-limited approvals).

- 10C.12.2
- G
- (1)

The power to grant an approval subject to conditions or for a limited period only applies to *senior management functions*.
- (2)

As all *FCA controlled functions* specified in this chapter are *senior management functions*, this means that this power applies to all *FCA controlled functions* specified in this chapter.
- (3)

The *FCA* has (in ■ SUP 10A (FCA Approved Persons in Appointed Representatives)) specified *controlled functions* for *SMCR firms* that are not *designated senior management functions*.
- (4)

The power to grant an approval subject to conditions or for a limited period does not apply to the *controlled functions* in (3).

Introduction

- 10C.12.3
- G
- The *FCA* may:

(1)

grant an application for approval subject to any conditions that the *FCA* considers appropriate; and

(2)

grant the application to give approval only for a limited period.

**10C.12.4** **G** The *FCA* may use this power only if it appears to the *FCA* that it is desirable to do so to advance one or more of its *operational objectives*.

**10C.12.5** **G** Factors that the *FCA* will take into account include:

- (1) those relating to the *firm* at the time of the application, such as:
  - (a) its size, scale and complexity; and
  - (b) its plans and prospects; and
- (2) those relating to the *candidate* and, in particular, the *candidate's* fitness and properness.

**10C.12.6** **G** The *FCA* expects that the most common use of the power to give qualified approvals would be:

- (1) time-limited approvals;
- (2) a time limitation in relation to an ongoing or prospective enforcement investigation;
- (3) a competency-related condition; and
- (4) a role-limited condition.

#### **Time-limited approval**

**10C.12.7** **G** An example of a time-limited approval is where a *firm* needs to appoint the *candidate* on an interim basis while the *firm* seeks to appoint a permanent *candidate*. The *FCA* may approve the interim appointee on a time-limited basis.

**10C.12.8** **G** The *FCA* would not generally impose a time limitation in these circumstances for a period of less than 12 weeks. The *FCA* would expect the *firm* to use the 12-week rule in ■ SUP 10C.3.13R.

**10C.12.9** **G** An example of when the *FCA* may approve an individual on a time-limited basis is where, following a sudden or unexpected departure:

- (1) a *firm* needs to fill an *FCA-designated senior management function* vacancy immediately; but
- (2) it is likely to take longer than 12 weeks to recruit a permanent replacement; and
- (3) there is an individual at the *firm* not currently approved to perform the relevant *FCA-designated senior management function* whom the *firm* and the *FCA* think capable of fulfilling the role on an interim, provisional basis but not necessarily on a permanent basis.

**10C.12.10** **G** Generally, the *FCA* would not impose a time limitation of this type for longer than 12 to 18 months.

- 10C.12.11** G The *FCA* would consider using this power for a person who is in the running for the long-term appointment.
- 10C.12.12** G
- (1) An example of how the *FCA* could deal with a *person* who is in the running for the long-term appointment is outlined below.
  - (2) The head of compliance resigns unexpectedly from a *firm*. The *firm* wishes to appoint one of the deputies. The *FCA* and the *firm* believe the deputy to be capable of running the *firm's* compliance function on a day-to-day 'business as usual basis' but the deputy has no experience developing a long-term, firm-wide strategy. The *firm* estimates that it could take up to a year to recruit a permanent head of compliance. It also believes that the deputy could be the ideal candidate if the deputy could outline a viable compliance strategy for the *firm*.
  - (3) In this situation, it may be appropriate to approve the deputy as head of compliance subject to a 12-month time limit.
  - (4) Before the end of that period, the deputy would have to prepare a new compliance strategy and the deputy's ability to do so would be taken into account when deciding whether to approve the deputy on a permanent basis.
- 10C.12.13** G In deciding whether a *candidate* is fit and proper, the *FCA* will take into account the role that the *candidate* is going to perform. The standard for a *person* who is appointed on a temporary basis may be different from a *person* appointed on a permanent basis when the *person* with a temporary appointment has a more limited role.
- 10C.12.14** G The *FCA* may impose a condition on the approval, as well as time limitation. For example, in the example in ■ SUP 10C.12.12G, the *FCA* may impose a condition prohibiting the *candidate* from significantly amending the management structure of the department.
- 10C.12.15** G The other main examples of a time-limited approval are:
- (1) an enforcement action time-limited approval (see ■ SUP 10C.12.16G);
  - (2) a time limitation used in conjunction with a competence condition (see ■ SUP 10C.12.26G); and
  - (3) a time limitation in relation to the scale of a role (see ■ SUP 10C.12.35G).
- Enforcement action: time limitation**
- 10C.12.16** G An enforcement action time-limited approval relates to a case in which there is an enforcement investigation ongoing, or in prospect, the results of which may call into question the *candidate's* fitness and properness, but at the time of application there are no or insufficient grounds to refuse approval. The *candidate* may or may not be a subject of that investigation.



**10C.12.17** **G** The *FCA* will generally limit an enforcement action time-limited approval for a period long enough to allow the investigation to be completed so far as relevant to the *candidate*. Imposing a time limitation on approval would allow the *FCA* to look at the situation in more detail after approval, with the benefit of all the facts arising from the investigation.

**10C.12.18** **G** The policy on the length of time-limited approvals in **■ SUP 10C.12.8G** does not apply to time limitations of this type.

### Competence and related conditions

**10C.12.19** **G** The *FCA* may take the view that a *candidate* would meet the fit and proper requirement with an approval subject to either, or both, of the following:

- (1) one or more conditions; and/or
- (2) a time limitation;

who would not have met that requirement without the qualification.

**10C.12.20** **G** *Firms* should not see the power to give approval on this basis as an opportunity to put forward sub-standard *candidates* in the knowledge that they are unlikely to gain unconditional approval but may scrape through by way of a qualified approval.

**10C.12.21** **G**

- (1) The *FCA* is likely only to give a qualified approval on the basis described in **■ SUP 10C.12.19G** in limited circumstances.
- (2) Generally, the *FCA* would only use this power in place of rejection where the deficiency is in only a relatively small proportion of the required job competencies.
- (3) Lack of technical knowledge is more likely to be easier to remedy than a problem with personal characteristics.
- (4) The *FCA* is only likely to give its approval on this basis when the *candidate* has fallen short of the required standard by a reasonably small margin (a 'near miss').

**10C.12.22** **G** One example of a conditional approval based on the competence of the *candidate* would be where the *candidate* would have met the fitness and properness standard but for a shortfall in the *candidate's* technical knowledge and the shortfall is in a relatively narrow and specific area.

**10C.12.23** **G** The *FCA* does not see this as being a probationary or standalone measure. The competency-related limitation would be time specific and linked to something that the *FCA* would wish to re-examine after the period has expired.

**10C.12.24** **G** (1) When the *FCA* is imposing a competence-related condition where there is a shortfall, approval will only be granted on the condition



	<p>that the <i>candidate</i> is required to undertake training or receive mentoring to eliminate the shortfall.</p> <p>(2) See ■ SUP 10C.12.39G (role-limited approval) for an example of a shortfall in competence that is not dealt with by trying to remove it.</p>
10C.12.25 <span>G</span>	<p>(1) An example of where a qualified approval based on competence may be used is for a <i>candidate</i> with proven management skills who is new to the role or the industry and requires some new technical knowledge for the new role.</p> <p>(2) For instance, a <i>candidate</i> for the role of a senior manager may have a proven track record as a senior manager but may lack detailed knowledge of a specific area, such as money laundering or of the technical details of prudential capital requirements.</p> <p>(3) A competence condition would require the <i>candidate</i> to undertake training in the area of shortfall after appointment.</p>
10C.12.26 <span>G</span>	<p>(1) A competency-related approval is likely to be linked with a time-limited approval.</p> <p>(2) Under an approval of this kind, the <i>candidate</i> will be required to undertake the necessary training or other remedial measures.</p> <p>(3) The time for which the approval will last would be set to give the <i>firm</i> and the <i>candidate</i> a reasonable time to complete the measures.</p> <p>(4) At the end of the period, the <i>firm</i> would need to apply to the <i>FCA</i> to appoint the <i>candidate</i> on a permanent basis.</p>
10C.12.27 <span>G</span>	<p>The <i>FCA</i> would only be likely to consider a qualified approval based on competence if it was sure that the <i>candidate</i> could achieve the required level of competence within a specified period, which is unlikely to be more than 12 to 18 months.</p>
10C.12.28 <span>G</span>	<p>(1) The <i>FCA</i> may give a conditional approval instead of rejection in cases where the condition does not relate to the <i>candidate's</i> abilities.</p> <p>(2) For example, the <i>FCA</i> may consider that the <i>candidate</i> is suitable only if the <i>candidate</i> refrains from, or ceases undertaking, certain actions and makes the approval conditional on that basis.</p> <p>(3) The <i>FCA</i> may require the <i>candidate</i> to go beyond the regulatory requirements in a given area.</p>
10C.12.29 <span>G</span>	<p>(1) An example of ■ SUP 10C.12.28G is where a <i>firm</i> wishes to appoint someone as an executive director who has a number of non-executive directorships.</p> <p>(2) The <i>FCA</i> may be concerned about the potential impact of these other commitments on that individual's ability to devote sufficient time to the proposed role with the <i>firm</i>.</p>

- (3) In this situation, it might be appropriate to attach a condition to the individual's approval requiring that person to resign from some of their non-executive directorships.

### Role-limited

**10C.12.30** **G**

A role-limited approval means:

- (1) a time-limited approval; or
- (2) a condition;

relating to the nature or scope of the *candidate's* role.

**10C.12.31** **G**

One example of a role-limited approval relates to the fact that the size, nature, scope and complexity of a *firm's* activities can change over time. An individual may be fit and proper to perform a *senior management function* at a certain *firm* at a point in time but the *FCA* may wish to re-assess that individual if the *firm's* situation changes.

**10C.12.32** **G**

It is not *FCA* policy to impose role-limited approvals routinely for all *firms* or for a certain category of *firm*. For example, there is no blanket policy that approval of a *candidate* for a post in a small *firm* would be subject to a qualification based on the *firm* remaining small.

**10C.12.33** **G**

Where a *firm* is expanding or transforming its business model or its risk profile and there are identifiable upcoming milestones, the *FCA* may wish to link the duration of a *candidate's* approval to these milestones.

**10C.12.34** **G**

If the change is likely to occur in the near future and the details are clear, the *FCA* may consider its approval of the application in the light of this proposed change.

**10C.12.35** **G**

- (1) Very often it will be uncertain whether a change in circumstances will happen at all, the details may not yet be known or the timing may be uncertain.
- (2) In that case, the *FCA* may, subject to (3), make its judgement based on the *candidate's* proposed role, without taking into account the possible change. This reflects the fact that the judgement of whether a *candidate* is fit and proper takes into account the role that they are actually going to play.
- (3) However, to reflect the possible change, the *FCA* would give a time-limited approval that would come to an end on the occurrence of the milestone.
- (4) The *firm* could then apply for a new and possibly unqualified approval.

**10C.12.36** G An example under ■ SUP 10C.12.35G is as follows.

(1) In this example:

- (a) an individual is to perform an *FCA-designated senior management function* in an unlisted *firm* which currently operates only in the UK; and  
the *firm* is planning a listing and a string of acquisitions which are projected to treble the size of its balance sheet and give it a global footprint over the next three years, but the *candidate* has never worked for an institution as large or as complex.

(2) In this situation:

- (a) it may be appropriate to limit the *candidate's* approval to a specified period. If the projected time for completing the transactions is three years, the approval would be for three years; or
- (b) it may be appropriate to draft the time limitation by reference to the milestone. For example, the approval might be expressed to come to an end at the point at which the *firm's* balance sheet exceeds a certain size.

**10C.12.37** G The policy on the length of time-limited approvals in ■ SUP 10C.12.8G does not apply to time limitations of this type.

**10C.12.38** G Another way of dealing with a *firm* that plans to reorganise itself but has not made a firm decision to do so or worked out the details, is to make the approval subject to the condition that the nature or scope of the *candidate's* role should not change. The *firm* could apply for the condition to be removed once the plans are ready to be carried out.

**10C.12.39** G

- (1) Another example of a limited-role approval is where:
  - (a) a *candidate* is not competent to carry out all the functions that are capable of falling within the *FCA-designated senior management function* for which approval is sought; but
  - (b) the *candidate* will be fit to carry out most of them; and
  - (c) the *firm* has adequate arrangements to deal with the other aspects.
- (2) In such circumstances, the condition would be that the *candidate* does not get involved in the aspects of the role for which that *candidate* is not competent, as specified in the condition.

#### **Condition not based on fitness**

**10C.12.40** G The power to impose a conditional or time-limited approval:

does not depend on the *candidate* being unfit without that condition or limit; and

need not be related to the *candidate's* ability to do the job properly (see ■ SUP 10C.12.28G).

**10C.12.41** G One example of a conditional approval when the *candidate* is fit and proper and able to do the job is to support supervisory action in relation to the *firm*. So, if a *firm* is running a remedial programme, it may be a condition of the *candidate's* approval that the *candidate* takes responsibility for aspects of that programme.

**10C.12.42** G Although it is not general *FCA* policy to use the power to give qualified approval as a probationary measure, there may be circumstances where a *firm* wants to appoint a *candidate* to perform an *FCA-designated senior management function* who, although fit and proper, may, in the role, be responsible for the *firm's* approach to dealing with particularly unusual or severe challenges in the near future. In this situation, it might be appropriate to approve the *candidate* subject to a time limit with a view to reassessing that *candidate* for a permanent position in due course.

**10C.12.43** G In this scenario, the time-limited approval may be accompanied by a condition requiring the *candidate* to:

- (1) complete an action or deliverable on or before the end of the time limit, eg a requirement on the acting Head of Sales to produce a revised strategy for treating customers fairly within the next six months; and

refrain from taking specific actions or decisions associated with the role until that person receives permanent approval, eg, a requirement not to introduce a new sales channel until they receive permanent approval.

#### Effects of a breach of condition

**10C.12.44** G The provisions in:

- (1) section 59 of the *Act* that say a *firm* should take reasonable care to ensure that no *person* performs a *controlled function* without approval (see ■ SUP 10C.10.3G); and
- (2) section 63A of the *Act*, under which a *person* performing a *controlled function* without approval may be subject to a penalty (see ■ SUP 10C.10.4G);

apply not only to the performance of an *FCA-designated senior management function* by someone who has not been approved to perform that function but also to the performance of an *FCA-designated senior management function* for which the person has been approved in breach of a condition or time limitation.

**10C.12.45** G Sections 59 and 63A of the *Act* show that failure to observe a condition does not in itself necessarily invalidate an approval. Instead, both the *firm* and the *SMF manager* may be subject to a penalty for breach of the *Act*. Such a failure may also:

- (1) involve a breach of *FCA rules* by the *firm* and a breach by the *SMF manager* of *COCON*; and
- (2) call into question the fitness of the *SMF manager*.

**10C.12.46** G For example, if an *SMF manager* is subject to a role-limited condition under which the *SMF manager* is not allowed to carry out certain specified aspects of the *FCA-designated senior management function* but the *SMF manager* goes ahead and carries out those aspects, the *SMF manager's* approval does not automatically come to an end. Instead, both the *firm* and the *SMF manager* may be subject to a financial penalty.

**10C.12.47** G However the *Act* does allow a condition to be drafted in such a way that the approval ends if the condition is not met or is no longer met.



10C.13 Variation of conditional and time-limited approvals

Purpose

- 10C.13.1 G This section deals with variation of a conditional approval at the:
  - (1) request of the *firm*; and
  - (2) initiative of the *FCA*.
- 10C.13.2 G
  - (1) In particular, this section sets out the *FCA*’s policies about varying conditional approvals at the request of a *firm*, as required by section 63ZD of the *Act* (Statement of policy relating to conditional approval and variation).
  - (2) This section does not deal with the *FCA*’s policies on varying a condition on its own initiative. ■ [DEPP 8](#) deals with that. However this section gives a short description of the *FCA*’s powers to impose such variations.

Variation of a conditional approval at the request of the firm: general description

- 10C.13.3 G A *firm* may apply to the *FCA* to change a conditional or time-limited approval. The changes for which a *firm* may apply are:
  - (1) a variation of the condition;
  - (2) removal of the condition;
  - (3) the imposition of a new condition; or
  - (4) where the approval is time-limited:
    - (a) varying the time limit; or
    - (b) removing the time limit.
- 10C.13.4 G
  - (1) If the *firm* applying for a change described in ■ [SUP 10C.13.3G](#) is a *PRA- authorised person*, there are requirements about whether it should apply to the *FCA* or the *PRA*. Paragraphs (2) to (3) summarise these requirements.

- (2) If the *firm* is applying for the imposition of a new condition, the *firm* should apply to the *FCA* if the approval to which the application relates was given by the *FCA*.
- (2A) If a *firm* is applying for a change of the type described in ■ SUP 10C.13.3G(1) or ■ SUP 10C.13.3G(2), the *firm* should (subject to (2C)) apply to the *FCA* if the *FCA* imposed that condition, even if the approval was given by the *PRA*.
- (2B) If a *firm* is applying for a change of the type described in ■ SUP 10C.13.3G(4), the *firm* should (subject to (2C)) apply to the *FCA* if the *FCA* imposed that time limit, even if the approval was given by the *PRA*.
- (2C) Where the time limit or condition has been varied before and the *FCA* was the last to vary it, the *firm* should apply to the *FCA*. This applies whether the variation was made on the application of the *firm* or on the initiative of the *FCA* or the *PRA*.
- (3) In other cases, the application should be to the *PRA*.

**10C.13.5** G The right to apply for a variation does not include the right to apply for a time limitation where the current approval has effect for an unlimited period.

**10C.13.5A** G The procedures described in this section for the variation of an approval at the request of a *firm* do not apply where the condition or time limit has effect by virtue of section 66 of the *Act* (Disciplinary powers).

#### **Variation of a conditional approval at the request of the firm: process**

**10C.13.6** D An application by a *firm* to the *FCA* under section 63ZA of the *Act* (Variation of senior manager's approval at request of authorised persons) must be made by using Form I (■ SUP 10C Annex 8D).

- 10C.13.7** G
- (1) An application under ■ SUP 10C.13.6D should be accompanied by a *statement of responsibilities* for the *approved person* concerned.
  - (2) See ■ SUP 10C.11 (Statements of responsibilities) for more details.

**10C.13.8** G ■ SUP 10C.15 (Forms and other documents and how to submit them to the *FCA*) explains how applications to vary a conditional approval should be submitted.

**10C.13.9** G The *FCA* has until the end of the period of three months from the time it receives a properly completed application to consider the application and come to a decision.

**10C.13.10** G The *FCA* must either grant the application or, if it proposes not to grant an application, issue a *warning notice* (see ■ DEPP 2).

10C.13.11	G	The <i>FCA</i> may refuse an application if it appears to the <i>FCA</i> that it is desirable to do so to advance one or more of its <i>operational objectives</i> .
10C.13.12	G	<p>Before making a decision to grant the application or give a <i>warning notice</i>, the <i>FCA</i> may ask the <i>firm</i> for more information. If it does this, the three-month period in which the <i>FCA</i> must determine a completed application:</p> <ul style="list-style-type: none"><li>(1) will stop on the day the <i>FCA</i> requests the information; and</li><li>(2) will start running again on the day on which the <i>FCA</i> finally receives all the requested information.</li></ul>
10C.13.13	G	Whenever it grants an application, the <i>FCA</i> will confirm this in writing to all <i>interested parties</i> .
10C.13.14	G	If the <i>FCA</i> proposes to refuse an application, it must follow the procedures for issuing <i>warning notices</i> and <i>decision notices</i> to all <i>interested parties</i> . The requirements relating to warning and decision notices are in ■ DEPP 2.
10C.13.15	R	A <i>firm</i> notifying the <i>FCA</i> of its withdrawal of an application for variation of an approval must use Form B (■ SUP 10C Annex 4R).
10C.13.16	G	■ SUP 10C.15 (Forms and other documents and how to submit them to the <i>FCA</i> ) explains how notifications of withdrawal of an application should be submitted.
10C.13.17	G	<p>Under section 61(5) of the <i>Act</i> (Determination of applications), as applied by section 63ZA(8) of the <i>Act</i> (Variation of senior manager's approval at request of authorised person), the <i>firm</i> may withdraw an application only if it also has the consent of:</p> <ul style="list-style-type: none"><li>(1) the <i>approved person</i>; and</li><li>(2) the person by whom the <i>approved person</i> is employed if this is not the <i>firm</i> making the application.</li></ul> <p><b>Variation of a conditional approval at the request of the firm: policy</b></p>
10C.13.18	G	The <i>FCA's</i> policy on approving or refusing a request for a variation is the same as it is for imposing conditions on approval (see ■ SUP 10C.12 (Conditional and time-limited approvals)).
10C.13.19	G	<ul style="list-style-type: none"><li>(1) An example of a situation in which the <i>FCA</i> would consider varying a condition would be a competency-related condition which required a training course to be completed (see, in particular, ■ SUP 10C.12.24G for this type of condition).</li><li>(2) If the <i>firm</i> later concludes that a different course would be better, the <i>firm</i> may apply for a variation of the condition.</li></ul>



- 10C.13.20** G Another example of a situation in which the *FCA* would consider varying a condition would be a condition relating to a remedial programme (see ■ SUP 10C.12.41G). If the remedial programme is changed, it may be appropriate to change the condition.
- 10C.13.21** G (1) Other examples of where the *FCA* may agree to removing a condition are where:
- (a) the *approved person's* role has changed so that the reason for the condition originally being imposed no longer applies; or
  - (b) new information has come to light that removes any doubt about the *approved person's* competence so a condition is no longer necessary.
- (2) For example, the *FCA* may agree to removing a condition about the scope of the *approved person's* role of the type described in ■ SUP 10C.12.39G.
- 10C.13.22** G See ■ SUP 10C.12.38G for another example of a case where the *FCA* may agree to removing a condition (condition imposed pending reorganisation).
- Variation of a conditional approval: action at the initiative of the FCA**  
.....
- 10C.13.23** G Under section 63ZB of the *Act* (Variation of senior manager's approval on initiative of regulator), the *FCA* may vary an approval given by the *FCA* or the *PRA* for the performance of a *designated senior management function* if the *FCA* considers that it is desirable to do so to advance one or more of its *operational objectives*.
- 10C.13.24** G The *FCA* may vary an approval by:
- imposing a condition;
  - (2) varying a condition;
  - (3) removing a condition;
  - (4) limiting the period for which the approval is to have effect; or
  - (5) removing or varying a time limit on an approval.
- 10C.13.25** G More information about the *FCA's* powers to vary a condition on its own initiative, including its policy on using these powers, can be found in ■ DEPP 8.

## 10C.14 Changes to an FCA-approved person's details

### Moving within a firm




#### 10C.14.1

- (1) An *FCA-approved SMF manager's* job may change from time to time as a result, for instance, of a change in personal job responsibilities or a *firm's regulated activities*.
- (2) Where the changes will involve the *SMF manager* performing one or more *FCA-designated senior management functions* different from those for which approval has already been granted, an application must be made to the *FCA* for approval for the *SMF manager* to perform those *FCA-designated senior management functions*.

The *firm* must take reasonable care to ensure that an individual does not begin performing an *FCA-designated senior management function* until the *FCA* has granted *FCA-approved SMF manager* status to that individual for that *FCA-designated senior management function*.

- (4) Similarly (in the case of a *PRA-authorised person*), a *firm* must get the *FCA's* approval if an individual is to start performing an *FCA-designated senior management function* in relation to that *firm* when they already have the *PRA's* approval to perform a *PRA-designated senior management function* in relation to that *firm*.

#### 10C.14.2

- (1) A *firm* should generally use Form E where an *approved person* is both ceasing to perform one or more *controlled functions* and needs to be approved in relation to one or more *FCA-designated senior management functions* within the same *firm* or *group*.
- (2) In certain cases, a *firm* should use Form A.
- (2A) When a *MiFID investment firm* (except a *credit institution*) notifies the *FCA* of a change using Form A or Form E, it may also have to submit the MiFID Article 4 SMR Information Form (see  SUP 10C.10.9BD).
- (3) The details can be found in  SUP 10C.10.8D to  SUP 10C.10.9CG.

### **Moving between firms**

**10C.14.3** **G**

If it is proposed that an *FCA-approved SMF manager*:

- (1) will no longer be performing an *FCA-designated senior management function* under an *arrangement* entered into by one *firm* or one of its contractors; but
- (2) will be performing the same or a different *FCA-designated senior management function* under an *arrangement* entered into by a new *firm* or one of its contractors (whether or not the new *firm* is in the same *group* as the old *firm*);

the new *firm* will be required to make a fresh application for the performance of the *FCA-designated senior management function* by that *person* (see ■ SUP 10C.10 (Application for approval and withdrawing an application for approval) for details).

**10C.14.4** **G**

In certain circumstances, when the *FCA* already has the information it would usually require, a shortened version of the relevant Form A may be completed. See ■ SUP 10C.10.8D to ■ SUP 10C.10.8BD for full details.

### **Ceasing to perform an FCA-designated senior management function**

**10C.14.5** **R**

- (1) A *firm* must notify the *FCA* no later than ten *business days* after an *FCA-approved SMF manager* permanently ceases to perform an *FCA-designated senior management function*.
- (2) It must make that notification by submitting to the *FCA* a completed Form C (■ SUP 10C Annex 5R).
- (3) If:
  - (a) the *firm* is also making an application for approval for that *approved person* to perform a *controlled function* within the same *firm* or *group*; and
  - (b) ceasing to perform the *FCA-designated senior management function* in (1) has triggered a requirement to make that application for approval:
    - (i) to the *FCA* using Form E (rather than a Form A) under ■ SUP 10C.10.9D; or
    - (ii) to the *FCA* using Form E (rather than a Form A) under ■ SUP 10A; or
    - (iii) (in the case of a *PRA-authorised person*) to the *PRA* using the *PRA's* Form E in accordance with the corresponding *PRA* requirements;

it must make the notification under (1) using that Form E.

**10C.14.5A** **G**

Permanently ceasing to perform an *FCA-designated senior management function* means that that *person* no longer has approval to perform that function. Permanent cessation does not mean that that *person* cannot return to perform that function, rather that if they do, they will need fresh approval.

10C

- 10C.14.5B** G Examples of when an *FCA-approved SMF manager* will have permanently ceased to perform an *FCA-designated senior management function* include moving within a *firm* (see ■ SUP 10C.14.1G to ■ SUP 10C.14.2G), moving between *firms* (see ■ SUP 10C.14.3G to ■ SUP 10C.14.4G), resignation, dismissal, retirement, and death.
- 10C.14.5C** G In cases of temporary absence (for example sick leave or parental leave) where the *firm* is keeping the same role open for an *FCA-approved SMF manager*, approval to perform the relevant *FCA-designated senior management function* will continue and therefore the *firm* will not be required to submit a Form C (■ SUP 10C Annex 5R). See ■ SUP 10C.14.5IG for guidance on interim appointments.
- 10C.14.5D** G As a result, an *FCA-approved SMF manager* who returns to perform the same *FCA-designated senior management function* following such a temporary absence will not need fresh approval.
- 10C.14.5E** R
- (1) If an *FCA-approved SMF manager* has been absent for more than 12 weeks, the *firm* must notify the *FCA* on Form D (■ SUP 10C Annex 6R) within seven *business days* of the end of the 12-week period.
  - (2) It must also notify the *FCA* on Form D (■ SUP 10C Annex 6R) within seven *business days* of their return.
- 10C.14.5F** G Where a *firm* is aware that an *FCA-approved SMF manager* will be absent for more than 12 weeks, that *firm* can notify the *FCA* prior to the end of the 12-week period.
- 10C.14.5G** G
- (1) The duty to notify in ■ SUP 10C.14.18R and the sections of the Act listed in ■ SUP 10C.14.22R continue to apply during a temporary absence.
  - (2) Where it would not be appropriate for a *firm* to require an *FCA-approved SMF manager* to participate in the assessment required under section 63(2A) of the Act during a temporary absence, it will not be necessary for that *person* to participate in that assessment in order for the *firm* to comply with this requirement.
  - (3) Notwithstanding the *guidance* at (2), on an *FCA-approved SMF manager's* return to a *firm*, the *firm* should consider whether it may be necessary to refresh any aspects of the assessment taking into account that the relevant *person* is now able to participate.
- 10C.14.5H** G
- (1) Under section 62A of the Act, a *firm* must provide the *FCA* with a revised *statement of responsibilities* if there has been any significant change in the responsibilities of an *FCA-approved SMF manager*.
  - (2) ■ SUP 10C.11.6G(6B) explains when a *firm* should submit a revised *statement of responsibilities* for an *FCA-approved SMF manager* who is temporarily absent and that the *firm* should also submit a revised *statement of responsibilities* on their return.

10C.14.5I G

(3) The requirement to submit a revised *statement of responsibilities* is in addition to the requirement to submit a Form D (■ SUP 10C Annex 6R).

(1) Where an *FCA-approved SMF manager* is temporarily absent (see ■ SUP 10C.14.5CG), a *firm* may decide to appoint another *person* to perform that *FCA-designated senior management function* during the interim period.

(2) Where the *FCA-approved SMF manager* was performing a *FCA required function*, the *firm* will be required to make an interim appointment.

(3) Unless ■ SUP 10C.3.13R (The 12-week rule) applies, the *firm* will be required to make a fresh application for the performance of the *FCA-designated senior management function* by the *person* who has been appointed for the interim period (see ■ SUP 10C.10 (Application for approval and withdrawing an application for approval)). It may be appropriate for the appointment to be time limited (see ■ SUP 10C.12.7G to ■ SUP 10C.12.14G (time-limited approvals) for details)).

(4) The *firm* will be required to notify the *FCA* under ■ SUP 10C.14.5R when the *person* who was appointed for the interim period gives up the role on the return of the *person* who was temporarily absent.

(5) A *firm* should consider what steps it should take in respect of handover procedures in relation to any interim appointment and the return of a *person* who is temporarily absent (see ■ SYSC 25.9 (Handover procedures and material)).

10C.14.5J G

If a *firm* is required to have a *management responsibilities map*, the map should be revised where appropriate to reflect any change in its management and governance arrangements as a result of a temporary absence described in ■ SUP 10C.14.5CG to ■ SUP 10C.14.5IG. In particular, a *firm* should update the map to take into account any temporary absence required to be notified under ■ SUP 10C.14.5ER or ■ SUP 10C.14.5FG, any interim appointment described in ■ SUP 10C.14.5IG or any return from temporary absence described in ■ SUP 10C.14.5ER (see ■ SYSC 25.2 (Management responsibilities maps: Main rules)).

10C.14.6 G

■ SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how notifications should be submitted.

10C.14.6A G

The *MiFID authorisation and management body change notification ITS* requires that a *MiFID investment firm* (except a *credit institution*) submit the information in Annex III of the appropriate part of the *MiFID authorisation and management body change notification ITS* on the Annex III template referred to in ■ SUP 10C.10.9AG where there is a change to a member of the *management body* or a *person* who effectively directs the business.

This means that a *MiFID investment firm* required to notify the *FCA* under (1) may also need to submit the Annex III information along with the Form C or Form E.

See ■ SUP 10C.10.9AAG to ■ SUP 10C.10.9CG for more about these notification requirements in a case in which the *firm* is applying for approval under section 59 of the Act (Approval for particular arrangements).

10C.14.7 **R**

- (1) A *firm* must notify the FCA as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C for an *FCA-approved SMF manager*.
- (2) Form C is qualified if the information it contains:
  - (a) relates to the fact that the *firm* has dismissed, or suspended, the *FCA-approved SMF manager* from its employment;
  - (b) relates to the resignation by the *FCA-approved SMF manager* while under investigation by the *firm*, the FCA or any other *regulatory body*;
  - (c) otherwise reasonably suggests that it may affect the FCA's assessment of the *FCA-approved SMF manager's* fitness and propriety; or
  - (d) includes a notification about the *FCA-approved SMF manager* under one of the provisions of the Act listed in ■ SUP 10C.14.22R (notification of grounds for withdrawal of approval and disciplinary action).

10C.14.8 **G**

- (1) Notification under ■ SUP 10C.14.7R may be made by telephone, email or fax and should be made, where possible, within one *business day* of the *firm* becoming aware of the information.
- (2) Oral notifications should be given directly to the *firm's* usual supervisory contact at the FCA. An oral notification left with another *person* or left on a voicemail, or other automatic messaging service, is unlikely to have been given appropriately.

10C.14.9 **G**

A *firm* is responsible for notifying the FCA if any *FCA-approved SMF manager* has permanently ceased to perform an *FCA-designated senior management function* under an arrangement entered into by its contractor or where any such *FCA-approved SMF manager* is temporarily absent.

10C.14.10 **G**

- (1) A *firm* can submit Form C or Form E (and any MiFID Article 4 SMR Information Form required by ■ SUP 10C.10.9BD) to the FCA in advance of the cessation date.
- (2) If the actual cessation date turns out to be different from the one notified in advance, the *firm* should notify the FCA.
- (3) If the *firm*:
  - does not submit Form C (including a qualified one) following notification under ■ SUP 10C.14.7R; or
  - submits a form in advance under (1) but it turns out that there is no requirement to have done so (because for example the *approved person* is staying in post);



it should inform the *FCA* in due course of the reason. This could be done using Form D, if appropriate.

**10C.14.11** G

- (1) When a *person* ceases the arrangement under which they perform an *FCA-designated senior management function*, they will automatically cease to be an *FCA-approved SMF manager* in relation to that *FCA-designated senior management function*.
- (2) A *person* can only be an *FCA-approved SMF manager* in relation to a specific *FCA-designated senior management function*. Therefore, a *person* is not an *FCA-approved SMF manager* during any period between ceasing to perform one *FCA-designated senior management function* (when they are performing no other *FCA-designated senior management function*) and being approved for another *FCA-designated senior management function*.

**10C.14.12** G

Sending forms promptly will help to ensure that any fresh application can be processed within the standard response times.

**Changes to an approved person's personal details**

**10C.14.13** R

If an *FCA-approved SMF manager's* title, name or national insurance number changes, the *firm* for which the *person* performs an *FCA-designated senior management function* must notify the *FCA* on Form D (■ SUP 10C Annex 6R), of that change within seven business days of the *firm* becoming aware of the matter.

**10C.14.14** G

The duty to notify in ■ SUP 10C.14.13R does not apply to changes to an *FCA-approved SMF manager's* private address.

**Changes to arrangements**

**10C.14.15** R

If any of the details relating to:

the arrangements in relation to any of a *firm's FCA-approved SMF managers*; or

any *FCA-designated senior management functions* of one of its *FCA-approved SMF managers*;

are to change, the *firm* must notify the *FCA* on Form D (■ SUP 10C Annex 6R).

The notification under (1) must be made as soon as reasonably practicable after the *firm* becomes aware of the proposed change.

This *rule* does not apply to anything required to be notified under section 62A of the *Act* (Changes in responsibilities of senior managers) or ■ SUP 10C.11 (Statements of responsibilities).

**10C.14.16** G

■ SUP 10C.15 (Forms and other documents and how to submit them to the *FCA*) explains how notifications should be submitted.

**Revised statements of responsibilities**

10C.14.17 **G**

- (1) Under section 62A of the *Act*, a *firm* should provide the *FCA* with a revised *statement of responsibilities* if there has been any significant change in the responsibilities of an *FCA-approved SMF manager*.
- (2) Details can be found in ■ SUP 10C.11 (Statements of responsibilities).

**Notifications about fitness, disciplinary action and breaches of COCON**

10C.14.18 **R**

- (1) If a *firm* becomes aware of information which would reasonably be material to the assessment of the fitness and propriety of an *FCA-approved SMF manager*, or of *candidate* to be one (see *FIT*), it must inform the *FCA* either:
  - (a) on Form D; or
  - (b) if it is more practical to do so and with the prior agreement of the *FCA*, by email or fax;  
as soon as practicable and, in any case, within seven *business days*.
- (2) This *rule* does not apply to anything required to be notified under ■ SUP 10C.14.5R (Form C) or ■ SUP 10C.14.7R (Qualified Form C).

10C.14.19 **G**

■ SUP 10C.15 (Forms and other documents and how to submit them to the *FCA*) applies to the submission of Form D.

10C.14.20 **G**

Failing to disclose relevant information to the *FCA* may be a criminal offence under section 398 of the *Act*.

10C.14.21 **G**

The duty to notify in ■ SUP 10C.14.18R extends to any circumstances that would normally be declared when giving the information required for section 5 of Form A or matters considered in ■ FIT 2.

10C.14.22 **R**

If a *firm* is required to notify the *FCA* about an *FCA-approved SMF manager* under any of the following:

- (1) section 63(2A) of the *Act* (Duty to notify regulator of grounds for withdrawal of approval); or
- (2) [deleted]
- (3) section 64C of the *Act* (Requirement for authorised persons to notify regulator of disciplinary action);

it must give that notification:

- (4) under ■ SUP 10C.14.5R (Form C) if that *rule* applies;
- (5) under ■ SUP 10C.14.7R (Qualified Form C) if that *rule* applies; or
- (6) (in any other case) in accordance with ■ SUP 10C.14.18R (Form D);



and in accordance with the requirements of this chapter about submission of those forms.

10C.14.23 G The table in ■ SUP 10C.14.24G summarises what the relevant parts of the sections of the Act listed in ■ SUP 10C.14.22R say.

10C.14.24 G Table: Explanation of the sections of the Act mentioned in ■ SUP 10C.14.22R

Section	Summary of relevant parts	Other Handbook material	Comments
Section 63(2A) (Duty to notify regulator of grounds for withdrawal of approval)	At least once a year, each <i>firm</i> must, in relation to every <i>SMF manager</i> for whom an approval has been given on the application of that <i>firm</i> :  (a) consider whether there are any grounds on which the FCA could withdraw the approval; and  (b) if the <i>firm</i> is of the opinion that there are such grounds, notify the FCA of those grounds.		<i>FIT</i> sets out guidance on the factors a <i>firm</i> should take into account when assessing the fitness and propriety of an <i>approved person</i> .
Section 64C of the Act (Requirement for authorised persons to notify regulator of disciplinary action)	If: (a) a <i>firm</i> takes disciplinary action in relation to an <i>SMF manager</i> ; and (b) the reason, or one of the reasons, for taking that action is a reason specified in SUP 15.11.6R;  the <i>firm</i> should notify the FCA of that fact.	SUP 15.11 (Notification of COCON breaches and disciplinary action)	An example of when a notification should be made using Form C rather than Form D is when a <i>firm</i> is required to notify the FCA under section 64C of the Act that it has dismissed an <i>SMF manager</i> .

10C.14.25 G (1) When considering how to notify the FCA under ■ SUP 10C.14.18R or ■ SUP 10C.14.22R, a *firm* should have regard to the urgency and significance of a matter. If appropriate, the *firm* should also notify its

usual supervisory contact at the *FCA* by telephone or by other prompt means of communication, before submitting a written notification.

- (2) Oral notifications should be given directly to the *firm's* usual supervisory contact at the *FCA*. An oral notification left with another *person* or left on a voicemail, or other automatic messaging service, is unlikely to have been given appropriately.

**The need for complete and accurate information**

10C.14.26 **G**

- (1) The obligations to supply information to the *FCA* under:
- (a) ■ SUP 10C; or
  - (b) the sections of the *Act* listed in ■ SUP 10C.14.22R;
- apply notwithstanding any agreement (for example, a 'COT 3' Agreement settled by the Advisory, Conciliation and Arbitration Service (ACAS)) or any other arrangements entered into by a *firm* and an *employee* upon termination of the *employee's* employment.
- (2) A *firm* should not enter into any such arrangements or agreements that could conflict with its obligations under this section or the *Act*.

10C.14.27 **G**

Failing to disclose relevant information to the *FCA* may be a criminal offence under section 398 of the *Act*.

**Application of this section to PRA-approved persons**

10C.14.28 **R**

This section also applies to a notification to the *FCA* about a *PRA-approved SMF manager* who is not an *FCA-approved SMF manager* required by any of the provisions of the *Act* listed in ■ SUP 10C.14.22R.

10C.14.29 **R**

The *PRA's rules* determine how a notification under ■ SUP 10C.14.28R is to be made.

10C.14.30 **G**

If a *firm* is required to notify the *FCA* about a *PRA-approved SMF manager* who is not an *FCA-approved SMF manager* under one of the sections of the *Act* referred to in ■ SUP 10C.14.28R, it should make a single notification under the *PRA's* requirements. There is no need for a separate notification to the *FCA*.



10C.15 Forms and other documents and how to submit them to the FCA

Purpose

- 10C.15.1 G The purpose of this section is to:
- (1) summarise the main forms and other documents used in this chapter; and
  - (2) explain how they should be submitted to the FCA.

Forms and documents

- 10C.15.2 G The main forms and other documents used in this chapter are listed in ■ SUP 10C.15.3G.

- 10C.15.3 G Table: FCA approved persons forms and other documents

Form or other document		Purpose	Handbook requirement
The relevant Form A	SUP 10C Annex 3D	Application to perform <i>designated senior management functions</i>	SUP 10C.10.8D
Form B	SUP 10C Annex 4R	Notice to withdraw an application to perform <i>controlled functions</i> under the senior managers regime	SUP 10C.10.36R
		Notice to withdraw an application to vary an approval under the senior managers regime	SUP 10C.13.15R
Form C	SUP 10C Annex 5R	Notice of ceasing to perform <i>controlled functions</i>	SUP 10C.14.5R

Form or other document		Purpose	Handbook requirement
Form D	SUP 10C Annex 6R	Notification of changes in personal information or application details or functions	SUP 10C.14.13R SUP 10C.14.15R
		Notification about fitness or of breach of conduct rules	SUP 10C.14.18R SUP 10C.14.22R
Form E	SUP 10C Annex 7D	Internal transfer of an <i>approved person</i>	SUP 10C.10.9D
Form I	SUP 10C Annex 8D	Application to vary a conditional approval	SUP 10C.13.6D
Form J	SUP 10C Annex 9D	Notification of significant change to a <i>statement of responsibilities</i>	SUP 10C.11
Relevant <i>statement of responsibilities</i>	SUP 10C Annex 10D		SUP 10C.11
MiFID Article 4 SMR Information Form	SUP 10C Annex 11D		SUP 10C.10.9BD
Annex III template	<a href="https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.docx">https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.docx</a>	As required by the <i>MiFID authorisation and management body change notification ITS</i>	SUP 10C.10.9AG and SUP 10C.14.6AG
[Note: Some of these forms are also used for the purposes of SUP 10A (FCA Approved Persons in Appointed Representatives)]			

- 10C.15.4

G

■ SUP 10C Annex 2G gives examples of the circumstances in which the documents in ■ SUP 10C.15.3G should be used.
- 10C.15.5

G

Copies of the forms in ■ SUP 10C.15.3G and of the *statement of responsibilities* may be obtained from the FCA website. *Credit unions* can obtain copies from the FCA's Supervision Hub.
- 10C.15.6

G

To contact the FCA's Supervision Hub for *approved persons* enquiries:

(1) telephone: 0300 500 0597;

(2) email: [firm.queries@fca.org.uk](mailto:firm.queries@fca.org.uk); or

(3) [deleted]

(4) write to:

Supervision Hub  
The Financial Conduct Authority  
12 Endeavour Square  
London, E20 1JN.

How to make applications and give notifications

10C.15.7 D

- (1) A *firm* other than *firm* in (2) must submit a document in column 1 of the table in ■ SUP 10C.15.10R, in accordance with the corresponding requirement in column two of that table.
- (2) A:
- (a) *credit union*; or
- (b) a *firm* whose *Part 4A permission* covers only *credit-related regulated activities*;
- must submit a document in column 1 of the table in ■ SUP 10C.15.10R, in accordance with the corresponding requirement in column three of that table.
- (3) This direction applies to the forms and other documents listed in the table in ■ SUP 10C.15.10R that are submitted under a direction.

10C.15.8 R

■ SUP 10C.15.7D also applies to the forms and other documents listed in the table in ■ SUP 10C.15.10R that are submitted under a *rule*.

10C.15.9 G

It is up to the *firm* referred to in ■ SUP 10C.15.7D(2) concerned to decide which of the methods of submission available to it under ■ SUP 10C.15.10R it is going to use.

10C.15.10 R

Table: Method of submission

Form or other document	Firms that are not credit unions or consumer credit firms (SUP 10C.15.7D(1))	Credit unions and consumer credit firms (SUP 10C.15.7D(2))
The relevant Form A	SUP 10C.15.11R	SUP 10C.15.11R or SUP 10C.15.14R
Form B	SUP 10C.15.14R	SUP 10C.15.14R
Form C	SUP 10C.15.11R	SUP 10C.15.11R or SUP 10C.15.14R
Form D	SUP 10C.15.11R	SUP 10C.15.11R or SUP 10C.15.14R
Form E	SUP 10C.15.11R	SUP 10C.15.11R or SUP 10C.15.14R
Form I	SUP 10C.15.11R	SUP 10C.15.11R or SUP 10C.15.14R
Form J	SUP 10C.15.11R	SUP 10C.15.11R or SUP 10C.15.14R

Form or other document	Firms that are not credit unions or consumer credit firms (SUP 10C.15.7D(1))	Credit unions and consumer credit firms (SUP 10C.15.7D(2))
Relevant <i>statement of responsibilities</i>	In accordance with the requirements for the form with which it is submitted	In accordance with the requirements for the form with which it is submitted
MiFID Article 4 SMR Information Form	Submit at the same time as Form A and/or E	Not applicable
Annex II or III template	Submit at the same time as Form A, C and/or E	Not applicable

Method of submission: electronic submission

10C.15.11 R

- (1) An application or submission by a *firm* made under this *rule* must be made by submitting the form or document online at [fca.org.uk](https://fca.org.uk) using the *FCA's* and *PRA's* *online notification and application system*.
- (2) A *firm* must use the version of the form or document made available on the electronic system referred to in (1). If the form or document is included in an Annex to this chapter, that electronic version is based on the version found in the applicable Annex to this chapter (which are listed in [SUP 10C.15.3G](#)).
- (3) If the information technology systems used by the *FCA* fail and online submission is unavailable for 24 hours or more, [SUP 10C.15.14R](#) applies until such time as facilities for online submission are restored.

10C.15.12 G

If the information technology systems used by the *FCA* fail and online submission is unavailable for 24 hours or more, the *FCA* and *PRA* will endeavour to publish a notice on their websites confirming that:

- (1) online submission is unavailable; and
- (2) the alternative methods of submission in [SUP 10C.15.14R](#) applies.

10C.15.13 G

Where [SUP 10C.15.11R\(3\)](#) applies to a *firm*, [GEN 1.3.2R](#) (Emergency) does not apply.

Method of submission: other forms of submission

10C.15.14 R

- (1) An application or submission by a *firm* made under this *rule* must be made in the way set out in [SUP 15.7.4R](#) to [SUP 15.7.9G](#) (Form and method of notification).
- (2) If the form or document is included in an Annex to this chapter, a *firm* must use the version of the form or document found in the applicable Annex to this chapter (which are listed in [SUP 10C.15.3G](#)).



10C.16      References and accurate information

References

10C.16.1    G    ■ SYSC 22 (Regulatory references) says that if a *firm* (A):

- (1) is considering appointing a *person* (P) to perform any *controlled function* or certain other functions;
- (2) requests a reference from a *firm* (B) that is P's current or former employer; and
- (3) indicates to B the purpose of the request;

B should, as soon as reasonably practicable, give a reference to A

10C.16.2    G    ■ SYSC 22 also requires *firms* to get a reference before applying to have someone approved as an *approved person*.

10C.16.3    G    [deleted]

10C.16.4    G    [deleted]

The need for complete and accurate information

10C.16.5    G    (1) The obligations to supply information to:

- (a) the *FCA* under this chapter;
- (b) [deleted]

apply notwithstanding any:

- (c) agreement (for example a 'COT 3' Agreement settled by the Advisory, Conciliation and Arbitration Service (ACAS)); or
- (d) any other arrangements entered into by a *firm* and an *employee* upon termination of the *employee's* employment.

(2) A *firm* should not enter into any such arrangements or agreements that could conflict with its obligations under this chapter.

10C.16.6    G    Failing to disclose relevant information to the *FCA* may be a criminal offence under section 398 of the *Act*.





## What functions apply to what type of firm

### Part One: Introduction

This annex sets out which *FCA controlled function* applies to which type of *SMCR firm*.

If an *FCA controlled function* is not included in a table for a particular class of *firm*, that *FCA controlled function* does not apply to any *firm* in that class.

- (1) If one of the tables in this annex shows that an *FCA controlled function* applies to a type of *firm*, that function does not necessarily apply to every *firm* in that class.
- (2) That may be because of limitations in the description of the function itself. For example, the *partner function* only applies to partnerships.
- (3) Another reason would be if the *rules* defining the *FCA controlled function* refer to a *rule* elsewhere in the *FCA Handbook* and the latter only applies to certain types of *firm*. For example:
  - (a) ■ SYSC 1 Annex 1 (Detailed application of SYSC) cuts back the application of some of the *FCA required functions*;
  - (b) see the entry for this chapter in the table in ■ BENCH 2.1.2G (Parts of the Handbook applicable to the regulated activity of administering a benchmark) for an example relating to *FCA required functions*.
- (4) The exclusions in ■ SUP 10C.1 are also relevant.

In the tables in this annex:

- (1) ✓ means that the *FCA controlled function* applies; and
- (2) × means that the *FCA controlled function* does not apply.

### Part Two: General exclusions

- (1) This chapter, except in respect of the *FCA required functions*, does not apply to an *authorised professional firm* that is an *FCA-authorised person* in respect of its *non-mainstream regulated activities*, subject to (2).
- (2) Where the *authorised professional firm* has appointed *FCA-approved persons* to perform the *FCA governing functions* with equivalent responsibilities for the *firm's non-mainstream regulated activities* and other regulated activities, for the *firm's non-mainstream regulated activities* this chapter applies with respect to the *FCA governing functions* and the *FCA required functions* only.

### Part Three: Functions applying to banking sector firms

- (1) The table in ■ SUP 10C Annex 1 3.2R sets out which *FCA controlled function* applies to which type of *SMCR banking firm*.
- (2) *SMCR firms* in (1) are divided into the following categories for the purposes in (1):
  - (a) a *UK SMCR banking firm*;
  - (b) an *EEA SMCR banking firm*; and
  - (c) an *overseas SMCR banking firm*.

Table: Controlled functions applying to banking firms

(1) Brief description of function	(2) Function number	(3) UK firm	(4) EEA firm	(5)Overseas firm
Governing functions				
<i>Executive director function</i>	SMF 3	√	×	√
<i>Chair of the nomination committee function</i>	SMF 13	√	×	×
<i>Partner function</i>	SMF 27	√	×	×
Required functions				
<i>Compliance oversight function</i>	SMF 16	√	×	√
<i>Money laundering reporting function</i>	SMF 17	√	√	√
<i>Other overall responsibility function</i>	SMF 18	√	×	×
<i>Other local responsibility function</i>	SMF 22	×	×	√
Other high-level management functions				
<i>EEA branch senior manager function</i>	SMF 21	×	√	×

Note: The categories of *firm* in the column headings of this table are to be interpreted in accordance with the classification of *firms* in SUP 10C Annex 1 3.1R. Therefore:

(1) column three (UK firm) refers to SUP 10C Annex 1 3.1R(2)(a);

(2) column four (EEA firm) refers to SUP 10C Annex 1 3.1R(2)(b); and

(3) column five (Overseas firm) refers to SUP 10C Annex 1 3.1R(2)(c).

Part Four: Functions applying to insurance sector firms

- (1) The table in ■ SUP 10C Annex 1 4.2R sets out which *FCA controlled function* applies to which type of *SMCR insurance firm*.
- (2) *SMCR firms* in (1) are divided into the following categories for the purposes in (1):
  - (a) a *Solvency II firm* not within any other paragraph of this rule;
  - (b) a *Solvency II firm* that is an *EEA PTV firm*;
  - (c) a *Solvency II firm* that:
    - (i) is within paragraph (b) of the *Glossary* definition of *Solvency II firm* (undertaking that would require *Part 4A permission* as an insurance or reinsurance undertaking if its head office were situated in the *United Kingdom*); and
    - (ii) does not fall within ■ SUP 10C Annex 1 4.1R(2)(b);
  - (d) a *small non-directive insurer*;
  - (e) a *firm* in ■ SYSC 23 Annex 1 5.2R (*firms* in run-off); and
  - (f) an *insurance special purpose vehicle*.
- (3) An *insurance special purpose vehicle* only falls into paragraph (2)(f). Subject to that, a *firm* in (2)(e) does not fall into any other paragraph.

References to a *Solvency II firm* include a *large non-directive insurer*.

Table: Controlled functions applying to insurance sector firms

(1) Brief description of function	(2) Function number	(3) Solvency II and large NDF	(4) EEA branches	(5)Over- seas branches	(6) Small NDF and other	(7) ISPV
Governing functions						
<i>Executive director function</i>	SMF 3	√	×	√	√	√
<i>Chair of the nomination committee function</i>	SMF 13	√	×	×	×	×
<i>Chair of the with-profits committee function</i>	SMF 15	√	×	√	×	×
<i>Partner function</i>	SMF 27	√	×	×	√	×
Required functions						
<i>Compliance oversight function</i>	SMF 16	√	×	√	√	√
<i>Money laundering reporting function</i>	SMF 17	√	√	√	√	×
<i>Other overall responsibility function</i>	SMF 18	√	×	×	×	×
<i>Other local responsibility function</i>	SMF 22	×	×	√	×	×
<i>Conduct risk oversight (Lloyd's) function</i>	SMF 23b	√	×	×	×	×
See Note 2						
Other high-level management functions						
<i>EEA branch senior manager function</i>	SMF 21	×	√	×	×	×
Note 1: The categories of <i>firm</i> in the column headings of this table are to be interpreted in accordance with the classification of <i>firms</i> at SUP 10C Annex 1 4.1R. Therefore:						
(a) column three (Solvency II and large NDF) refers to SUP 10C Annex 1 4.1R(2)(a);						
(b) column four (EEA branches) refers to SUP 10C Annex 1 4.1R(2)(b);						
(c) column five (Overseas branches) refers to SUP 10C Annex 1 4.1R(2)(c);						
(d) column six (Small NDF and other) refers to SUP 10C Annex 1 4.1R(2)(d) and (e); and						
(e) column seven (ISPV) refers to SUP 10C Annex 1 4.1R(2)(f).						
Note 2: The <i>conduct risk oversight (Lloyd's) function</i> only applies to the <i>Society</i> .						

**Part Five: Functions applying to core firms**

- (1) The table in ■ SUP 10C Annex 1 5.2R sets out which *FCA controlled function* applies to which type of *core SMCR firm*.
- (2) *Firms* in (1) are divided into the following categories for the purposes of this *rule*:
  - (a) a *UK SMCR firm* not falling into (d);
  - (b) an *EEA SMCR firm*;
  - (c) an *overseas SMCR firm* not falling into (b); and

(d) a UK SMCR firm falling into ■ SYSC 23 Annex 1 7.4R (an exempt MiFID commodities firm whose only permission is bidding in emissions auctions).

Table: Controlled functions applying to core SMCR firms

(1)	(2)	(3)	(4)	(5)	(6)
Brief description of function	Function number	UK firm	EEA firm	Other overseas firm	Emission auction bidder
Governing functions					
Chief executive function	SMF 1	√	×	×	√
Executive director function	SMF 3	√	×	√	√
Chair of the governing body function	SMF 9	√	×	×	√
Head of third country branch function	SMF 19	×	×	√	×
Partner function	SMF 27	√	×	×	√
Required functions					
Compliance oversight function	SMF 16	√	×	√	×
Money laundering reporting function	SMF 17	√	√	√	√
Other high-level management functions					
EEA branch senior manager function	SMF 21	×	√	×	×

Note: The categories of *firm* in the column headings of this table are to be interpreted in accordance with the classification of *firms* at SUP 10C Annex 1 5.1R. Therefore:

- (a) column three (UK firm) refers to SUP 10C Annex 1 5.1R(2)(a);
- (b) column four (EEA firm) refers to SUP 10C Annex 1 5.1R(2)(b);
- (c) column five (Other overseas firm) refers to SUP 10C Annex 1 5.1R(2)(c); and
- (d) column six (Emission auction bidders) refers to SUP 10C Annex 1 5.1R(2)(d).

Part Six: Functions applying to enhanced scope firms

The table in ■ SUP 10C Annex 1 6.2R sets out which FCA controlled functions apply to an enhanced scope SMCR firm.

Table: Controlled functions applying to enhanced scope SMCR firms

Brief description of function	Function number
Governing functions	
Chief executive function	SMF 1
Executive director function	SMF 3
Group entity senior manager function	SMF 7
Chair of the governing body function	SMF 9
Chair of the risk committee function	SMF 10

Brief description of function	Function number
<i>Chair of the audit committee function</i>	SMF 11
<i>Chair of the remuneration committee function</i>	SMF 12
<i>Chair of the nomination committee function</i>	SMF 13
<i>Senior independent director function</i>	SMF 14
<i>Partner function</i>	SMF 27
Required functions	
<i>Compliance oversight function</i>	SMF 16
<i>Money laundering reporting function</i>	SMF 17
<i>Other overall responsibility function</i>	SMF 18
Systems and controls functions	
<i>Chief finance officer function</i>	SMF 2
<i>Chief risk officer function</i>	SMF 4
<i>Head of internal audit function</i>	SMF 5
<i>Chief operations function</i>	SMF 24

Part Seven: Functions applying to limited scope firms

Limited scope SMCR firms are divided into the following categories for the purposes of

■ SUP 10C Annex 1:

- (1) a firm falling within the table in ■ SYSC 23 Annex 1 6.4R that does not come within (2) to (4A) or (8) to (9);
- (2) a firm falling within row (5) of the table in ■ SYSC 23 Annex 1 6.4R (distribution of *non-investment insurance contracts*);
- (2A) a firm falling within row (6) of the table in ■ SYSC 23 Annex 1 6.4R (*funeral plans*);
- (3) a firm falling within ■ SYSC 23 Annex 1 6.7R (credit firms with limited permission) except for one falling within (4);
- (4) a firm falling within ■ SYSC 23 Annex 1 6.7R that is an *appointed representative*;
- (4A) a limited scope SMCR benchmark firm;
- (5) a sole trader who does not come within (1) to (4A), (8) or (9);
- (6) an authorised professional firm that does not come within (1) to (4A), (8) or (9);
- (7) a firm in the table in ■ SUP 10C Annex 1 7.10R;
- (8) a firm that comes within ■ SYSC 23 Annex 1 6.11R (claims management) that is a Class 1 firm as defined in ■ CMC OB 7.2.5R(1);
- (9) a firm that comes within ■ SYSC 23 Annex 1 6.11R (claims management) that is not a Class 1 firm as defined in ■ CMC OB 7.2.5R(1).

A firm in ■ SUP 10C Annex 1 7.1R(7) does not fall into any other paragraph of ■ SUP 10C Annex 1 7.1R.

- (1) The table in ■ SUP 10C Annex 1 7.4R sets out which *FCA controlled functions* apply to a limited scope SMCR firm covered by ■ SUP 10C Annex 1 7.1R(1), ■ (2), ■ (2A), ■ (3), ■ (4), ■ (4A), ■ (8) or ■ (9).
- (2) Parts 1.2 and 2 of that table apply to *EEA SMCR firms*.
- (3) Parts 1.1 and 2 of that table apply to other limited scope SMCR firms in (1).

Table: Controlled functions applying to limited scope SMCR firms except sole traders and authorised professional firms

Part 1.1 (UK and non-EEA firms)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Brief de- scription of function	Function number	General	Insurance distribution firms	Credit firms	Consumer credit ap- pointed rep- resentatives	Benchmark firms
Governing functions						
The gov- erning func- tions that apply to core SMCR firms	Various	x	x	x	√	x
Required functions						
Compliance oversight function	SMF 16	√	x Note (4)	x	x	x
Money laundering reporting function	SMF 17	√	√	x	x	x
Limited scope function	SMF 29	√	√	√	√	√

Part 1.2 (EEA firms)					
(1)	(2)	(3)	(4)	(5)	(6)
Brief descrip- tion of function	Function number	General	Insurance dis- tribution firms	Credit firms	Consumer credit ap- pointed rep- resentatives
Required functions					

Part 1.2 (EEA firms)					
(1)	(2)	(3)	(4)	(5)	(6)
Money laun- dering re- porting function	SMF 17	√	√	×	Note (3)

Part 2 (Claims management and funeral plan firms)				
(1)	(2)	(3)	(4)	(5)
Brief de- scription of function	Function number	Class 1 claims man- agement firms	Other claims management firms	Funeral plan firms
		Required functions		
Compliance oversight function	SMF 16	√	×	×
Limited scope function	SMF 29	√	√	√

#### Notes to the table

Note (1): The categories of *firm* in the column headings of this table are to be interpreted in accordance with the classification of *firms* at SUP 10C Annex 1 7.1R. Therefore:

- (1) column three of Parts 1.1 and 1.2 of the table (General) refers to SUP 10C Annex 1 7.1R(1);
- (2) column four of Parts 1.1 and 1.2 of the table (Insurance distribution firms) refers to SUP 10C Annex 1 7.1R(2);
- (3) column five of Parts 1.1 and 1.2 of the table (Credit firms) refers to SUP 10C Annex 1 7.1R(3);
- (4) column six of Parts 1.1 and 1.2 of the table (Consumer credit appointed representatives) refers to SUP 10C Annex 1 7.1R(4);
- (5) column seven of Part 1.1 of the table (Benchmark firms) refers to SUP 10C Annex 1 7.1R(4A);
- (6) column three of Part 2 of the table (Class 1 claims management firms) refers to SUP 10C Annex 1 7.1R(8);
- (7) column four of Part 2 of the table (Other Claims management firms) refers to SUP 10C Annex 1 7.1R(9); and
- (8) column five of Part 2 of the table (Funeral plan firms) refers to SUP 10C Annex 1 7.1R(2A).

Note (2): SUP 10C Annex 1 7.3R sets out which part of the table applies to which *firm*.

Note (3): Not applicable to these *firms* because SUP 10C Annex 1 7.2R means that the table does not apply to *firms* in this category.

Note (4): However, this function does apply to a *firm* that is also a Class 1 firm as defined in CMC OB 7.2.5R(1) (Classification of firms for prudential resources purposes).

- (1) This rule applies to a firm in ■ SUP 10C Annex 1 7.1R(4) (an *appointed representative* that has a *limited permission*).
- (2) The *FCA required functions* apply in relation to the carrying on of the *regulated activity* for which it has *limited permission*.
- (3) The *FCA governing functions* apply in relation to the carrying on of the *regulated activity*, for which it does not have *permission*, comprised in the business for which its *principal* has accepted responsibility.



- (4) If the *appointed representative* meets the conditions in ■ SUP 10A.1.16R(2), only one of the *FCA governing functions* applies under (3), as appropriate, to an individual within that *appointed representative* who will be required to be an *FCA-approved person*.

The *customer function* also applies to a *firm* in ■ SUP 10C Annex 1 7.1R(4) under ■ SUP 10A (FCA Approved Persons in Appointed Representatives).

- (1) The table in ■ SUP 10C Annex 1 7.8R sets out which *FCA controlled functions* apply to a *limited scope SMCR firm* that is covered by ■ SUP 10C Annex 1 7.1R(5) or ■ (6) (a *sole trader* or an *authorised professional firm*).

- (2) *Firms* in (1) are divided into the following categories for the purposes of this *rule*:

- (a) a *UK SMCR firm*;
- (b) an *EEA SMCR firm*; and
- (c) an *overseas SMCR firm* not falling into (b).

Table: Controlled functions applying to limited scope SMCR firms that are sole traders or authorised professional firms

(1)	(2)	(3)	(4)	(5)
Brief description of function	Function number	UK firm	EEA firm	Other overseas firm
Governing functions				
Chief executive function	SMF 1	√	×	×
Executive director function	SMF 3	√	×	√
Chair of the governing body function	SMF 9	√	×	×
Head of third country branch function	SMF 19	×	×	√
Partner function	SMF 27	√	×	×
Required functions				
Compliance oversight function	SMF 16	√	×	√
Money laundering reporting function	SMF 17	√	√	√
Limited scope function	SMF 29	√	×	√
Other high-level management functions				
EEA branch senior manager function	SMF 21	×	√	×

Note: The categories of *firm* in the column headings of this table are to be interpreted in accordance with the classification of *firms* at SUP 10C Annex 1 7.2R. Therefore:

- (a) column three (UK firm) refers to SUP 10C Annex 1 7.7R(2)(a);
- (b) column four (EEA firm) refers to SUP 10C Annex 1 7.7R(2)(b); and
- (c) column five (Other overseas firm) refers to SUP 10C Annex 1 7.7R(2)(c).

None of the *FCA controlled functions* apply to a *limited scope SMCR firm* in the table in ■ SYSC 23 Annex 1 7.10R.

Table: Limited scope SMCR firms to which no controlled functions apply



Function	Comments
A firm in SYSC 23 Annex 1 6.8R ( <i>not-forprofit debt advice body</i> )	
A firm in SYSC 23 Annex 1 6.10R ( <i>internally managed AIF</i> )	
An EEA SMCR firm falling within SYSC 23 Annex 1 6.7R (credit firm with limited permission)	A firm is only excluded if it is an <i>appointed representative</i>

- (1) As explained in ■ SUP 10C Annex 1 1.3G, the full range of *FCA controlled functions* that are applied to a class of *firm* by this Annex may not apply to every *firm* in that class.
- (2) For example, in the case of a *limited scope SMCR firm* that is a *sole trader*:
  - (a) In practice it is unlikely that the *FCA governing functions* will apply to a *sole trader* (see ■ SUP 10C.4A.2G).
  - (b) The *money laundering reporting function* does not apply to a *sole trader* with no employees (see ■ SYSC 6.3.9R).
- (3) Another example is a *firm* falling within row (5) of the table in ■ SYSC 23 Annex 1 6.4R (distribution of *non-investment insurance contracts*). ■ SYSC 1 Annex 1 2.11R means that the *money laundering reporting function* does not apply to many or most such *firms*.



## Summary of forms and their use in the senior managers regime

Function	Form	Submission
(1) Person about to perform an FCA-designated senior management function if they have never been approved by the FCA or PRA before.	A	Submitted by the <i>firm</i> making the application before activities requiring approval commence.
(2) The <i>candidate</i> is to perform an <i>FCA-designated senior management function</i> and either: (a) has current approval to perform an <i>FCA controlled function</i> that is a <i>significant-influence function</i> , an <i>FCA-designated senior management function</i> , or a <i>PRA controlled function</i> ; or (b) has had such an approval within the previous six <i>months</i> .	Shortened Form A (if the other conditions are met)	Submitted by the <i>firm</i> making the application before activities requiring approval commence.
(3) <i>Candidate</i> ceased to be an approved person more than six <i>months</i> ago.	A	Submitted by the <i>firm</i> making the application before activities requiring approval commence.
(4) Either: (a) <i>candidate</i> is seeking to perform an <i>FCA-designated senior management function</i> for the first time and has never been approved to perform an <i>FCA controlled function</i> that is a <i>significant-influence function</i> or a <i>PRA controlled function</i> before; or (b) <i>candidate</i> ceased to have approval from the FCA or PRA to perform an <i>FCA controlled function</i> that is a <i>significant-influence function</i> , an <i>FCA-designated senior management function</i> or a <i>PRA controlled function</i> more than six <i>months</i> ago.	A	Submitted by the <i>firm</i> making the application before activities requiring approval commence.
(5) <i>Firm</i> withdrawing an outstanding application to perform an <i>FCA-designated senior management function</i> .	B	Submitted by the <i>firm</i> : signed by all <i>interested parties</i> .
(6) Person permanently ceasing to perform an <i>FCA-designated senior management function</i> .	C (unless it should be notified under Form E)	Submitted by the <i>firm</i> within ten <i>business days</i> of <i>approved person</i> permanently ceasing to perform <i>controlled function(s)</i> .
(7) Either: (a) an <i>FCA-approved SMF manager's</i> title, name or national insurance number changes; or (b) there is information which may be	D Form C to be used instead where the person is permanently ceasing to	Submitted by <i>firm</i> within seven <i>business days</i> of the firm becoming aware of the matter or, in the case of (c), within seven <i>business days</i> of the end of the 12-week period and on their return.

Function	Form	Submission
material to the continuing assessment of an <i>FCA-approved SMF manager's</i> fitness and propriety; or	perform a <i>controlled function</i> .	
(c) an <i>FCA-approved SMF manager</i> is temporarily absent.		
(8) Firm obliged to notify the <i>FCA</i> about an <i>SMF manager</i> under:	Form D.	Submitted by <i>firm</i> within seven <i>business days</i> of the <i>firm</i> becoming aware of the matter.
(a) section 63(2A) of the <i>Act</i> (Duty to notify regulator of grounds for withdrawal of approval); or	Form C to be used instead where the <i>person</i> is permanently ceasing to perform a <i>controlled function</i> .	A <i>firm</i> should not use Form H as that form only applies to notifications relating to breaches by those who are not <i>SMF managers</i> .
(b) [deleted]		
(c) section 64C of the <i>Act</i> (Requirement for relevant authorised persons to notify regulator of disciplinary action).		
(9) <i>Person</i> remaining with the same <i>firm</i> but changing <i>FCA-designated senior management functions</i> .	E	Submitted by <i>firm</i> to the <i>FCA</i> before changes take place.
(10) <i>Person</i> remaining with the same <i>PRA-authorised person</i> but giving up a <i>PRA controlled function</i> and taking up an <i>FCA-designated senior management function</i> .	E	Submitted by <i>firm</i> to the <i>FCA</i> before changes take place.
(11) <i>Person</i> remaining with the same <i>PRA-authorised person</i> but giving up an <i>FCA-designated senior management function</i> and taking up a <i>PRA-designated senior management function</i> .	E	Submitted by <i>firm</i> to the <i>PRA</i> before changes take place (see the <i>PRA's</i> requirements).
(12) <i>Person</i> remaining with the same <i>PRA-authorised person</i> in the circumstances described in example 9 in the table in SUP 10C.7.3G (ceasing to perform a <i>PRA controlled function</i> triggering need for <i>FCA</i> approval to perform the <i>other overall responsibility function</i> ).	E	Submitted by <i>firm</i> to the <i>FCA</i> in advance of giving up the <i>PRA controlled function</i> .
(13) <i>Person</i> with approval to perform the <i>other overall responsibility function</i> remaining with the same <i>firm</i> but ceasing to require approval to perform that function because of being approved to perform another <i>controlled function</i> (see the table in SUP 10C.7.3G for examples).	E	Submitted by <i>firm</i> to: (a) the <i>PRA</i> (if the new function is a <i>PRA controlled function</i> and the <i>firm</i> is a <i>PRA-authorised person</i> ); or (b) the <i>FCA</i> (if the new function is an <i>FCA controlled function</i> ).
(14) <i>Person</i> remaining with the same <i>PRA-authorised person</i> in the circumstances described in example 8 in the table in SUP 10C.9.9G (giving up a <i>PRA controlled function</i> triggering need for <i>FCA</i> approval).	E	Submitted by <i>firm</i> to the <i>FCA</i> in advance of giving up the <i>PRA controlled function</i> .
(15) <i>Firm</i> applying for the variation of a conditional approval.	Form I	
(16) <i>Firm</i> withdrawing an outstanding application to vary a conditional approval.	Form B	Submitted by the <i>firm</i> : signed by all <i>interested parties</i> .

Function	Form	Submission
(17) Significant change to an <i>approved person's</i> responsibilities.	Form J  Form J should not be used if the <i>firm</i> is also submitting a Form A, E or I for the same <i>SMF manager</i> .	The revised <i>statement of responsibilities</i> should be included. A <i>statement of responsibilities</i> must be submitted in the format prescribed by the <i>FCA</i> (SUP 10C Annex 10D).
(18) <i>Person (P)</i> has approval to perform an <i>FCA governing function</i> under SUP 10A (FCA Approved Persons in Appointed Representatives) for an <i>appointed representative</i> of an <i>SMCR firm (F)</i> . <i>P</i> then takes up an <i>FCA-designated senior management function</i> position with <i>F</i> itself and gives up their role with the <i>appointed representative</i> .	E	Submitted by <i>F</i> to the <i>FCA</i> before changes take place.  <i>F</i> should use a Form E because the function <i>P</i> performs for the <i>appointed representative</i> is treated as being performed in relation to <i>F</i> and so <i>P</i> is applying for approval to perform an <i>FCA-designated senior management function</i> in relation to the same <i>firm (F)</i> .



## **Form A: Application to perform senior management functions**

### Long Form A

Long Form A – Dual-regulated firms (including third country firms)

Long Form A – UK and Overseas Firms (not incoming third country) for MiFID authorisation applications

Long Form A – Solo-regulated firms (including third country)

### Short Form A

Short Form A – Dual-regulated firms (including third country firms)

Short Form A – Solo-regulated firms (including third country)





**Form B: Notice to withdraw an application to perform controlled  
functions (including senior management functions)**

Form B – Notice to withdraw an application to perform controlled functions (including senior management functions)



Form C: Notice of ceasing to perform controlled functions including  
senior management functions

Form C: Notice of ceasing to perform controlled functions including senior management functions



**Form D: Notification: Changes to personal information/application  
details and conduct breaches/disciplinary action related to conduct**

Form D – Notification: Changes to personal information/application details and conduct breaches/  
disciplinary action related to conduct



Form E: Internal transfer of a person performing a controlled function

Form E – Internal transfer of a person performing a controlled function for dual-regulated firms  
Form E: Internal transfer of a person performing a controlled function





**Form I: Application to add, vary or remove a conditional approval for  
the performance of a senior management function**

Form I – Application to add, vary or remove a conditional approval for the performance of a senior management function



**Form J: Notification of significant changes in responsibilities of a  
person performing a senior management function**

Form J – Notification of significant changes in responsibilities of a person performing a senior  
management function



Statement of responsibilities

- Statement of responsibilities for dual-regulated SMCR firms
- Statement of responsibilities for solo-regulated SMCR firms



MiFID Article 4 SMR Information Form

MiFID Article 4 SMR Information Form





# Chapter 11

## Controllers and close links



11.1 Application

Application to firms

11.1.1 R

This chapter applies to every *firm* except:

- (1) an *ICVC*;
- (2) [deleted]
- (3) [deleted]
- (4) [deleted]
- (5) a *sole trader*;
- (6) [deleted]
- (7) a *UK ISPV*;

a *firm* which only has *permission* for *administering a benchmark*,  
as set out in the table in ■ SUP 11.1.2 R.

11.1.2 R

Applicable sections (see ■ SUP 11.1.1 R)

	Category of firm	Applicable sections
(1)	A <i>UK domestic firm other than a building society, a non-directive friendly society, a non-directive firmor</i> (in the case of an <i>FCA-authorised person</i> ) a <i>firm</i> with only a <i>limited permission</i>	All except SUP 11.3, SUP 11.4.2A R and SUP 11.4.4 R
(1A)	A <i>building society</i>	(a) In the case of an exempt change in control (see Note), SUP 11.1, SUP 11.2 andSUP 11.9  (b) In any other case, all except SUP 11.3 andSUP 11.4.4 R
(2)	A <i>non-directive friendly society</i>	SUP 11.1, SUP 11.2, and SUP 11.9
(2A)	A <i>non-directive firm</i>	all except SUP 11.3, SUP 11.4.2 R, and SUP 11.4.4 R
(2B)	(In the case of an <i>FCA-authorised person</i> ) a <i>firm</i> with only a <i>limited permission</i>	All except SUP 11.3, SUP 11.4.2 R , and SUP 11.4.4 R

	Category of firm	Applicable sections
(3)	An overseas firm	All except SUP 11.3, SUP 11.4.2 R, SUP 11.4.2A R, , SUP 11.4.9 G, SUP 11.5.8 G to SUP 11.5.10 G, SUP 11.6.2 R, SUP 11.6.3 R, , SUP 11.7
Note	In row (1A), a change in <i>control</i> is exempt if the <i>controller</i> or proposed <i>controller</i> is exempt from any obligation to notify the <i>appropriate regulator</i> under Part XII of the Act (Control Over Authorised Persons) because of The Financial Services and Markets Act 2000 (Controllers) (Exemption) Order 2009 (SI 2009/774). (See SUP 11.3.2A G).	

Application to controllers

11.1.4

D

■ SUP 11.1, ■ SUP 11.2.1 G, ■ SUP 11.3 and ■ SUP 11.7 apply to a *controller* or a proposed *controller* of a *UK domestic firm* not listed in ■ SUP 11.1.1 R (1) to ■ SUP 11.1.1R(8).



11.2 Purpose

- 11.2.1 G Part XII of the Act (Control Over Authorised Persons) places an obligation on the *controllers* and proposed *controllers* of those *UK domestic firms* not listed in ■ SUP 11.1.1 R (1) to ■ SUP 11.1.1R(8) to notify the *appropriate regulator* of changes in *control*, including acquiring, increasing or reducing *control* or ceasing to have *control* over a *firm*. Furthermore, those *persons* are required to obtain the *appropriate regulator's* approval before becoming a *controller* or increasing their *control* over a *firm*. ■ SUP 11.3 is intended to assist those *persons* in complying with their obligations under Part XII of the Act.
- 11.2.2 G The *rules* in ■ SUP 11.4 to ■ SUP 11.6 are aimed at ensuring that the *appropriate regulator* receives the information that it needs to fulfil its responsibility to monitor and, in some cases, give prior approval to *firms' controllers*.
- 11.2.2A G [deleted]
- 11.2.3 G As the approval of the *appropriate regulator* is not required under the Act for a new *controller* of an *overseas firm*, the *notification rules* on such *firms* are less prescriptive than they are for *UK domestic firms*. Nevertheless, the *appropriate regulator* still needs to monitor such an *overseas firm's* continuing satisfaction of the *threshold conditions*, which normally includes consideration of a *firm's* connection with any *person*, including its *controllers* and *parent undertakings* (see the *threshold conditions* set out in paragraphs 3B, 4F and 5F of Schedule 6 to the Act). The *appropriate regulator* therefore needs to be notified of *controllers* and *parent undertakings* of *overseas firms*.
- 11.2.4 G As part of the *appropriate regulator's* function of monitoring a *firm's* continuing satisfaction of the *threshold conditions*, the *appropriate regulator* needs to consider the impact of any significant change in the circumstances of one or more of its *controllers*, for example, in their financial standing and, in respect of corporate *controllers*, in their *governing bodies*. Consequently, the *appropriate regulator* needs to know if there are any such changes. ■ SUP 11.8 therefore requires a *firm* to tell the *appropriate regulator* if it becomes aware of particular matters relating to a *controller*.
- 11.2.5 G Similarly, the *appropriate regulator* needs to monitor a *firm's* continuing satisfaction of the *threshold conditions* set out in paragraphs 3B, 4F and 5F of Schedule 6 to the Act (as applicable) (in relation to *threshold conditions*

for which the *FCA* is responsible, see ■ COND 2.3), which requires that a *firm's close links* are not likely to prevent the *appropriate regulator's* effective supervision of that *firm*. Accordingly the *appropriate regulator* needs to be notified of any changes in a *firm's close links*. This requirement is contained in ■ SUP 11.9.

**11.2.6** G Every *firm*, other than a *firm* listed in ■ SUP 11.1.1 R (1) to ■ SUP 11.1.1R(8) or a *firm* excluded from the operation of ■ SUP 16.4 or ■ SUP 16.5 by ■ SUP 16.1.3 R, is required to submit an annual report on its *controllers* and *close links* as set out in ■ SUP 16.4 and ■ SUP 16.5.

**11.2.7** G The requirements in ■ SUP 11 implemented certain provisions relating to changes in *control* and *close links* which were required under the *Single Market Directives*.

**11.2.8** G An event described in ■ SUP 11.4.2R, ■ SUP 11.4.2A R and ■ SUP 11.4.4Ris referred to in this chapter as a "change in *control*".



11.3 Requirements on controllers or proposed controllers under the Act

- 11.3.1

G

The notification requirements are set out in sections 178, 179, 191D and 191E of the Act and holdings which may be disregarded are set out in section 184 of the Act. A summary of the notification requirements described in this section is given in ■ SUP 11 Annex 1.
- 11.3.1A

G

For the purposes of Part XII (Control over authorised persons) of the Act, and in particular, calculations relating to the holding of shares and/or voting power, the definitions of “shares” and “voting power” are set out in section 191G of the Act.
- 11.3.1B

G

■ SUP 11 Annex 6G provides *guidance* on when one *person's* holding of *shares* or *voting power* must be aggregated with that of another *person* for the purpose of determining whether an acquisition or increase of control will take place as contemplated by section 181 or 182 of the Act such that notice must be given to the *appropriate regulator* in accordance with section 178 of the Act before making the acquisition or increase. This will be:

(1) where those *persons* are acting in concert, as contemplated by section 178(2) (Obligation to notify appropriate regulator: acquisitions of control) of the Act; or

(2) in the case of voting power only, if any of the circumstances described in section 422(5) (Controller) of the Act apply.
- 11.3.2

G

Requirement to notify a proposed change in control

Sections 178(1) and 191D(1) of the Act require a *person* (whether or not he is an *authorised person*) to notify the *appropriate regulator* in writing if he decides to acquire, increase or reduce *control* or to cease to have *control* over a *UK domestic firm* . Failure to notify is an offence under section 191F of the Act (Offences under this Part).
- 11.3.2A

G

The Treasury have made the following exemptions from the obligations under section 178 of the Act:

(1) *controllers* and potential *controllers* of *non-directive friendly societies* are exempt from the obligation to notify a change in *control* (The Financial Services and Markets Act 2000 (Controllers) (Exemption) Order 2009 (SI 2009/774));

- (2) *controllers* and potential *controllers* of *building societies* are exempt from the obligation to notify a change in *control* unless the change involves the acquisition of a holding of a specified percentage of a *building society's* capital or the increase or reduction by a specified percentage of a holding of a *building society's* capital (The Financial Services and Markets Act 2000 (Controllers) (Exemption) Order 2009 (SI 2009/774.)). The "capital" of a *building society* for these purposes consists of:
- (a) any shares of a class defined as deferred shares for the purposes of section 119 of the Building Societies Act 1986 which have been issued by the society (in practice, likely to be permanent interest bearing shares (PIBS)); and
  - (b) the general reserves of that *building society*;
- (3) potential *controllers* of *non-directive firms* (other than, in the case of an *FCA-authorised person*, *firms* with only a *limited permission*) ("A") are exempt from the obligation to notify a change in *control* unless the change results in the potential *controller* holding:
- (a) 20% or more of the *shares* in A or in a *parent undertaking* of A ("P");
  - (b) 20% or more of the *voting power* in A or P; or
  - (c) *shares* or *voting power* in A or P as a result of which the *controller* is able to exercise significant influence over the management of A;
- or where the change in *control* over A would lead to the *controller* ceasing to fall into any of the cases (a), (b) or (c) above (The Financial Services and Markets Act 2000 (Controllers) (Exemption) Order 2009 (SI 2009/774)).
- (4) (in the case of a change in *control* over an *FCA-authorised person*) potential *controllers* of *firms* with only a *limited permission*) ("A") are exempt from the obligation to notify a change in *control*, unless the change would result in the potential *controller* holding:
- (a) 33% or more of the *shares* in A or in a *parent undertaking* of A ("P"); or
  - (b) 33% or more of the *voting power* in A or P; or
  - (c) *shares* or *voting power* in A or P as a result of which the *controller* is able to exercise significant influence over the management of A;
- or where the change in *control* over A would lead to the *controller* ceasing to fall into any of the cases (a), (b) or (c) above (The Financial Services and Markets Act 2000 (Controllers) (Exemption) Order 2009 (SI 2009/774)).

11.3.3 G [deleted]

### Approval required before acquiring or increasing control

11.3.4 G If a *person* decides to acquire *control* or increase *control* over a *UK domestic firm* in a way described in ■ SUP 11.4.2 R or acquire *control* in a way described in ■ SUP 11.4.2AR (1), he must obtain the *appropriate regulator's* approval

		before doing so. Making an acquisition before the <i>appropriate regulator</i> has approved of it is an offence under section 191F of the <i>Act</i> (Offences under this Part).
11.3.5	G	The <i>appropriate regulator's</i> approval is not required before a <i>controller</i> reduces <i>control</i> or ceases to have <i>control</i> over a <i>UK domestic firm</i> .
		<b>Pre-notification and approval for fund managers</b>
11.3.5A	G	The <i>appropriate regulator</i> recognises that <i>firms</i> acting as <i>investment managers</i> may have difficulties in complying with the prior notification requirements in sections 178 and 191D of the <i>Act</i> as a result of acquiring or disposing of listed <i>shares</i> in the course of that fund management activity. To ameliorate these difficulties, the <i>appropriate regulator</i> may accept pre-notification of proposed changes in <i>control</i> , made in accordance with ■ SUP D, and may grant approval of such changes for a period lasting up to a year.
11.3.5B	D	<p>The <i>appropriate regulator</i> may treat as notice given in accordance with sections 178 and 191D of the <i>Act</i> a written notification from a <i>firm</i> which contains the following statements:</p> <ol style="list-style-type: none"><li>(1) that the <i>firm</i> proposes to acquire and/or dispose of <i>control</i>, on one or more occasions, of any <i>UK domestic firm</i> whose <i>shares</i> or those of its ultimate <i>parent undertaking</i> are, at the time of the acquisition or disposal of <i>control</i>, listed, or which are traded or admitted to trading on a <i>MTF</i> or a market operated by a <i>ROIE</i>;</li><li>(2) that any such acquisitions and/or disposals of <i>control</i> will occur only in the course of the <i>firm's</i> business as an <i>investment manager</i>;</li><li>(3) that the level of <i>control</i> the <i>firm</i> so acquires in the pre-approval period will at all times remain less than 20%; and</li><li>(4) that the <i>firm</i> will not exercise any influence over the <i>UK domestic firm</i> in which the shares are held, other than by exercising its voting rights as a shareholder or by exercising influence intended to promote generally accepted principles of good corporate governance.</li></ol>
11.3.5C	G	<p>Where the <i>appropriate regulator</i> approves changes in <i>control</i> proposed in a notice given under ■ SUP 11.3.5B D:</p> <ol style="list-style-type: none"><li>(1) the <i>controller</i> remains subject to the requirement to notify the <i>appropriate regulator</i> when a change in <i>control</i> actually occurs; and</li><li>(2) the notification of change in <i>control</i> should be made no later than five <i>business days</i> after the end of each <i>month</i> and set out all changes in the <i>controller's</i> control position for each <i>UK domestic firm</i> for the <i>month</i> in question.</li></ol> <p>At that stage, the <i>appropriate regulator</i> may seek from the <i>controller</i> further information.</p>



11.3.6 **G** [deleted]

11.3.6A **G** [deleted]

11.3.6B **G** [deleted]

11.3.6C **G** [deleted]

### Forms of notifications when acquiring or increasing control

11.3.7 **D** A *section 178 notice* given to the *appropriate regulator* by a *person* who is acquiring *control* or increasing his *control* over a *UK domestic firm*, in a way described in ■ SUP 11.4.2 R (1) to (4), or acquiring *control* in a way described in ■ SUP 11.4.2A R, must contain the information and be accompanied by such documents as are required by the controllers form approved by the *appropriate regulator* for the relevant application.

11.3.7A **G** The *controllers forms* approved by the *appropriate regulator* may be found at the *appropriate regulator's website* [www.fca.org.uk/firms/change-control](http://www.fca.org.uk/firms/change-control)

11.3.8 **D** [deleted]

11.3.9 **D** [deleted]

11.3.10 **D**

- (1) A *person* who has submitted a *section 178 notice* under ■ SUP 11.3.7 D must notify the *appropriate regulator* immediately if he becomes aware, or has information that reasonably suggests, that he has or may have provided the *appropriate regulator* with information which was or may have been false, misleading, incomplete or inaccurate, or has or may have changed, in a material particular. The notification must include:
  - (a) details of the information which is or may be false, misleading, incomplete or inaccurate, or has or may have changed;
  - (b) an explanation why such information was or may have been provided; and
  - (c) the correct information.
- (2) If the information in (1) (c) cannot be submitted with the *section 178 notice* (because it is not immediately available), it must instead be submitted as soon as possible afterwards.
- (3) The requirement in (1) ceases if the change in *control* occurs or will not take place.

11.3.11 **G** The *appropriate regulator* will inform a *section 178 notice* giver as soon as reasonably practicable if it considers the *section 178 notice* to be incomplete.

11.3.12	G	The <i>appropriate regulator</i> has power, under section 179(3) of the Act (Requirements for section 178 notices), to vary or waive these requirements in relation to a <i>section 178 notice</i> in particular cases if it considers it appropriate to do so.
11.3.13	G	Where a <i>controller</i> or proposed <i>controller</i> which is an <i>authorised person</i> is required to submit less information under ■ SUP 11.3.7 D than other <i>persons</i> , the <i>appropriate regulator</i> may ask for confirmation of details already held by it or any additional information required under ■ SUP 11.5.1R.
11.3.14	G	[deleted]
Notification when reducing control		
11.3.15	G	[deleted]
11.3.15A	D	A notice given to the <i>appropriate regulator</i> by a <i>person</i> who is reducing or ceasing to have <i>control</i> over a <i>UK domestic firm</i> , as set out in ■ SUP 11.4.2R or ■ SUP 11.4.2A R must:  <div><div>(1) be in writing; and</div><div>(2) provide details of the extent of <i>control</i> (if any) which the <i>controller</i> will have following the change in <i>control</i>.</div></div>
11.3.16	G	[deleted]
Joint notifications		
11.3.17	G	Notifications to the <i>appropriate regulator</i> by proposed <i>controllers</i> and <i>controllers</i> under Part XII of the Act may be made on a joint basis outlined in ■ SUP 11.5.8 G to ■ SUP 11.5.10 G.

		<div>11.4</div> <div>Requirements on firms</div>	
11.4.1	G	A summary of the notification requirements in this section is given in <a href="#">SUP 11 Annex 1</a> .	
		<div>Requirement to notify a change in control</div>	
11.4.2	R	A <i>UK domestic firm</i> , other than a <i>non-directive firm</i> , must notify the <i>appropriate regulator</i> of any of the following events concerning the <i>firm</i> :  (1) a <i>person</i> acquiring <i>control</i> ;  (2) an existing <i>controller</i> increasing <i>control</i> ;  (3) an existing <i>controller</i> reducing <i>control</i> ;  (4) an existing <i>controller</i> ceasing to have <i>control</i> .	
11.4.2A	R	A <i>non-directive firm</i> (including, in the case of an <i>FCA-authorised person</i> , a <i>firm</i> with only a <i>limited permission</i> ) must notify the <i>appropriate regulator</i> of any of the following events concerning the <i>firm</i> :  (1) a <i>person</i> becoming <i>controller</i> of the <i>firm</i> ; or  (2) an existing <i>controller</i> ceasing to be <i>controller</i> of the <i>firm</i> .	11
11.4.3	G	[deleted]	
11.4.4	R	An <i>overseas firm</i> must notify the <i>appropriate regulator</i> if a <i>person</i> becomes a <i>controller</i> of the <i>firm</i> , increases or reduces <i>control</i> over the <i>firm</i> or ceases to have <i>control</i> over the <i>firm</i>	
11.4.5	G	[deleted]	
		<div>Content and timing of the notification</div>	
11.4.7	R	The notification by a <i>firm</i> under <a href="#">SUP 11.4.2 R</a> , <a href="#">SUP 11.4.2A R</a> or <a href="#">SUP 11.4.4 R</a> must:  (1) be in writing;  (2) contain the information set out in:	

- (a) in the case of acquiring or increasing *control*, ■ SUP 11.5.1 R (subject to ■ SUP 11.5); or
- (b) in the case of reducing *control*, ■ SUP 11.5.7 R; and
- (3) be made:
  - (a) as soon as the *firm* becomes aware that a *person* , whether alone or acting in concert, has decided to acquire *control* or to increase or reduce *control*; or
  - (b) if the change in *control* takes place without the knowledge of the *firm*, within 14 *days* of the *firm* becoming aware of the change in *control* concerned.

**11.4.8** G *Principle 11* requires *firms* to be open and cooperative with the *appropriate regulator*. A *firm* should discuss with the *appropriate regulator*, at the earliest opportunity, any prospective changes of which it is aware, in a *controller's* or proposed *controller's* shareholdings or *voting power* (if the change is material). These discussions may take place before the formal notification requirement in ■ SUP 11.4.2 R or ■ SUP 11.4.4 R arises. (See also ■ SUP 11.3.2 G). As a minimum, the *appropriate regulator* considers that such discussions should take place before a *person*:

- (1) enters into any formal agreement in respect of the purchase of shares or a proposed acquisition or merger which would result in a change in *control* (whether or not the agreement is conditional upon any matter, including the *appropriate regulator's* approval); or
- (2) purchases any *share options*, *warrants* or other financial instruments, the exercise of which would result in the *person* acquiring *control* or any other change in *control*.

**11.4.9** G The obligations in ■ SUP 11.4.2 R and ■ SUP 11.4.2A R apply whether or not the *controller* himself has given or intends to give a notification, in accordance with his obligations under the *Act*.

**Identity of controllers**.....

**11.4.10** R A *firm* must take reasonable steps to keep itself informed about the identity of its *controllers*.

**11.4.11** G The steps that the *appropriate regulator* expects a *firm* to take to comply with ■ SUP 11.4.10 R include, if applicable:

- (1) monitoring its register of shareholders (or equivalent);
- (2) monitoring notifications to the *firm* in accordance with Part 22 of the Companies Act 2006;
- (3) monitoring public announcements made under the relevant disclosure provisions of the *Takeover Code* or other rules made by the *Takeover Panel*;

- (4) monitoring the entitlement of delegates, or *persons* with voting rights in respect of group insurance contracts, to exercise or control *voting power* at general meetings.



11.5 Notifications by firms

11.5.1

R

Information to be submitted by the *firm* (see ■ SUP 11.4.7 R (2)(a))

(1)	The name of the <i>firm</i> ;
(2)	the name of the <i>controller</i> or <b>proposed controller</b> and, if it is a <i>body corporate</i> and is not an authorised person, the names of its <i>directors</i> and its <i>controllers</i> ;
(3)	a description of the proposed event including the shareholding and <i>voting power</i> of the <i>person</i> concerned, both before and after the change in control; and
(4)	any other information of which the <i>appropriate regulator</i> would reasonably expect notice.

11.5.2

R

The notification from a *firm* under ■ SUP 11.4.7 R (2)(a) need only contain as much of the information set out in ■ SUP 11.5.1 R as the *firm* is able to provide, having made reasonable enquiries from *persons* and other sources as appropriate.

11.5.3

G

[deleted]

11.5.4

G

*Firms* are reminded that a change in *control* may give rise to a change in the *group companies* to which the *appropriate regulator's* consolidated financial supervision requirements apply. Also, the *firm* may for the first time become subject to the *appropriate regulator's* requirements on consolidated financial supervision. This may apply, for example, if the *controller* is itself an authorised *undertaking*. The *appropriate regulator* may therefore request such a *firm*, *controller* or *proposed controller* to provide evidence that, following the change in *control*, the *firm* will meet the requirements of these *rules*, if appropriate.

11.5.4A

G

*Firms* are also reminded that a change in *control* may give rise to a notification as a *financial conglomerate* or a change in the supplementary supervision of a *financial conglomerate* (see ■ GENPRU 3.1(Cross sector groups) and ■ GENPRU 3.2(Third country groups)).

11.5.5

G

[deleted]

11.5.6

G

[deleted]

		<b>Form of notification when a person reduces control</b> .....
11.5.7	R	<p>A notification of a proposed reduction in <i>control</i> must:</p> <p>(1) give the name of the <i>controller</i>; and</p> <p>(2) provide details of the extent of <i>control</i> (if any) which the <i>controller</i> will have following the change in <i>control</i>.</p>
		<b>Joint notifications</b> .....
11.5.8	G	<p>A <i>firm</i> and its <i>controller</i> or proposed <i>controller</i> may discharge an obligation to notify the <i>appropriate regulator</i> by submitting a single joint <i>section 178 notice</i> containing the information required from the <i>firm</i> and the <i>controller</i> or proposed <i>controller</i>. In this case, the <i>section 178 notice</i> may be used on behalf of both the <i>firm</i> and the <i>controller</i> or proposed <i>controller</i>.</p>
11.5.9	G	<p>If a <i>person</i> is proposing a change in <i>control</i> over more than one <i>firm</i> within a <i>group</i>, then the <i>controller</i> or proposed <i>controller</i> may submit a single <i>section 178 notice</i> to the <i>PRA</i> in respect of all those <i>firms</i> which are <i>PRA- authorised persons</i> and a single <i>section 178 notice</i> to the <i>FCA</i> in respect of all those <i>firms</i> which are not <i>PRA- authorised persons</i>. The <i>section 178 notice</i> should contain all the required information as if separate notifications had been made, but information and documentation need not be duplicated within the set of information sent to each regulator.</p>
11.5.10	G	<p>When an event occurs (for example, a <i>group</i> restructuring or a merger) as a result of which:</p> <p>(1) more than one <i>firm</i> in a <i>group</i> would undergo a change in <i>control</i>; or</p> <p>(2) a single <i>firm</i> would experience more than one change in <i>control</i>;</p> <p>then, to avoid duplication of documentation, all the <i>firms</i> and their <i>controllers</i> or proposed <i>controllers</i> may discharge their respective obligations to notify the <i>appropriate regulator</i> by submitting a single <i>section 178 notice</i> to the <i>PRA</i> containing one set of information in relation to all the <i>firms</i> which are <i>PRA- authorised persons</i> and a single <i>section 178 notice</i> to the <i>FCA</i> containing one set of information in relation to all the <i>firms</i> which are not <i>PRA- authorised persons</i>.</p>



11.6 Subsequent notification requirements by firms

Changes in the information provided to the appropriate regulator

11.6.1 **G** Firms are reminded that **SUP 15.6.4 R** requires them to notify the *appropriate regulator* if information notified under **SUP 11.4.2 R**, **SUP 11.4.2A R** or **SUP 11.4.4 R** was false, misleading, inaccurate, incomplete, or changes, in a material particular. This would include a *firm* becoming aware of information that it would have been required to provide under **SUP 11.5.1 R** if it had been aware of it.

11.6.2 **R** After submitting a *section 178 notice* under **SUP 11.4.2 R** or **SUP 11.4.2A R** and until the change in *control* occurs (or is no longer to take place), **SUP 15.6.4 R** and **SUP 15.6.5 R** apply to a *UK domestic firm* in relation to any information its *controller* or proposed *controller* provided to the *appropriate regulator* under **SUP 11.5.1 R** or **SUP 11.3.7 D**.

11.6.3 **R** During the period in **SUP 11.6.2 R**, a *UK domestic firm* must take reasonable steps to keep itself informed about the circumstances of the *controller* or the proposed *controller* to which the notification related.

Notification that the change in control has taken place

11.6.4 **R** A *firm* must notify the *appropriate regulator*:

- (1) when a change in *control* which was previously notified under **SUP 11.4.2 R**, **SUP 11.4.2A R** or **SUP 11.4.4 R** has taken place; or
- (2) if the *firm* has grounds for reasonably believing that the event will not now take place.

11.6.5 **R** The notification under **SUP 11.6.4 R** must be given within 14 *days* of the change in *control* or of having the grounds (as applicable).

11.6.6 **G** [deleted]



		<div>11.7</div> <div>Acquisition or increase of control: assessment process and criteria</div>	
11.7.1	G	The assessment process and the assessment criteria are set out in sections 185 to 191 of the <i>Act</i> .	
11.7.2	G	Section 191A deals with the procedure the <i>appropriate regulator</i> must follow where the <i>appropriate regulator</i> reasonably believes that:  (1) there has been a failure to give notice under section 178(1) of the <i>Act</i> in circumstances where notice was required;  (2) there has been a breach of a condition imposed under section 187 of the <i>Act</i> ; or  (3) there are grounds for objecting to control on the basis of the matters in section 186 of the <i>Act</i> .	
11.7.3	G	The <i>appropriate regulator</i> may serve <i>restriction notices</i> in certain circumstances in accordance with section 191B of the <i>Act</i> .	
11.7.4	G	The <i>appropriate regulator</i> may apply to the court for an order for the sale of <i>shares</i> in accordance with section 191C of the <i>Act</i> .	
11.7.5	G	[deleted]	
11.7.6	G	[deleted]	
11.7.7	G	[deleted]	
11.7.8	G	[deleted]	
11.7.9	G	.[deleted]	
11.7.10	G	[deleted]	
11.7.11	G	[deleted]	

11.7.12	G	[deleted]
11.7.13	G	Before making a determination under section 185 or giving a <i>warning notice</i> under section 191A, the <i>appropriate regulator</i> must comply with the requirements as to consultation with the other regulator set out in sections 187A, 187B and 191A of the <i>Act</i> , as applicable.
11.7.14	G	[deleted]
11.7.15	G	[deleted]
11.7.16	G	[deleted]
11.7.17	G	[deleted]
11.7.18	G	[deleted]



## 11.8 Changes in the circumstances of existing controllers

- 11.8.1** **R** A *firm* must notify the *appropriate regulator* immediately it becomes aware of any of the following matters in respect of one or more of its *controllers*:
- (1) if a *controller*, or any entity subject to his *control*, is or has been the subject of any legal action or investigation which might put into question the integrity of the *controller*;
  - (2) if there is a significant deterioration in the financial position of a *controller*;
  - (3) if a corporate *controller* undergoes a substantial change or series of changes in its *governing body*.
  - (4) [deleted]
- 11.8.2** **G** In assessing whether a matter should be notified to the *appropriate regulator* under ■ SUP 11.8.1 R (1), ■ SUP 11.8.1 R (2) or ■ SUP 11.8.1 R (3), a *firm* should have regard to the *guidance* on satisfying the *threshold conditions* set out in paragraphs 2E and 3D of Schedule 6 to the *Act* contained in ■ COND 2.5.
- 11.8.3** **G** In respect of ■ SUP 11.8.1 R (3), the *appropriate regulator* considers that, in particular, the removal or replacement of a majority of the members of a *governing body* (in a single event or a series of connected events) is a substantial change and should be notified.
- 11.8.4** **G** If a matter has already been notified to the *appropriate regulator* (for example, as part of the *firm's* application for a *Part 4A permission*), the *firm* need only inform the *appropriate regulator* of any significant developments.
- 11.8.5** **G** The level of a *firm's* awareness of its *controller's* circumstances will depend on its relationship with that *controller*. The *appropriate regulator* does not expect *firms* to implement systems or procedures so as to be certain of any changes in its *controllers'* circumstances. However, the *appropriate regulator* does expect *firms* to notify it of such matters if the *firm* becomes aware of them, and it expects *firms* to make enquiries of its *controllers* if it becomes aware that one of the events in ■ SUP 11.8.1 R may occur or has occurred.

- 11.8.6
- G

The *appropriate regulator* may ask the *firm* for additional information following a notification under ■ SUP 11.8.1 R in order to satisfy itself that the *controller* continues to be suitable (see ■ SUP 2: Information gathering by the FCA or PRA on its own initiative).

## 11.9 Changes in close links

### Requirement to notify changes in close links

- 11.9.1** **R** (1) [deleted]
- (2) [deleted]
- 11.9.1A** **R** (1) A *firm* must notify the *FCA* that it has become or ceased to be *closely linked* with any *person* and ensure the following:
- (a) where a *firm* has elected to report changes in *close links* on a *monthly* basis under ■ SUP 11.9.5A R, the notification must be made in line with ■ SUP 11.9.3BA R; and
- (b) in any other case, the notification must be made by completing the Close Links Notification Form (see ■ SUP 11.9.3B G) and must include the information in ■ SUP 11.9.3D G.
- (2) If a *group* includes more than one *firm*, a single close links notification may be made by completing the Close Links Notification Form or the Close Links Monthly Report (as applicable) and so satisfy the notification requirement for all *firms* in the *group*. Nevertheless, the requirement to notify, and the responsibility for notifying, remains with each *firm* in the *group*.
- 11.9.1B** **R**
- 11.9.2** **G** Guidance on what constitutes a *close link* is provided in ■ COND 2.3.
- 11.9.2A** **G** A *firm* may elect not to include the following *close links* in the notification submitted under ■ SUP 11.9.1A R, ■ SUP 11.9.1B R, ■ SUP 11.9.5A R, ■ SUP 11.9.5B R or ■ SUP 16.5:
- (1) *shares* held in its capacity as custodian provided it can only exercise any voting rights attached to such *shares* under instructions given in writing or by *electronic means*;
- (2) *shares* held in its capacity as collateral taker under a collateral transaction which involves the outright transfer of *securities* provided it does not declare any intention of exercising (and does not exercise) the voting rights attaching to such *shares*.

11.9.3	G	[deleted]
11.9.3-A	G	The <i>FCA</i> may ask the <i>firm</i> for additional information following a notification under ■ SUP 11.9.1A R in order to satisfy itself that the <i>firm</i> continues to satisfy the <i>threshold conditions</i> (see ■ SUP 2: Information gathering by the <i>FCA</i> and <i>PRA</i> on their own initiative).
11.9.3-B	G	
Form of notification and method of submission		
11.9.3A	G	[deleted]
11.9.3B	G	The Close Links Notification Form approved by the <i>FCA</i> for notifications under ■ SUP 11.9.1A R, ■ SUP 11.9.5A R may be found at the <i>FCA</i> website. The Close Links Notification Form approved by the <i>FCA</i> for notifications under ■ SUP 11.9.1AR (1)(b) may be found at the <i>FCA</i> website.
11.9.3BA	R	The notification under ■ SUP 11.9.1AR (1)(a) must be made electronically by completing the Close Links Monthly Report and submitting it through the relevant platform provided by the <i>FCA</i> .
11.9.3BB	R	The Close Links Monthly Report must contain the information specified in ■ SUP 16 Annex 35AR.
11.9.3C	G	
11.9.3CA	R	
11.9.3CB	R	
11.9.3D	G	<p>(1) The notification in ■ SUP 11.9.1AR (1)(b) and ■ SUP 11.9.1BR (1)(b) should contain a list of all <i>persons</i> with whom the <i>firm</i> is aware that it has <i>close links</i>, at the time the notification is made, and, for each such person, state:</p> <ul style="list-style-type: none"><li>(a) its name;</li><li>(b) the nature of the <i>close links</i>;</li><li>(c) if the <i>close links</i> are with a <i>body corporate</i>, its country of incorporation, address and registered number; and</li><li>(d) if the <i>close links</i> are with an individual, their date and place of birth.</li></ul> <p>(2) The <i>firm</i> must also submit a <i>group</i> organisation chart.</p>

		<b>Timing of notification requirement</b>
11.9.4	R	[deleted]
11.9.4A	R	<p>The <i>firm</i> must make a notification to the <i>FCA</i> under ■ SUP 11.9.1A R:</p> <p>(1) as soon as reasonably practicable and no later than one <i>month</i> after it becomes aware that it has become or ceased to be closely linked with any <i>person</i>; or</p> <p>(2) where a <i>firm</i> has elected to report on a <i>monthly</i> basis, within fifteen <i>business days</i> of the end of each <i>month</i> by completing the Close Links Monthly Report for that <i>month</i> and must submit the <i>group</i> organisation chart on a quarterly basis unless there have been no changes since the submission of the previous organisation chart to the <i>FCA</i>, in which case the <i>group</i> organisation chart is not required.</p>
11.9.4B	R	
		<b>Electing to notify changes in close links monthly</b>
11.9.5	R	<p>(1) [deleted]</p> <p>(2) [deleted]</p>
11.9.5A	R	<p>(1) A <i>firm</i> elects to report changes in <i>close links</i> on a <i>monthly</i> basis by sending a written notice of election to the <i>firm's</i> usual supervisory contact at the <i>FCA</i>.</p> <p>(2) An election to report changes in <i>close links</i> on a <i>monthly</i> basis will stand until such time as the <i>firm</i> gives its usual supervisory contact at the <i>FCA</i> at least one <i>month's</i> written notice of its intention to cease reporting changes in <i>close links</i> on a <i>monthly</i> basis.</p>
11.9.5B	R	
11.9.6	G	[deleted]
11.9.6A	G	The <i>FCA</i> considers that <i>monthly</i> reporting of changes in <i>close links</i> will ordinarily only be appropriate for <i>firms</i> forming part of large <i>groups</i> .
11.9.6B	G	





Summary of notification requirements

SUP 11 Annex 1G



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## Aggregation of holdings for the purpose of prudential assessment of controllers

### Q1: What is this guidance about?

**A:** This guidance considers when one *person's* holding of *shares* or *voting power* must be aggregated with that of another *person* for the purpose of determining whether those *persons* have decided to acquire or increase *control* over a *UK authorised person*, as contemplated by section 181 or 182 of the *Act*, such that notice must be given to the *FCA* in accordance with section 178 (Obligation to notify the Authority: acquisitions of control) of the *Act* before making the acquisition or deciding to increase their *control*.

### Q2: When are shares or voting power to be aggregated?

**A:** There are two situations which would require the holdings of two or more *persons* to be aggregated for the purpose of determining whether they are acquiring or increasing *control* within the meaning of section 181 or 182 of the *Act*. The first is where *shares* or *voting power* are held or to be held by *persons* 'acting in concert' - this is referred to in sections 178(2) and 422(3) of the *Act*. The second is where a *person* (H) is attributed with *voting power* in a *firm* through the application of any of the circumstances described in section 422(5)(a) of the *Act* (*deemed voting power*) in addition to any other *voting power* that he holds (or is deemed to hold) in that *firm*. These two situations may apply concurrently. For example, H could be acting in concert pursuant to section 178(2) of the *Act* and have *deemed voting power* under section 422(5)(a)(i) of the *Act* where H has concluded an agreement that obliges him and a third party shareholder in the *firm* to adopt, by concerted exercise of the *voting power* they hold, a lasting common policy towards the management of that *firm*.

### Acting in Concert

### Q3: What does 'acting in concert' mean for these purposes?

**A:** There is no definition of this phrase in the *Act*. The Glossary to the Guidelines for the prudential assessment of acquisitions and increases in holdings in the financial sector required by Directive 2007/44/EC (the 'Acquisitions Directive') published jointly by CEBS, CEIOPS and CESR (the 'Level 3 Guidelines') states that, for the purposes of the Acquisitions Directive, 'persons are "acting in concert" when each of them decides to exercise his rights linked to the *shares* he acquires in accordance with an explicit or implicit agreement made between them.' The relevant *persons* must therefore (1) hold *shares* and/or *voting power* in the *firm* or its *parent undertaking*, and (2) reach a decision to exercise the rights linked to those *shares* in accordance with an agreement (in writing or otherwise) between them.

While the rights 'linked to' *shares* for these purposes are most likely to be voting rights, *persons* may be 'acting in concert' where they decide to exercise other rights related to *shares*, either in addition to or instead of rights attached to *voting power*, in accordance with an agreement made between them. As indicated in the Level 3 Guidelines, *persons* will begin acting in concert when they take the decision to exercise their rights in accordance with an agreement between them. This decision may be taken before or after the time the relevant *persons* decide to purchase *shares* in the *firm*. The agreement need not require them always to exercise the rights attached to their respective *shares* in the same way - see, for example, the response to Question 11 in respect of passive shareholdings.

**Q4: Does section 178(2) of the Act have the effect that two or more persons who already hold shares or voting power in a firm or its parent undertaking and who subsequently decide to exercise the**

rights related to shares or voting power in accordance with an agreement between them are required to give prior notice under section 178(1) of the Act, if their aggregated holdings fall within any of the cases set out in section 181(2) of the Act or increase by any of the steps set out in section 182(2) of the Act?

**A:** Yes. Section 178(1) of the Act applies when a *person* 'decides to acquire or increase control over a UK authorised person...'. For the purposes of Part XII of the Act, a *person's* acquisition of control of a *firm* is determined by virtue of his holdings of *shares* or *voting power* in that *firm* or in a *parent undertaking* of that *firm*. In determining whether control has been acquired, section 178(2) of the Act requires the holdings of *shares* or *voting power* of *persons* who are acting in concert to be aggregated. As noted in the response to Question 3, *persons* begin acting in concert when they decide to exercise the rights attached to their *shares* or *voting power* in accordance with an agreement between them. Once this decision has been taken, *shares* or voting rights must be aggregated to determine whether control has been or will be acquired. The same analysis applies to increases in control and reductions in control, as set out in sections 182 and 183 of the Act, respectively. Accordingly, the requirement to aggregate holdings of *shares* and/or *voting power* under section 178(2) of the Act may apply to existing holdings, as well as to new purchases, of *shares* and/or *voting power*.

**Q5: What types of arrangement amount to acting in concert in acquiring or holding shares or voting power for the purposes of these Sections of the Act?**

**A:** Although the term 'acting in concert' has a potentially wide meaning, not all common actions taken by shareholders in relation to *shares* or *voting power* will require the aggregation of holdings of *shares* or *voting power* for the purposes of section 178 of the Act. In particular, there are many circumstances in which *persons*, who between them hold 10% or more of the *shares* or *voting power* in a *firm* or its *parent undertaking*, may engage in a concerted exercise of *voting power*, without this amounting to 'acting in concert' in a manner requiring aggregation of their holdings under section 178(2) of the Act. An agreement by one shareholder to vote with other shareholders on a specific issue, for example, rather than on an ongoing or sustained basis, would not generally be regarded by the FCA as acting in concert so as to require a section 178 notice to be given by that group of shareholders, even where the group collectively holds 10% or more of the *voting power* in the *firm*. However, see further on this point in the response to Question 9.

### Deemed voting power

**Q6 : What is meant by 'deemed voting power'?**

**A:** *Deemed voting power* is the term used in this guidance to describe those cases set out in section 422(5)(a) of the Act in which one *person's* holding of *voting power* is attributed to another. There may be circumstances in which *deemed voting power* must be aggregated with other *voting power* for the purposes of determining whether section 181(2)(b) of the Act applies, but the cases set out in section 422(5)(a) may result in the attribution of *voting power* to a *person* (H) without aggregation where H holds no other *voting power* in the relevant *firm* and is not acting in concert with any other *person* (for example, where H exercises the *voting power* attaching to *shares* deposited with him pursuant to a discretion granted to him in the absence of (1) specific instructions from the actual shareholders, and (2) any agreement with the shareholders as to how he should exercise that *voting power* or any other rights attached to those *shares* - see section 422(5)(a)(vi) of the Act).

The provisions of section 422(5)(a) of the Act were transposed into the Act in order to implement Directive 2004/109/EC (the *Transparency Directive*). These provisions have direct application to Part XII of the Act, and in particular to the meaning of *voting power* for the purposes of that Part, by virtue of section 191G (Interpretation) of the Act.

In introducing the cases in which the *voting power* of a third party may be attributed to H, the *Transparency Directive* refers to the ability 'to acquire, to dispose of, or to exercise voting rights in any of the [relevant] cases or a combination of them.' No new purchase of *shares* is therefore required in order for these attribution provisions to apply.

**Q7: Where X holds 10% of the voting power in a firm and X is a controlled undertaking of H, which itself has no holding at all directly in the firm, is H a controller?**

**A:** Yes. This follows from section 422(5)(a)(v) of the *Act*, which provides that *voting power* includes, in relation to a *person* (H), *voting power* held by a *controlled undertaking* of H. The *voting power* held by X is attributed to H, making H a *controller*.

For the purposes of section 178 of the *Act*, both H and X would be required to notify and obtain the FCA's approval prior to acquiring or increasing *control*.

**Q7A: Where X holds 10% of the voting power in a firm and X is a controlled undertaking of H, which in turn is a controlled undertaking of A, is A a controller? In this example, A itself has no holding at all directly in the firm.**

**A:** Yes. The *voting power* held by X is attributed to H, in turn attributed to A, meaning that X, H and A would all be *controllers*.

## Practical application of aggregation of holdings

**Q8: Does there need to be a new purchase of shares or voting rights in order for the notification requirement to arise?**

**A:** No. As stated in the response to Question 4, the aggregation of *shares* and/or *voting power* is relevant to existing holdings of *shares* and/or *voting power* where no new purchase is to take place, as well as to new purchases.

**Q9: Do the aggregation provisions apply to shareholders agreeing how they will vote on a particular issue, for example, for reasons of good corporate governance?**

**A:** We would not generally regard shareholders as acting in concert for the purposes of section 178(2) of the *Act* or as having *deemed voting power* requiring aggregation pursuant to section 422(5)(a)(i) of the *Act* simply because they have agreed to vote together on a particular issue, for example:

- rejection of a proposal for the remuneration of directors;
- appointment/removal of a particular director; or
- approval/rejection of an acquisition or disposal proposed by the *firm's* board of directors.

However, there may be circumstances in which voting together on a specific issue would amount to acting in concert for these purposes. Where, for example, shareholders who have no previous agreement in relation to the exercise of the rights attached to their *shares* or *voting power* agree to act together for the purpose of voting through the resolution(s) required to enable them to obtain control of the board of a *firm*, that is likely to constitute acting in concert for these purposes, although it may not fall within section 422(5)(a)(i) of the *Act*, if those shareholders have no 'lasting common policy' towards the *firm's* management.

Those circumstances are likely to be exceptional and, while it is not possible in this guidance to give a definitive list of how they might arise, the FCA remains willing to provide *firms* with individual guidance on the point in cases of uncertainty.

**Q10: What about agreements that specific issues will be put to a vote of shareholders?**

**A:** An agreement that does no more than require particular management actions to be put to a vote of shareholders, such as major acquisitions, disposals or new issues of *shares*, would not of itself trigger the requirement to notify. This is because there is no agreement as to how the shareholders will exercise their rights on, or whether the shareholders will adopt a common policy towards, those proposals. An agreement which gives certain shareholders veto rights over key decisions by the *firm* may, however, bring those shareholders within the ambit of section 178(1) of the *Act* regardless of whether they are acting in concert, by virtue of their being able to exercise significant influence over the management of the *firm* - see section 181(2)(c) of the *Act*.

**Q11: What about agreements as to how to exercise voting power on future issues generally?**

**A:** This would involve acting in concert, and thus require the aggregation of holdings by the parties to the agreement, for the purposes of section 178 of the Act. It may also fall within the ambit of section 422(5)(a)(i) of the Act, but this will depend on whether the parties to the agreement have adopted a lasting common policy that relates to the management of the relevant undertaking.

Acting in concert not only covers agreements to exercise *voting power*, but may also arise as a result of 'passive shareholder agreements'. In these, a shareholder (the 'passive shareholder') agrees explicitly or implicitly with another shareholder or group of shareholders (the 'active shareholder') that it will not exercise its *voting power*. For example, where the passive shareholder holds 2% of the *voting power* and the active shareholder holds 9% of the *voting power*, each would be regarded as having *control* (11% of the *voting power*) because their holdings are required to be aggregated under the acting in concert provisions. However, *persons* that acquire *shares* as part of an investment or hedging programme and adhere consistently to a stated policy of not voting those *shares* would not, by reason of that policy alone, be regarded as having entered into an agreement with other shareholders and so would not be regarded as acting in concert with them.

**Q12: Are multiple purchasers of shares, who are each party to a share purchase agreement and whose combined shareholding will fall within section 181(2) of the Act, required to give notice pursuant to section 178(1) of the Act, on the basis that the existence of the agreement means they are acting in concert?**

**A:** If it is clear that the only 'agreement' between one or more *persons* consists in their being parties to the same *share* purchase agreement, the terms of which pertain strictly to the purchase of *shares* and do not govern or otherwise seek to regulate the purchasers' relationship with each other following completion of the *share* purchase, those purchasers would not be regarded by the FCA as acting in concert for the purpose of requiring notification under section 178 of the Act. If, however, the *share* purchase agreement contains provisions governing or otherwise regulating the exercise of the rights linked to the *shares* to be acquired by the purchasers (or the purchasers have entered into or propose to enter into a shareholders' or other agreement with similar effect), the proposed acquirers may be regarded by the FCA to be acting in concert for the purpose of requiring notification under section 178 of the Act, depending on the terms of the relevant agreement(s). Further guidance on the effect of some of the typical provisions included in shareholders' agreements is contained in the response to Question 14. Prospective shareholders who are uncertain as to the effect of any of the provisions of their agreement(s) in these circumstances may wish to seek (either formally or informally) individual guidance at an early stage from the FCA.

Where there is evidence to suggest that the parties do in fact intend to co-operate in relation to the exercise of voting or other rights relating to the *shares* they are acquiring, notwithstanding that no provisions to that effect appear in the *share* purchase or other written agreement, this may warrant the conclusion that there is an implicit agreement between them by virtue of which they are acting in concert.

**Q13: What about agreements that are conditional on any necessary approval by the appropriate regulator?**

**A:** Notice must be given under section 178(1) of the Act before *control* is acquired. The point in time at which this occurs may depend on a number of circumstances. In the context of a *share* purchase agreement that provides for FCA approval of the purchaser to be obtained before the acquisition is completed, the purchaser will not usually be required to give a section 178 notice prior to entering into the agreement. However, there may be circumstances in which *control* is actually acquired at the time the agreement is entered into, for example, where the parties have agreed that the purchaser will be entitled (whether by virtue of a power of attorney contained in the agreement or otherwise) to exercise the voting rights attached to the *shares* being acquired in the period between signing and completion. In that case, the purchaser will need to consider whether to give notice under section 178(1) prior to entering into the agreement.

**Q14: What about pre-emption rights, 'drag along' rights and 'tag along' rights?**

**A:** Typical examples of these arrangements are unlikely to trigger the requirement to notify under section 178(1) of the *Act* in themselves.

Bare pre-emption rights will simply indicate each shareholder's (the 'offeror') agreement to give fellow shareholders an option to purchase his *shares*, if he wishes to sell. The acquisition of *shares* under these arrangements cannot take place until the offeror decides to sell his *shares* and other shareholders decide to buy them.

Shareholders will not usually be regarded as acting in concert in holding or acquiring *shares* simply by agreeing to give each other future pre-emption rights. In the event that some shareholders enter into an agreement to buy the offeror's *shares*, those shareholders are only likely to be regarded as acting in concert by virtue of that agreement in the circumstances described in the response to Question 12 above.

The existence of 'drag along' and 'tag along' rights in a shareholders' agreement designed to ensure equivalent treatment of shareholders of the same class in the event an offer is made, or to be made, by a non-shareholder to purchase the *shares* of any single shareholder in a private company would not, in and of themselves, result in the shareholders who have the benefit of those rights being considered to be acting in concert in their holding or acquiring of *shares*.

**Q15: How does this guidance relate to the definition of 'acting in concert' in the Takeover Code (the 'Code')?**

**A:** Although similar terminology may be used, the definition of 'acting in concert' in the Code derives from the Takeovers Directive and has particular relevance in determining whether the relationship between *persons* with interests in *shares* carrying voting rights is such as to require those rights to be aggregated for the purpose of assessing whether, under Rule 9.1, the threshold for the making of a mandatory offer to all other shareholders in a company to which the Code applies has been reached. The notes on the definition in the Code and on Rule 9.1 make clear that the Takeover Panel's views in relation to acting in concert '...relate only to the Code and should not be taken as guidance on any other statutory or regulatory provisions'.

This guidance is given for a quite different purpose. It is relevant to considering whether the holdings of *persons* who have reached an agreement in relation to the *shares* or *voting power* they do or will hold must be aggregated for the purpose of determining whether they are subject to the requirements for prudential assessment specified in sections 185 *et seq* of the *Act*. This guidance has no relevance to how 'acting in concert' is to be interpreted in the context of the Code.





## Chapter 12

# Appointed representatives



12.1

Application and purpose

General application

12.1.1

R

- (1) This chapter applies to a *firm* which is considering appointing, has decided to appoint or has appointed an *appointed representative*.
- (1A) This chapter applies to a *MiFID investment firm* which is considering appointing, has decided to appoint or has appointed an *FCA registered tied agent*.
- (1B) This chapter applies to a *CBTL firm* other than a *CBTL lender* which is considering appointing, has decided to appoint or has appointed an *appointed representative* in relation to *CBTL business* as it does to a *firm*.
- (2) [deleted]
- (3) [deleted]

Territorial application: compatibility with EU law

12.1.1A

R

- (1) [deleted]
- (2) [deleted]

12.1.1B

G

[deleted]

12.1.1C

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[deleted]

Interaction of SUP 12 and other modules in relation to MiFID business

12.1.1D

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In addition to those rules in ■SUP 12 relating to the *MiFID business* of *appointed representatives* and *tied agents*, there are other obligations derived from *MiFID* in the *Handbook* relevant to the knowledge and competence of *tied agents* and related compliance obligations (see ■SYSC 5.1, *TC* and *FIT* (in respect of *appointed representatives* that are *approved persons*)). These provisions are subject to the territorial application requirements in their respective chapters.

		<b>Territorial application: Gibraltar</b>
12.1.1E	G	This chapter applies to a <i>Gibraltar-based firm</i> which is considering appointing, has decided to appoint or has appointed an <i>appointed representative</i> in accordance with the general application of this chapter.
		<b>Purpose</b>
12.1.2	G	This chapter gives <i>guidance</i> to a <i>firm</i> , which is considering appointing an <i>appointed representative</i> , on how the provisions of section 39 of the Act (Exemption of appointed representatives) work. For example, it gives <i>guidance</i> on the conditions that must be satisfied for a <i>person</i> to be appointed as an <i>appointed representative</i> . It also gives <i>guidance</i> to a <i>firm</i> on the implications, for the <i>firm</i> itself, of appointing an <i>appointed representative</i> .
12.1.3	G	<p>The chapter also sets out the <i>FCA's rules</i>, and guidance on these <i>rules</i>, that apply to a <i>firm</i> before it appoints, when it appoints and when it has appointed an <i>appointed representative</i>. The main purpose of these <i>rules</i> is to place responsibility on a <i>firm</i> for seeking to ensure that:</p> <p>(1) its <i>appointed representatives</i> are fit and proper to deal with <i>clients</i> in its name; and</p> <p>(2) <i>clients</i> dealing with its <i>appointed representatives</i> are afforded the same level of protection as if they had dealt with the <i>firm</i> itself.</p>
12.1.4	G	The <i>FCA's</i> website includes information about becoming and appointing an <i>appointed representative</i> . This information can be found at <a href="https://www.fca.org.uk/firms/appointed-representatives-principals">https://www.fca.org.uk/firms/appointed-representatives-principals</a> .
12.1.5	G	<p>This chapter also sets out:</p> <p>(1) <i>guidance</i> about section 39A of the Act, which is relevant to a <i>MiFID investment firm</i> that is considering appointing an <i>FCA registered tied agent</i>; and</p> <p>(2) the <i>FCA's rules</i>, and guidance on those <i>rules</i>, in relation to the appointment of:</p> <p>(a) an <i>FCA registered tied agent</i> by a <i>MiFID investment firm</i>;</p> <p>(b) a <i>MiFID optional exemption appointed representative</i>; and</p> <p>(c) a <i>structured deposit appointed representative</i>.</p>

## 12.2 Introduction

### What is an appointed representative?

#### 12.2.1

G

- (1) Under section 19 of the Act (The general prohibition), no *person* may carry on a *regulated activity* in the *United Kingdom*, or purport to do so, unless he is an *authorised person*, or he is an *exempt person* in relation to that activity.
- (2) A *person* will be an *exempt person* if he satisfies the conditions in section 39(1) of the Act, *guidance* on which is given in ■ SUP 12.2.2 G. A *person* who is exempt as a result of satisfying these conditions is referred to in the Act as an *appointed representative*.
- (3) If an *appointed representative* is also a *tied agent* or a *MiFID optional exemption appointed representative* he must also satisfy the condition in section 39(1A) of the Act in order to be an *exempt person*. See ■ SUP 12.4.12 G and ■ SUP 12.4.13G for *guidance* on that condition, ■ SUP 12.2.16 G for more general *guidance* about *tied agents*. and ■ SUP 12.2.17G for *guidance* about *MiFID optional exemption appointed representatives*.
- (3A) If an *appointed representative* is also a *structured deposit appointed representative* he must also satisfy the condition in section 39(1AA) of the Act in order to be an *exempt person*. See ■ SUP 12.4.12G and ■ SUP 12.4.13G for *guidance* on that condition and ■ SUP 12.2.18G for *guidance* about *structured deposit appointed representatives*.
- (4) If an *appointed representative* has entered into a contract with an *MCD credit intermediary* and is a *person* to whom section 39(1BA) of the Act applies, they must also satisfy the conditions in section 39(1BB) of the Act to be an *exempt person*. See ■ SUP 12.4.10C G for *guidance* on those conditions.

#### 12.2.2

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- (1) A *person* (other than a *firm* with only a *limited permission*) must satisfy the conditions in section 39(1) of the Act to become an *appointed representative*. These are that:
  - (a) the *person* must not be an *authorised person*, that is, he must not have *permission* under the Act to carry on any *regulated activity* in his own right (section 39(1) of the Act);
  - (b) the *person* must have entered into a contract with an *authorised person*, referred to in the Act as the '*principal*', which:
    - (i) permits or requires him to carry on business of a description prescribed in the *Appointed Representatives Regulations* (section 39(1)(a)(i) of the Act) (see ■ SUP 12.2.7 G); and

- (ii) complies with any requirements that may be prescribed in the *Appointed Representatives Regulations* (section 39(1)(a)(ii) of the Act) (see ■ SUP 12.5.2 G (1)); and
  - (c) the *principal* must have accepted responsibility, in writing, for the authorised activities of the *person* in carrying on the whole, or part, of the business specified in the contract.
- (2) The *appointed representative* is an *exempt person* in relation to any *regulated activity* comprised in the carrying on of the business for which his *principal* has accepted responsibility.

### Appointed representatives with limited permission to carry on certain credit activities

#### 12.2.2A

G

- (1) Under sections 20(1) and (1A) of the Act (Authorised persons acting without permission), if an *authorised person* carries on a *regulated activity* in the *United Kingdom*, or purports to do so, otherwise than in accordance with his *permission*, he is to be taken to have contravened a requirement imposed by the *FCA* (in the case of a *FCA-authorised person*) or the *FCA* and the *PRA* (in the case of a *PRA-authorised person*).
- (2) In addition, under section 23(1A) of the Act (Contravention of the general prohibition or section 20(1) or (1A)), an *authorised person* is guilty of an offence if he carries on a credit-related regulated activity in the *United Kingdom*, or purports to do so, otherwise than in accordance with his *permission*. For these purposes, *entering into a regulated credit agreement as lender*, exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement and *debt collecting* are credit-related regulated activities, except in so far as the activity relates to an agreement under which the obligation of the *borrower* to repay is secured on land (see the Financial Services and Markets Act 2000 (Consumer Credit) (Designated Activities) Order 2014).
- (3) Section 39(1D) of the Act provides, however, that sections 20(1) and (1A) and 23(1A) of the Act do not apply:
  - (a) to an *authorised person* with only a *limited permission*;
  - (b) in relation to the carrying on by him of a *regulated activity* which is not one to which his *limited permission* relates;
 if the conditions in section 39(1C) of the Act are met. *Guidance* on these conditions is given at ■ SUP 12.2.2B G. A *firm* carrying on a *regulated activity* in circumstances where, as a result of section 39(1D) of the Act, sections 20(1) and (1A) and 23(1A) of the Act do not apply is also referred to as an *appointed representative*.

#### 12.2.2B

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- (1) A *firm* must satisfy the conditions in section 39(1C) of the Act to become an *appointed representative*. These are that:
  - (a) the *firm* must have only a *limited permission* (section 39(1C)(a) of the Act);
  - (b) the *firm* must have entered into a contract with another *authorised person*, referred to in the Act as the '*principal*', which:

- (i) permits or requires him to carry on business of a description prescribed in the Appointed Representatives Regulations (section 39(1C)(b)(i) of the Act) (see ■ SUP 12.2.7 G); and
  - (ii) complies with any requirements that may be prescribed in the *Appointed Representatives Regulations* (section 39(1C)(b)(ii) of the Act); and
  - (c) the *principal* must have accepted responsibility, in writing, for the authorised activities of the *firm* in carrying on the whole, or part, of the business specified in the contract.
- (2) The *appointed representative* is not subject to sections 20(1) or (1A) or 23(1A) of the Act in relation to the carrying on of the *regulated activity* which is comprised in the business for which his *principal* has accepted responsibility and for which he does not have *limited permission*.

Who can be an appointed representative?

12.2.3 G As long as the conditions in section 39 of the Act are satisfied, any *person*, other than an *authorised person* (unless he has only a *limited permission*), may become an *appointed representative*, including a *body corporate*, a *partnership* or an individual in business on his own account. However, an *appointed representative* cannot be an *authorised person* under the Act unless he has only a *limited permission*. A *person* cannot be exempt for some *regulated activities* and *authorised* for others. An *appointed representative* with a *limited permission* is not an *exempt person*, but he may carry on the *regulated activity* comprised in the business for which his principal has accepted responsibility without being taken to have contravened a requirement imposed on him by the FCA or PRA or committing an offence, even though the activity is not covered by his *limited permission*.

Can an appointed representative have more than one principal?

12.2.4 G The Act and the *Appointed Representatives Regulations* do not prevent an *appointed representative* from acting for more than one *principal*. However, ■ SUP 12.5.6A R (Prohibition of multiple principals for certain activities) prevents this for particular kinds of business.

12.2.5 G [deleted]

What is a "network"?

12.2.6 G A *firm* is referred to as a 'network' if it appoints five or more *appointed representatives* (not counting *introducer appointed representatives*) or if it appoints fewer than five *appointed representatives* (again, not counting *introducer appointed representatives*) which have, between them, twenty-six or more *representatives*. However, a *network* does not include:

- (a) a *product provider*;
- (b) a *firm* which markets the *packaged products* of a *product provider* in the same *group* as the *firm* and which does so other than by selecting products from the whole market;

- (c) an *insurer* in relation to a *non-investment insurance contract*; or
- (d) a *home finance provider*.

### Business for which an appointed representative is exempt

#### 12.2.7

G

- (1) The *Appointed Representatives Regulations* are made by the Treasury under sections 39(1), (1C) and (1E) of the Act. These regulations describe, among other things, the business for which an *appointed representative* may be exempt or to which sections 20(1) and (1A) and 23(1A) of the Act may not apply, which is business which comprises any of:
  - (a) *dealing in investments as agent* (article 21 of the *Regulated Activities Order*) where the transaction relates to:
    - (i) a *pure protection contract* (but only where the contract is not a *long-term care insurance contract*) or *general insurance contract*; or
    - (ii) a *funeral plan contract*;
  - (aa) *bidding in emissions auctions* (article 24A of the *Regulated Activities Order*) where that activity does not consist either of *dealing on own account* or the *execution of orders* on behalf of clients;
  - (b) *arranging (bringing about) deals in investments* (article 25(1) of the *Regulated Activities Order*) (that is in summary, deals in a *designated investment* (other than a *P2P agreement*), *structured deposit*, *funeral plan contract*, *pure protection contract*, *general insurance contract* or right to or interest in a funeral plan);
  - (c) *making arrangements with a view to transactions in investments* (article 25(2) of the *Regulated Activities Order*) (that is in summary, transactions in a *designated investment* (other than a *P2P agreement*), *structured deposit*, *funeral plan contract*, *pure protection contract*, *general insurance contract* or right to or interest in a funeral plan);
  - (d) *arranging (bringing about) a home finance transaction* (articles 25A(1), 25A(2A), 25B(1) and 25C(1) of the *Regulated Activities Order*);
  - (e) *making arrangements with a view to a home finance transaction* (articles 25A(2), 25B(2) and 25C(2) of the *Regulated Activities Order*);
  - (ea) *credit broking* (article 36A of the *Regulated Activities Order*);
  - (eb) *operating an electronic system in relation to lending* (article 36H of the *Regulated Activities Order*);
  - (f) *assisting in the administration and performance of a contract of insurance* (article 39A of the *Regulated Activities Order*);
  - (fa) *debt adjusting* (article 39D of the *Regulated Activities Order*);
  - (fb) *debt counselling* (article 39E of the *Regulated Activities Order*);
  - (fc) *debt collecting* (article 39F of the *Regulated Activities Order*);
  - (fd) *debt administration* (article 39G of the *Regulated Activities Order*);



- (g) *arranging safeguarding and administration of assets* (part of article 40 of the *Regulated Activities Order*);
  - (h) giving *basic advice* on a *stakeholder product* (article 52B of the *Regulated Activities Order*);
  - (i) *advising on investments (except P2P agreements)* (article 53(1) to (1D) of the *Regulated Activities Order*) (that is in summary, advising on any *designated investment* (other than a *P2P agreement*), *structured deposit*, *funeral plan contract*, *pure protection contract*, *general insurance contract* or right to or interest in a funeral plan);
  - (ia) *advising on P2P agreements* (article 53(2) of the *Regulated Activities Order*);
  - (j) *advising on a home finance transaction* (articles 53A, 53B and 53C of the *Regulated Activities Order*);
  - (ja) *entering into a regulated credit agreement as lender or exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement* (article 60B of the *Regulated Activities Order*) when carried on in relation to a *credit agreement* under which the *credit* is provided free of interest and without any other charges;
  - (jaa) *advising on regulated credit agreements for the acquisition of land* (article 53DA of the *Regulated Activities Order*);
  - (jab) *advising on conversion or transfer of pension benefits* (article 53E of the *Regulated Activities Order*);
  - (jb) *entering into a regulated consumer hire agreement as owner or exercising, or having the right to exercise, the owner's rights and duties under a regulated consumer hire agreement* (article 60N of the *Regulated Activities Order*);
  - (k) *agreeing to carry on a regulated activity* (article 64 of the *Regulated Activities Order*) where the *regulated activity* is one of those specified in Regulation 2(1)(d) of the *Appointed Representatives Regulations*; and
  - (l) *providing credit information services* (article 89A of the *Regulated Activities Order*).
- (2) If the *appointed representative* is also a *tied agent*, the business for which the *appointed representative* may be exempt includes the following additional activities:
- (a) placing *financial instruments* or *structured deposits*;
  - (b) providing advice to *clients* or potential *clients* in relation to the placing of *financial instruments* or *structured deposits*.
- (3) [deleted]
- (4) *Regulated claims management activity* is not a type of business for which an *appointed representative* may be exempt.



What is an introducer appointed representative?	
12.2.8	<p><b>G</b> (1) An <i>introducer appointed representative</i> is an <i>appointed representative</i> appointed by a <i>firm</i> whose scope of appointment must, under ■ SUP 12.5.7 R, be limited to:</p> <ul style="list-style-type: none"> <li>(a) effecting introductions to the <i>firm</i> or other members of the <i>firm's group</i>; and</li> <li>(b) distributing <i>non-real time financial promotions</i> which relate to products or services available from or through the <i>firm</i> or other members of the <i>firm's group</i>.</li> </ul> <p>(2) The permitted scope of appointment of an <i>introducer appointed representative</i> does not include in particular:</p> <ul style="list-style-type: none"> <li>(a) dealing in investments as agent; or</li> <li>(b) <i>arranging (bringing about) deals in investments</i> or arranging (bringing about) regulated mortgage contracts; or</li> <li>(c) <i>assisting in the administration and performance of a contract of insurance</i>; or</li> <li>(d) <i>advising on investments</i>, giving <i>basic advice on a stakeholder product</i> <i>advising on a home finance transaction</i>, <i>advising on regulated credit agreements for the acquisition of land</i>, or other activity that might reasonably lead a <i>customer</i> to believe that they had received, or that the <i>introducer appointed representative</i> is permitted to provide, one of those services.</li> </ul> <p>(3) An <i>introducer appointed representative</i> may have more than one <i>principal</i>, but will need a contract with each <i>principal</i>.</p> <p>(4) The <i>approved persons</i> regime does not apply to an <i>introducer appointed representative</i> (see ■ SUP 10A.1.15 R).</p>
12.2.9	<p><b>G</b> To become an <i>introducer appointed representative</i>, a person must meet the conditions in the Act to become an <i>appointed representative</i> (see ■ SUP 12.2.2 G).</p>
12.2.10	<p><b>G</b> All rules in ■ SUP 12 apply in relation to <i>introducer appointed representatives</i> except for:</p> <ul style="list-style-type: none"> <li>(1) ■ SUP 12.4.2 R, ■ SUP 12.4.5B R and ■ SUP 12.4.5C, on the appointment of <i>appointed representatives</i>, which are replaced by ■ SUP 12.4.6 R;</li> <li>(2) ■ SUP 12.5.6A R on required contract terms, which is replaced by ■ SUP 12.5.7 R;</li> <li>(2A) ■ SUP 12.6A.2R to ■ SUP 12.6A.4R; and</li> <li>(3) ■ SUP 12.9.1 R (4) (Record keeping).</li> </ul>
12.2.11	<p><b>G</b> If an <i>introducer appointed representative</i> is an individual in business on his own, then he will also be an <i>introducer</i> (see ■ SUP 12.2.13 G). This has certain implications in COBS.</p>

Introducers and representatives: what do these terms mean and what is the relationship with an appointed representative?

- 12.2.12

G

A *firm* or its *appointed representative* may appoint or employ individuals to act as *introducers* or *representatives* in respect of *designated investment business*.
- 12.2.13

G

(1) An *introducer* is an individual appointed by a *firm* or by an *appointed representative* of such a *firm* to carry out, in the course of *designated investment business*, either or both of the following activities:

(a) effecting introductions;

(b) distributing *non-real time financial promotions*.

(2) An *introducer* is not an *exempt person* under section 39 of the Act (unless he is also an *introducer appointed representative*) and hence cannot benefit from the exemption to carry on *regulated activities* in his own right. As a result, an *introducer* that is not an *introducer appointed representative* works in the name of his *firm* or the *firm's appointed representative* but he does not fall within the scope of the *approved persons* regime as he does not, as such, perform a *controlled function*.

12.2.14

G

(1) A *representative* is an individual who is appointed by a *firm* or an *appointed representative*, to carry on any of the activities in (1)(a) to (c):

(a) *advising on investments*;

(b) *arranging (bringing about) deals in investments*;

(c) *dealing in investments as agent*.

(2) If a *firm* appoints an *appointed representative* who is an individual in (1), that *appointed representative* will also be a *representative*. The individual may need to be approved to perform the *customer function*, (see ■ SUP 12.6.8 G and ■ SUP 12.6.9 G). In these circumstances, in addition to complying with the requirements of ■ SUP 12 and other regulatory requirements, the *firm* should ensure that the *rules* for *representatives* in ■ COBS 6 (Information about the firm, its services and remuneration) are complied with.

12.2.15

G

[deleted]

What is a tied agent?

12.2.16

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(1) A *tied agent* is a *person* who acts for and under the responsibility of a *MiFID investment firm* (or a *third country investment firm*) in respect of *MiFID business* (or the *equivalent business of the third country investment firm*). Most *tied agents* appointed by *firms* are also *appointed representatives*.

(2) Unless otherwise provided, this chapter applies to a *firm* that appoints a *tied agent* that is an *appointed representative* in the same way as it applies to the appointment of any other *appointed representative*.

SUP 12/10

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■ Release 35 ● Apr 2024

- (3) This chapter sets out the provisions which apply to *tied agents* appointed by a *MiFID investment firm*.
- (4) [deleted]
- (5) A *tied agent* will not be an *appointed representative* if it does not and is not likely to conduct any business as a *tied agent* in the *UK*. Such a *tied agent* will be an *FCA registered tied agent*.
- (6) This chapter only applies to a *firm* that appoints a *tied agent* that is not an *appointed representative* where it expressly refers to *tied agents*.
- (7) A *MiFID investment firm* may may appoint a *tied agent* established in the *UK* but that does not, and is not likely to, conduct any business as a *tied agent* in the *UK*. That must be registered with the *FCA*. Such a *tied agent* is referred to in the *Handbook* as an *FCA registered tied agent*.
- (8) [deleted]

**What is a MiFID optional exemption appointed representative?**

12.2.17

G

- (1) A *MiFID optional exemption appointed representative* is a *person* who acts for and under the responsibility of a *MiFID optional exemption firm*. Such *appointed representatives* are not also *tied agents* since they do not act on behalf of a *MiFID investment firm* in respect of *MiFID business*.
- (2) Unless otherwise provided, this chapter applies to a *firm* that appoints a *MiFID optional exemption appointed representative* in the same way as it applies to the appointment of any other *appointed representative*.
- (3) The *rules* in this chapter which apply with respect to *tied agents* appointed by *firms* also apply to a *firm* that appoints a *MiFID optional exemption appointed representative*.

**What is a structured deposit appointed representative?**

12.2.18

G

- (1) If a *MiFID investment firm* or a *third country investment firm* appoints a *person* to act under its full and unconditional responsibility but only for the purpose of selling, or advising *clients* in relation to, *structured deposits* (and not any of the activities within section 39(7) of the *Act*), that *person* will not be a *tied agent* in respect of that activity.
- (2) Unless otherwise provided, this chapter applies to a *firm* that appoints a *structured deposit appointed representative* in the same way as it applies to the appointment of any other *appointed representative*.
- (3) The *rules* in this chapter which apply with respect to *tied agents* appointed by *firms* also apply to a *firm* that appoints a *structured deposit appointed representative*.



12.3 What responsibility does a firm have for its appointed representatives or FCA registered tied agents?

Responsibility for appointed representatives

- 12.3.1
- G
- In determining whether a *firm* has complied with:
- (1) any provision in or under the *Act* such as any *Principle* or other *rule*;  
or

(2) any provision in Part 3 of the *MCD Order*; or

(3) any qualifying provision specified, or of a description specified, for the purpose of section 39(4) of the *Act* by the Treasury by order,
- anything that an *appointed representative* has done or omitted to do as respects the business for which the *firm* has accepted responsibility will be treated as having been done or omitted to be done by the *firm* (section 39(4) of the *Act* and article 17 of the *MCD Order*).
- 12.3.2
- G
- The *firm* is responsible, to the same extent as if it had expressly permitted it, for anything the *appointed representative* does or omits to do, in carrying on the business for which the *firm* has accepted responsibility (section 39(3) of the *Act* and article 17 of the *MCD Order*).
- 12.3.3
- G
- In determining whether the *firm* has committed any offence, however, the knowledge or intentions of an *appointed representative* are not attributable to the *firm*, unless in all the circumstances it is reasonable for them to be attributed to it (section 39(6) of the *Act*).
- 12.3.4
- G
- SYSC 6.1.1 R requires a *MiFID investment firm* and a *credit firm* to ensure the compliance of its *appointed representative* with obligations under the *regulatory system*. The concept of a *relevant person* in SYSC includes an officer or employee of a *tied agent*.

		Responsibility for FCA registered tied agents.....
12.3.5	R	[deleted]
12.3.6	G	The effect of section 39A(6)(b) of the <i>Act</i> is to prohibit a <i>MiFID investment firm</i> from appointing an <i>FCA registered tied agent</i> unless it has accepted responsibility in writing for the agent's activities in acting as a <i>tied agent</i> .



12.4 What must a firm do when it appoints an appointed representative or an FCA registered tied agent?

The permission that the firm needs

- 12.4.1 R [deleted]
- 12.4.1A G 

The effect of sections 20 (Authorised persons acting without permission) and 39(4) (Exemption of appointed representatives) of the Act is that the *regulated activities* covered by an *appointed representative's* appointment need to:

(1) fall within the scope of the *principal's permission*; or

(2) be excluded from being *regulated activities* when carried on by the *principal*, for example because:

(a) they fall within article 28 of the *Regulated Activities Order* (Arranging transactions to which the arranger is a party);

(b) they constitute *CBTL business* and the *principal* is a *CBTL firm*; or

(c) the *principal* is appropriately authorised (see article 53(1A) of the *Regulated Activities Order*).

12.4.1B G 

In relation to *CBTL business* only a *CBTL firm* which is a *firm* can appoint an *appointed representative*.

12.4.1C G 

Where the *principal* is appropriately authorised for the purposes of article 53(1A) of the *Regulated Activities Order* (and so does not need *permission* to provide *non-personal recommendation advice*), the terms of the *appointed representative's* appointment will still need to cover their business in carrying on *non-personal recommendation advice*. This is because an *appointed representative* providing *non-personal recommendation advice* will only be exempt from the *general prohibition* if the *principal* has accepted responsibility in writing for the *appointed representative* in carrying on such business. An *appointed representative* is not exempt from the general prohibition simply because the *principal* is appropriately authorised for the purposes of article 53(1A) of the *Regulated Activities Order* (see also ■ PERG 8.24.1AG (Advising on investments)).
- SUP 12/14
- www.handbook.fca.org.uk
- Release 35 ● Apr 2024

		<b>Appointment of an appointed representative (other than an introducer appointed representative)</b>
12.4.2	R	<p>Before a <i>firm</i> appoints a <i>person</i> as an <i>appointed representative</i> (other than an <i>introducer appointed representative</i>) and on a continuing basis, it must establish on reasonable grounds that:</p> <ul style="list-style-type: none"><li>(1) the appointment does not prevent the <i>firm</i> from satisfying and continuing to satisfy the <i>threshold conditions</i>;</li><li>(2) the <i>person</i>:<ul style="list-style-type: none"><li>(a) is solvent;</li><li>(b) is otherwise suitable to act for the <i>firm</i> in that capacity;and</li><li>(c) has no <i>close links</i> which would be likely to prevent the effective supervision of the <i>person</i> by the <i>firm</i>;</li></ul></li><li>(3) the <i>firm</i> has adequate:<ul style="list-style-type: none"><li>(a) controls over the <i>person's regulated activities</i> for which the <i>firm</i> has responsibility (see ■ SYSC 3.1or ■ SYSC 4.1); and</li><li>(b) resources to monitor and enforce compliance by the <i>person</i> with the relevant requirements applying to the <i>regulated activities</i> for which the <i>firm</i> is responsible and with which the <i>person</i> is required to comply under its contract with the <i>firm</i> (see ■ SUP 12.5.3 G (2));</li></ul></li><li>(4) the <i>firm</i> is ready and organised to comply with the other applicable requirements contained or referred to in this chapter; and</li><li>(5) the <i>person's</i> activities do not, or would not, result in undue risk of harm to <i>consumers</i> or market integrity.</li></ul>
12.4.2A	R	[deleted] [Editor's note: This provision now appears at SUP 12.4.4HR.]
12.4.2B	G	[deleted] [Editor's note: This provision now appears at SUP 12.4.4IG.]
		<b>Guidance on the appointment of an appointed representative</b>
12.4.2C	G	■ SUP 12.4.2R applies before a <i>firm</i> appoints a <i>person</i> as an <i>appointed representative</i> and on a continuing basis thereafter. References in this <i>guidance</i> to an <i>appointed representative</i> should therefore be read as also referring to a prospective <i>appointed representative</i> where appropriate.
12.4.3	G	<p>In assessing, under ■ SUP 12.4.2 R(2)(a) and (b), whether an <i>appointed representative</i> is solvent and otherwise suitable, a <i>firm</i> should determine, among other matters, whether the <i>person</i> is likely to be adversely influenced by its financial position in the conduct of the business for which the <i>firm</i> is responsible. This might arise, for example, if the <i>person</i> has cashflow problems and is not able to service its debts. <i>Guidance</i> for <i>firms</i> on assessing the financial position of an <i>appointed representative</i> is given in ■ SUP 12 Annex 1.</p>



## 12.4.4

**G**

In assessing, under **■ SUP 12.4.2 R (2)(b)**, whether an *appointed representative* is otherwise suitable to act for the *firm* in that capacity, a *firm* should consider:

- (1) whether the *person* is fit and proper; *guidance* on the information that *firms* should take reasonable steps to obtain and verify is given in **■ SUP 12 Annex 2**;
- (2) the fitness and propriety (including good character) and financial standing of the *controllers, directors, partners, proprietors and managers* of the *person*; *firms* seeking *guidance* on the information which they should take reasonable steps to obtain and verify should refer to *FIT* and the questions in the relevant Form A (Application to perform controlled functions under the approved person regime) in **■ SUP 10A Annex 4**; and
- (3) the competence and capabilities of relevant *directors, partners, proprietors and managers* of the *person*, including whether they have:
  - (a) appropriate experience, knowledge, skills and training in relation to the activities and business carried out, or to be carried out, on behalf of the *firm*; and
  - (b) the necessary time to properly perform the tasks and functions for which they are, or will be, responsible.

## 12.4.4A

**G**

In considering the competence and capabilities of relevant *individuals, firms* should note that other provisions, including **■ SYSC 3.1** (Systems and controls) and **■ SYSC 5.1** (Skills, knowledge and expertise), the requirements of the Training and Competence sourcebook (*TC*) and *guidance* in the Fit and Proper test for Employees and Senior Personnel sourcebook (*FIT*) may also be relevant. See also **■ SUP 12.6.10G**.

## 12.4.4B

**G**

In assessing whether the *firm* has adequate controls and resources for the purposes of **■ SUP 12.4.2R(3)(a)** and **■ SUP 12.4.2R(3)(b)**, a *firm* should consider whether these:

are commensurate to:

- (a) the size or potential size of the *appointed representative*; and
- (b) the nature of the *regulated activities* for which the *firm* has, or proposes to have, responsibility;

enable the *firm* to effectively manage conflicts of interest;

allow the *firm* to maintain effective oversight of the *appointed representative*;

enable the *firm* to identify and remediate any issues arising at the *appointed representative*; and

enable the *firm* to maintain a level of oversight of the *appointed representative's regulated activities* equivalent to that which would be, and ought reasonably to be, applied if:



- (a) those activities were carried on by the *firm* in a principal capacity; and
  - (b) all *individuals* engaged in those activities were employees of the *firm*,
- (and see also *Principle 3*, ■ COND 2.5.6G(1) and ■ (1A) and ■ SUP 12.6.11G).

## 12.4.4C

G

In assessing, under ■ SUP 12.4.2R(5), whether an *appointed representative's* activities or proposed activities give rise to an undue risk of harm, a *firm* should consider, without limitation:

- (1) the nature of the risks associated with the *person's* appointment and activities or proposed activities having regard to, amongst other things, the *person's*:
  - (a) business model;
  - (b) (as applicable) senior management and governance arrangements;
- (2) the likely impact on clients or potential *clients* were a relevant risk to crystallise having regard to, amongst other things:
  - (a) the number of *clients* with which the *person* is, or is likely be, dealing;
  - (b) whether the *clients* or potential *clients* with which the *person* is, or is likely to be, dealing include those in vulnerable circumstances who may be at greater risk of harm if things go wrong;
  - (c) the likely extent of any financial loss that *clients* may suffer;
- (3) the likely impact on the *firm* were a relevant risk to crystallise including, but not limited to, the impact of a significant volume of complaints relating to the *person's* activities;
- (4) the likely impact on the continuity of the provision of services to *clients* in the event of the *person's* failure;
- (5) the potential for reputational damage which could harm the *clients* with which the *person* deals, or is likely to deal; and
- (6) the ability of its own arrangements to effectively identify and manage those risks in compliance with its obligations in SYSC.

[Editor's note: The provision at SUP 12.4.4DG is moved from SUP 12.4.5G.]

## 12.4.4D

G

In determining, under ■ SUP 12.4.2R(2)(c), whether an *appointed representative* has any *close links* which would be likely to prevent the *firm's* effective supervision, a *firm* should consider the *guidance* to threshold condition 2C or 3B as applicable in ■ COND 2.3.

12.4.4E

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Practical considerations for assessment

In undertaking the assessment required by SUP 12.4.2R, a firm should:

- (1) ensure and verify that information provided by the appointed representative, either at entity-level or about relevant individuals (SUP 12.4.4G(2) and (3)), is accurate, sufficiently detailed and up to date;
- (2) discuss any omissions or concerns proactively with relevant individuals at the appointed representative; and
- (3) ensure that it is made aware of any changes, including to relevant individuals at the appointed representative, which may affect the quality or integrity of the information provided.

Continuing obligations after appointment: controls and resources

12.4.4F

G

SUP 12.4.2R applies on a continuing basis. In particular:

- (1) a firm should re-assess whether its controls and resources remain adequate for the purposes of SUP 12.4.2R(3)(a) and (b) if any of the following circumstances arise:
    - (a) the size or volume of the appointed representative's business involving regulated activity increases significantly in a short period of time;
    - (b) the firm identifies an unusually high rate of turnover at the appointed representative of:
      - (i) senior management; or
      - (ii) other staff of the appointed representative involved in carrying on the regulated activities for which the firm has accepted responsibility;
- the firm identifies a significant increase in the number of complaints it receives about the appointed representative;
- the appointed representative changes its business model (including target market); or
- a change is made to the scope of the appointed representative's appointment.

SUP 12.6A.3R requires a firm to carry out a review, including of the adequacy of the firm's controls and resources, in any of the circumstances specified in that rule.

Practical steps to ensure effective oversight

12.4.4G

G

In order to comply with the various obligations in this chapter and having due regard to the nature of the appointed representative's activities and the risks associated with them, a firm should:

- (1) collect and scrutinise relevant management information and agree with its appointed representative how and when management information should be provided, the format it should take and the data it should capture;

- (2) analyse data provided by the *appointed representative* to identify emerging risks and issues;
- (3) closely monitor the delivery of the *appointed representative's* activities and business, within the scope of its appointment (for example, by reviewing call scripts or other materials provided by the *appointed representative* and organising regular meetings with them);
- (4) engage regularly with its *appointed representative*, whether through in-person meetings, telephone calls or email communication; and
- (5) establish clear processes for the escalation of issues, including service level agreements where necessary. This could include, for example, grading of issue severity based on impact and potential harm to *clients* and processes for remediation within defined timeframes. Where appropriate, such expectations should be included in the contract between the *firm* and the *appointed representative*.

[Editor's note: The provisions at SUP 12.4.4HR and SUP 12.4.4IG are not new text; they are moved from SUP 12.4.2AR and SUP 12.4.2BG respectively.]

Appointment of tied agents, MiFID optional exemption appointed representatives and structured deposit appointed representatives

12.4.4H R

- (1) A *firm* must ensure that:
  - (a) a *tied agent* that is an *appointed representative*; or
  - (b) a *MiFID optional exemption appointed representative*; or
  - (c) a *structured deposit appointed representative*,  
is of sufficiently good repute and that it possesses appropriate general, commercial and professional knowledge and competence so as to be able to communicate accurately all relevant information regarding the proposed service to the *client* or potential *client*. This does not limit a *firm's* obligations under ■ SUP 12.4.2R.
- (2) A *firm* must ensure that its *tied agent* or *MiFID optional exemption appointed representative* also possesses appropriate general, commercial and professional knowledge and competence so as to be able to deliver the *investment service* or *ancillary service* for which the *firm* has accepted responsibility.  
[Note: paragraphs 2 and 3 of article 29(3) of *MiFID*]

12.4.4I G

- (1) A *firm* to which ■ SUP 12.4.4HR applies should also have regard to ■ SYSC 5.1 (Skills, knowledge and expertise). The requirements of the Training and Competence sourcebook (*TC*) and *guidance* in the Fit and Proper test for Employees and Senior Personnel (*FIT*) may also be relevant.
- (2) *ESMA* has issued guidelines for *MiFID investment firms* specifying the criteria for the assessment of knowledge and competence. These guidelines are relevant to *tied agents* (see ■ SYSC 5.1.5ADG).

12.4.5 G [deleted] [*Editor's note:* This provision now appears at SUP 12.4.4DG.]

**Appointment representative who may be appointed by other principals**

12.4.5A G If a *firm* proposes to appoint an *appointed representative*, but not to prohibit its appointment by any other *principals* (see ■ SUP 12.5.2 G (3)), the *firm* should, in particular:

- (1) require, in the contract, that the *appointed representative* notifies the *firm* about other *principals* (see ■ SUP 12.5.5 R (3)) and
- (2) unless the *appointed representative* is an *introducer appointed representative*:
  - (a) take reasonable steps to check whether the *appointed representative* is already appointed by one or more other *principals* and, if it is, contact those other *principals*; such steps should include asking the *appointed representative* and checking the *Financial Services Register*;
  - (b) if there are any other *principals*, agree arrangements with the other *principals* (see ■ SUP 12.4.5B R) ; and
  - (c) establish effective systems and controls for ensuring that the *appointed representative* complies with all contractual restrictions imposed, including those relating to multiple *principals* under the *Appointed Representatives Regulations* and under ■ SUP 12.5.6A R (see ■ SUP 12.6.11A R).

**Multiple principals**

12.4.5B R (1) A *firm* must not appoint a *person* as its *appointed representative* until it has entered into a written agreement (a "multiple principal agreement") with every other *principal* the *person* may have; but this does not apply to the appointment of an *introducer appointed representative* nor does it require an agreement with another *principal* which has appointed a *person* as an *introducer appointed representative*.

(2) A *firm* must not unreasonably decline to enter into a multiple principal agreement with any *principal* of his *appointed representative* unless the *firm* is relying on a prohibition on the *appointed representative* from representing any other *firms* (or is seeking to impose such a prohibition) as permitted by article 3 of the *Appointed Representative Regulations*.

(3) A multiple principal agreement must contain all the provisions which are necessary or desirable to:

- (a) set out the relationship between the *principals* of that *appointed representative*; and
- (b) protect the interests of *clients*;

including the matters set out in ■ SUP 12.4.5C.

12.4.5C R **Multiple principal agreement**

	Matter	Explanation
1.	Scope of appointment	The scope of appointment given by each <i>principal</i> to the appointed representative.
2.	Complaints handling	<p>The identity of the <i>principal</i> which will be the point of contact for a complaint from a <i>client</i> (referred to as the "lead-principal" in SUP 12.4.5D G to SUP 12.4.5E G).</p> <p>An agreement that each <i>principal</i> will co-operate with each other <i>principal</i> in resolving a complaint from a <i>client</i> in relation to the appointed representative's conduct.</p> <p>The arrangements for complaints handling, including arrangements for resolving disputes between the <i>principals</i> in relation to their liability to a <i>client</i> in respect of a complaint and arrangements for dealing with referrals to the <i>Financial Ombudsman Service</i>.</p>
3.	<i>Financial promotions</i>	The arrangements for <i>approving financial promotion</i> .
4.	Control and monitoring	The arrangements for the control and monitoring of the activities of the appointed representative (see in particular SUP 12.6.6 R (Regulated activities and investment services outside the scope of appointment) and SUP 12.6.7 G (Senior management responsibility for appointed representatives)).
5.	<i>Approved person status</i>	The arrangements for making applications for <i>approved person status</i> (see SUP 10A and SUP 10C (Approved persons) and the corresponding <i>PRA</i> requirements).
6.	Training and competence	The arrangements for training and competence (see <i>TC</i> ).
7.	Co-operation	<p>The arrangements for co-operation over any other issues which may arise from the multiple appointments, including issues which may damage the interests of <i>clients</i> dealing with the appointed representative and administrative issues.</p> <p>An agreement by each <i>principal</i> to take reasonable steps to ensure that it does not cause the appointed representative or any of its other <i>principals</i> to be in breach of their obligations to each other or under the <i>regulatory system</i>.</p>
8.	Sharing information	<p>The arrangements for sharing information on matters relevant to the matters covered under the multiple principal agreement and each <i>principal's</i> obligations under SUP 12.6 (Continuing obligations of firms with appointed representatives) and SUP 12.6A (Assessment of compliance).</p> <p>An agreement that each <i>principal</i> will notify each other <i>principal</i> of any information which is materially relevant to the multiple principal agreement.</p>

## 12.4.5D

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One effect of the multiple principal agreement is to introduce a 'lead-principal' concept in relation to complaints handling for the benefit of the *client*. For example, where the *client* has been given advice by an *appointed representative* who has two *principals*, and the advice could have led to a transaction being arranged with either *principal*, the *client* will know that he

may pursue his complaint with (but not necessarily against) one of the *principals*. Whether he later decides to refer his complaint to the *Financial Ombudsman Service*, and if so, against which *principal*, will depend on the circumstances.

12.4.5E

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- (1) Under the relevant provisions in *COBS*, *ICOBS* and *MCOB*, the *customer* will receive details of how to complain to the *appointed representative* and, when a product is purchased, details of the complaints procedure for the *product provider*, *insurer* or *home finance provider*.
- (2) Under ■ DISP 1.2.1 R, a *firm* must among other things, supply summary details of its internal process for dealing promptly and fairly with *complaints* to the *customer* when it receives a *complaint*. In complying with ■ DISP 1.2.1 R, a *firm* should ensure that the "lead-principal" is clearly identified in the procedures.
- (3) The complaints procedure should also explain that the *customer* has a choice of whether to contact the *appointed representative*, the "lead-principal" or the *product provider*, *insurer* or *home finance provider* and that the "lead-principal" will be the appropriate point of contact where the *customer* does not wish to complain about a specific product or is unsure who to contact.
- (4) In other words, where the *customer*, has a doubt who to complain to the "lead-principal" is to be the point of contact for all complaints arising out of the activities of the *appointed representative*.

12.4.5F

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When considering the provisions for complaints handling (see ■ SUP 12.4.5C(2)) *firms* should consider the use of a mediation clause. If a complaint is made by a *client*, *principals* which are unable to resolve a dispute about liability to the *client* should consider all quick and effective ways of resolving the dispute, including referring the matter to the *Financial Ombudsman Service* and mediation.

12.4.5G

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It is for the *principals* to consider in each case whether it would be appropriate to show the multiple principal agreement to their *appointed representative*, or in some circumstances make their *appointed representative* a party to it.

### Appointment of an introducer appointed representative

12.4.6

R

Before a *firm* appoints a *person* as an *introducer appointed representative*, and on a continuing basis, it must take reasonable care to ensure that:

- (1) the *person* is suitable to act for the *firm* in that capacity (having regard, in particular, to other *persons* connected with the *person* who will be, or who are, directly responsible for its activities);
- (2) the *firm* is ready and organised to comply with the other applicable requirements contained or referred to in this chapter; and
- (3) the *person's* activities do not, or would not, result in undue risk of harm to *consumers* or market integrity.



12.4.7	G	In assessing, under ■ SUP 12.4.6 R(1), whether an <i>introducer appointed representative</i> or prospective <i>introducer appointed representative</i> is otherwise suitable to act for the <i>firm</i> in that capacity, the <i>firm</i> should determine whether the <i>introducer appointed representative</i> and those <i>persons</i> who will be, or who are, directly responsible for its activities are of sufficiently good reputation and otherwise fit and proper for that appointment. The <i>firm</i> should, as a minimum, verify the identity of a prospective <i>introducer appointed representative</i> and relevant <i>persons</i> but need not carry out the more extensive due diligence required for the appointment of an <i>appointed representative</i> under ■ SUP 12.4.2 R.
12.4.7A	G	In complying with the requirements in ■ SUP 12.4.6R, a <i>firm</i> should also have regard, so far as relevant, to the <i>guidance</i> in ■ SUP 12.4.4BG, ■ SUP 12.4.4CG, ■ SUP 12.4.4FG and ■ SUP 12.4.4GG.
12.4.8	G	If a <i>firm</i> has doubts that a prospective <i>introducer appointed representative</i> or other <i>person</i> is of sufficiently good reputation and otherwise fit and proper, the <i>FCA</i> will expect it to resolve those doubts before appointing the prospective <i>introducer appointed representative</i> . For example, if a <i>firm</i> is aware that a <i>person's</i> previous appointment as an <i>introducer appointed representative</i> or <i>representative</i> was terminated, it should take reasonable steps to find out the reasons for the termination and the extent to which those reasons reflect on the <i>person</i> concerned.
		<b>Good repute</b>
12.4.8A	R	Before a <i>firm</i> appoints a <i>person</i> as an appointed representative to carry on <i>insurance distribution activity</i> , it must in relation to <i>insurance distribution activity</i> ensure that the <i>person</i> will comply on appointment, and will continue to comply with, the provisions of ■ SYSC 28.3 (Good repute) as if the <i>appointed representative</i> were a <i>firm</i> . [Note: article 10(3) of the <i>IDD</i> ]
12.4.8AA	R	A <i>firm</i> that has appointed an <i>appointed representative</i> to carry on <i>insurance distribution activity</i> must ensure that the <i>appointed representative</i> :  (1) establishes, maintains and keeps appropriate records to demonstrate compliance with ■ SYSC 28.3 (Good repute); and  (2) provides the name of the <i>person</i> responsible for the record-keeping requirement in (1) to the <i>firm</i> .
		<b>Knowledge and ability requirements</b>
12.4.8AB	G	■ SYSC 28.1 (Minimum knowledge and ability requirements for carrying out insurance distribution activities), ■ SYSC 28.2 (Knowledge and ability requirements) and ■ SYSC 28.4 (Record-keeping requirements) apply in relation to a <i>firm's</i> relevant employees. This includes its <i>appointed representatives</i> and their <i>employees</i> . [Note: articles 10(1), 10(2) and last paragraph of article 10(8) of the <i>IDD</i> ]
12.4.8B	G	[deleted]

12.4.8C R

Close links

Before a *firm* appoints an *appointed representative* who does not already appear on the *Financial Services Register* ("A") to carry on *insurance distribution activity*, it must obtain from A the following information:

- (1) the identities of shareholders or members, whether natural or legal persons, that have a holding in A that exceeds 10% and the amount of those holdings;
- (2) the identities of *persons* who have *close links* with A; and
- (3) that those holdings or *close links* do not prevent the effective supervision of A by the *firm*.

[Note: article 3(6) of the *IDD*]

12.4.9 G

Inclusion on the Financial Services Register

- (1) An appointed representative must not commence an *insurance distribution activity* until they are included on the Financial Services Register as carrying on such activities (see ■ SUP 12.5.2 G (3)).
- (2) [deleted]
- (3) [deleted]

12.4.10 G

- (1) The *FCA* has the power to decide not to include on the Financial Services Register (or to remove from the Financial Services Register) an appointed representative whose scope of appointment includes an *insurance distribution activity*, if it appears to the *FCA* that he is not a fit and proper *person* to carry on those activities (article 95 of the *Regulated Activities Order*).
- (2) If the *FCA* proposes to use the power in (1), it must give the appointed representative a *warning notice*. If the *FCA* decides to proceed with its proposal, it must give the appointed representative a *decision notice*. The procedures followed by the *FCA* in relation to the giving of *warning notices* and *decision notices* are set out in ■ DEPP 2.
- (3) An appointed representative may apply to the *FCA* for a determination of the kind referred to in (1) to be revoked. If the *FCA* proposes to refuse the application, it must give the appointed representative a *warning notice*, and if the *FCA* decides to proceed with the refusal, it must give the appointed representative a *decision notice*.

12.4.10A R

Appointed representative carrying on MCD credit intermediation activity

Before a *firm* appoints a *person* as an *appointed representative* to carry on an *MCD credit intermediation activity*, it must ensure that the *person* has, and will maintain on a continuing basis after appointment, professional indemnity insurance in accordance with the *rules* applicable to *MCD credit intermediaries*. A *firm* will satisfy this requirement if:



- (1) [deleted]
- (2) the *firm* has professional indemnity insurance in respect of claims for which the *firm* may be liable as a result of the conduct of its *appointed representative*, which satisfies the *rules* in ■ MIPRU 3.2; or
- (3) the *appointed representative* holds a comparable guarantee (as understood by reference to ■ MIPRU 3.1.1R (3)(b)) provided by the *firm*.

[Note: article 31(2) of the MCD]

## 12.4.10AA G

- (1) The effect of ■ SUP 12.4.10AR(2) is that a *firm* itself must take out and maintain professional indemnity insurance that covers claims for which it may be liable as a result of the conduct of its *appointed representatives* (in addition to the conduct of the *firm* and its *employees*). This approach is consistent with the requirement in ■ MIPRU 3.2.4R(1) and the responsibility of the *firm* for the conduct of all of its *appointed representatives* (■ MIPRU 3.2.6G).
- (2) In addition to the professional indemnity insurance that the *principal* must hold under ■ SUP 12.4.10AR(2), an *appointed representative* may take out, or have its own, professional indemnity insurance covering its activities to provide additional mitigation against the risk of harm to consumers, market integrity or itself.

## 12.4.10B R

- (1) Before a *firm* appoints a *person* as an *appointed representative* to carry on *MCD credit intermediation activity* and on a continuing basis after appointment, it must, in relation to such activities, ensure that:
  - (a) if the *appointed representative* is an *individual*, the *individual*:
    - (i) has not been convicted of any serious criminal offences linked to crimes against property or other crimes related to financial activities (other than spent convictions under the Rehabilitation of Offenders Act 1974 or any other national equivalent); and
    - (ii) has not been adjudged bankrupt (unless the bankruptcy has been discharged);

under the law of any part of the *United Kingdom* or under the law of a country or territory outside the *United Kingdom*; and

  - (iii) possesses the appropriate level of knowledge and competence under the *rules* in TC applicable to the activities of the *appointed representative*;
  - (b) if the *appointed representative* is a *body corporate*, the members of the board of the *appointed representative*, and *persons* performing equivalent tasks:
    - (i) have not been convicted of any serious criminal offences linked to crimes against property or other crimes related to financial activities (other than spent convictions under the Rehabilitation of Offenders Act 1974 or any other national equivalent); and
    - (ii) have not been adjudged bankrupt (unless the bankruptcy has been discharged);

		<p>under the law of any part of the <i>United Kingdom</i> or under the law of a country or territory outside the <i>United Kingdom</i>; and</p> <p>(iii) possess the appropriate level of knowledge and competence under the <i>rules</i> in <i>TC</i> applicable to the activities of the <i>appointed representative</i>.</p> <p>[Note: article 31(2) of the <i>MCD</i>]</p>
12.4.10C	G	<p>(1) [deleted]</p> <p>(2) An <i>appointed representative</i> must not commence an <i>MCD credit intermediation activity</i> until they are included on the <i>Financial Services Register</i>.</p> <p>(3) If an <i>appointed representative's</i> scope of appointment is to include <i>MCD credit intermediation activity</i>, the <i>Act</i> provides that that <i>appointed representative's principal</i> may not be a <i>tied MCD credit intermediary</i>.</p>
12.4.11	R	<p><b>Appointment of an FCA registered tied agent</b></p> <p>If a <i>MiFID investment firm</i> appoints an <i>FCA registered tied agent</i>, ■ SUP 12.4.2 R and ■ SUP 12.4.4HR apply to that <i>firm</i> as though the <i>FCA registered tied agent</i> were an <i>appointed representative</i>.</p> <p>[Note: paragraphs 2 and 3 of article 29(3) of <i>MiFID</i>]</p>
12.4.12	G	<p><b>Tied agents</b></p> <p>(1) A <i>tied agent</i> that is an <i>appointed representative</i> may not start to act as a <i>tied agent</i> until it is included on the applicable register (section 39(1A) of the <i>Act</i>). The register maintained by the <i>FCA</i> is the applicable register for these purposes.</p> <p>(2) A <i>MiFID investment firm</i> that appoints an <i>FCA registered tied agent</i> who is not registered with the <i>FCA</i> will, subject to certain conditions, be taken to have contravened a requirement imposed on it by or under the <i>Act</i> (see section 39A(6)(c) and (d) of the <i>Act</i>).</p> <p>(3) [deleted]</p> <p>(4) [deleted]</p> <p>(5) [deleted]</p> <p>(6) A <i>tied agent</i> can only act as such for one <i>MiFID investment firm</i> or <i>third country investment firm</i> (see ■ SUP 12.5.6A R (1A)).</p>
12.4.13	G	<p><b>MiFID optional exemption appointed representatives and structured deposit appointed representatives</b></p> <p>(1) A <i>MiFID optional exemption appointed representative</i> or a <i>structured deposit appointed representative</i> may not start to act as such until it</p>

is included on the *Financial Services Register* (sections 39(1A) and 39(1AA) of the Act).

(2) [deleted]

**Reporting of information about Directory persons**

12.4.14

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- (1) ■ SUP 16.26 (Reporting of information about Directory persons) requires an *SMCR firm* that has appointed an *appointed representative* to report information to the *FCA* in respect of any individual who is an *appointed representative Directory person*.
- (2) The *SMCR firm* should ensure that appropriate arrangements are in place so that the *SMCR firm* is able to report all relevant information about each such *appointed representative Directory person* to the *FCA* within the specified timeframes, in accordance with the requirements of ■ SUP 16.26 (Reporting of information about Directory persons).

12.5 Contracts: required terms

Required contract terms for all appointed representatives

- 12.5.1
- G
- The *Appointed Representatives Regulations* include, among other things, the prescribed requirements applying to contracts between *firms* and *appointed representatives* for the purposes of section 39(1)(a)(ii) of the *Act*.
- 12.5.2
- G
- (1) Regulations 3(1) and (2) of the *Appointed Representatives Regulations* make it a requirement that the contract between the *firm* and the *appointed representative* (unless it prohibits the *appointed representative* from representing other counterparties) contains a provision enabling the *firm* to:

(a) impose such a prohibition; or

(b) impose restrictions as to the other counterparties which the *appointed representative* may represent, or as to the types of *investment* in relation to which the *appointed representative* may represent other counterparties.

(1A) [deleted]

(2) Under the *Appointed Representatives Regulations*, an *appointed representative* is treated as representing other counterparties if, broadly, it:

(a) makes arrangements (within article 25 of the *Regulated Activities Order*) for *persons* to enter into investment transactions with other counterparties; or

(b) *arranges the safeguarding and administration of assets* by other counterparties; or

(c) gives advice (within article 53(1) of the *Regulated Activities Order* (Advising on investments)) on the merits of entering into investment transactions with other counterparties;

(d) *assists in the administration and performance of a contract of insurance* (article 39A of the *Regulated Activities Order*);

where an "investment transaction" means a transaction to *buy, sell, subscribe for or underwrite a security or a relevant investment* (that is, a *designated investment* (other than a *P2P agreement*), *structured deposit* (where applicable), *funeral plan contract, pure protection contract, general insurance contract* or right to or interest in a funeral plan; or

(e) *arranges:*
- SUP 12/28
- www.handbook.fca.org.uk
- Release 35 ● Apr 2024

- (i) for *persons* to enter (or with a view to *persons* entering) as customers into *home finance transactions* (or as plan providers in the case of a *home reversion plan*) with other counterparties;
- (ii) for a *person* to vary a *home finance transaction* entered into by a *person* as customer (or as plan provider in the case of a *home reversion plan*) before 31 October 2004 (in the case of a *legacy CCA mortgage contract*), or on or after 31 October 2004 (in the case of any other *regulated mortgage contract*) or 6 April 2007 (in all other cases) with other counterparties;
- (f) gives advice (within articles 53A, 53B or 53C of the *Regulated Activities Order*) on the merits of:
  - (i) *persons* entering as customers into *home finance transactions* (or as plan provider in the case of a *home reversion plan*) with other counterparties;
  - (ii) *persons* varying *home finance transactions* entered into by them as customer (or as plan provider in the case of a *home reversion plan*) before 31 October 2004 (in the case of a *legacy CCA mortgage contract*), or on or after 31 October 2004 (in the case of any other *regulated mortgage contract*) or 6 April 2007 (in all other cases) with other counterparties;
- (g) giving *basic advice* on a *stakeholder product*;
- (h) effects introductions (within article 36A (Credit broking) of the *Regulated Activities Order*) of *individuals* to other counterparties;
- (i) facilitates *persons* becoming the *lender* and *borrower* under an article 36H agreement (within the meaning of the *Regulated Activities Order*) on behalf of other counterparties;
- (ia) facilitates a *person* assuming the rights of the *lender* under an article 36H agreement (within the meaning of the *Regulated Activities Order*) by assignment or operation of law on behalf of other counterparties;
- (j) carries on any of the other activities specified in article 36H(3) of the *Regulated Activities Order* on behalf of other counterparties in the course of, or in connection with, facilitation mentioned in (i) or (ia) by the *appointed representative* or its principal;
- (ja) gives advice (within article 53(2) of the *Regulated Activities Order*) on the merits of:
  - (i) a *person* entering into a 'relevant article 36H agreement' (within the meaning of the *Appointed Representatives Regulations*) as a *lender* or assuming the rights of a *lender* under such an agreement by assignment or operation of law; or
  - (ii) a *person* providing instructions to a *P2P platform operator* with a view to entering into a 'relevant article 36H agreement' as a *lender* or assuming the rights of a *lender* under such an agreement by assignment or operation of law, where the instructions involve:
    - (A) accepting particular parameters for the terms of the agreement presented by a *P2P platform operator*; or

- (B) choosing between options governing the parameters of the terms of the agreement presented by a *P2P platform operator*; or
  - (C) specifying the parameters of the terms of the agreement by other means; or
  - (iii) a *person* enforcing or exercising the *lender's* rights under a 'relevant article 36H agreement'; or
  - (iv) a *person* assigning rights under a 'relevant article 36H agreement';
  - on behalf of other counterparties;
  - (k) takes steps (within article 39D (Debt adjusting) of the *Regulated Activities Order*) on behalf of other counterparties;
  - (l) gives advice to a *borrower* (within article 39E (Debt-counselling) of the *Regulated Activities Order*) on behalf of other counterparties;
  - (m) takes steps (within article 39F (Debt-collecting) of the *Regulated Activities Order*) to procure the payment of debts on behalf of other counterparties;
  - (n) performs duties (within article 39G (Debt administration) of the *Regulated Activities Order*) under, or exercises or enforces rights under, an agreement on behalf of other counterparties;
  - (na) gives advice (within article 53E of the *Regulated Activities Order* (Advising on conversion or transfer of pension benefits)) on behalf of other counterparties;
  - (o) enters into *regulated credit agreement* or exercises or has the right to exercise the *lender's* rights and duties under such agreements (within article 60B (Regulated credit agreements) of the *Regulated Activities Order*) on behalf of other counterparties;
  - (p) enters into *regulated consumer hire agreements* or exercises, or has the right to exercise, the *owner's* rights and duties under such agreements (within article 60N (Regulated consumer hire agreements) of the *Regulated Activities Order*) on behalf of other counterparties;
  - (q) takes steps on behalf of, or gives advice to, an *individual* in relation to the taking of any steps (in circumstances constituting the carrying on of *providing credit information services*) on behalf of other counterparties.
- (3) If the scope of appointment covers, in relation to a *contract of insurance, dealing in investments as agent, arranging, assisting in the administration and performance of a contract of insurance or advising on investments*, regulation 3(4) of the *Appointed Representatives Regulations* makes it a requirement that the contract between the *firm* and the *appointed representative* contains a provision providing that the *appointed representative* is not permitted or required to carry on such business unless included in the *Financial Services Register* as carrying on *insurance distribution activities*.

12.5.2A G [deleted] [Editor's note: This provision now appears at SUP 12.5.12G.]

- 12.5.3** **G** (Subject to **■ SUP 12.5.13G**) a *firm* should satisfy itself that the terms of the contract with its *appointed representative* (including an *introducer appointed representative*):
- (1) are designed to enable the *firm* to comply properly with any *limitations or requirements* on its own *permission*;
  - (2) require the *appointed representative* to cooperate with the *FCA* as described in **■ SUP 2.3.4 G** (Information gathering by the *FCA* on its own initiative: cooperation by firms) and give access to its premises, as described in **■ SUP 2.3.5 R (2)**;
  - (3) require the *appointed representative* to give the *firm's* auditors the same rights as are provided by section 341 of the *Act*; and
  - (4) require the *appointed representative* to provide the *firm* with such information as is necessary to enable the *firm* to comply with its obligations under this chapter (**■ SUP 12**), including, without limitation:
    - (a) as to any matters which might require the *firm* to undertake a review under **■ SUP 12.6A.3R**;
    - (b) to enable the *firm* to comply with its reporting and notification obligations in **■ SUP 12.7**.
- 12.5.3A** **G** [deleted] [*Editor's note*: This provision now appears at SUP 12.5.13G.]
- 12.5.4** **G** A *firm* should have the ability to terminate the contract with its *appointed representative* in the circumstances in **■ SUP 12.6.1R(2)**. However, such a termination provision should not be automatic (see **■ SUP 12.8.3R(1)**). **■ SUP 12.5.5R(4)** also requires that the *firm* be able to terminate the contract in the event that the *firm* determines that it is no longer able to effectively oversee the activities of the *appointed representative*.
- 12.5.5** **R** A *firm* must ensure that its written contract with each of its *appointed representatives*:
- (1) complies with the requirements prescribed in regulation 3 of the *Appointed Representatives Regulations* (see **■ SUP 12.5.2 G**);
  - (2) requires the *appointed representative* to comply, and to ensure that any *persons* who provide services to the *appointed representative* under a contract of services or a contract for service comply, with the relevant requirements in or under the *Act* (including the *rules*) that apply to the activities which it carries on as *appointed representative* of the *firm*;
  - (2A) (where the scope of appointment of the *appointed representative* includes *CBTL business*) requires the *appointed representative* to comply, and to ensure that any *persons* who provide services to the *appointed representative* under a contract for service comply, with the requirements of and arising under Part 3 of the *MCD Order*;
  - (3) (unless the written contract prohibits appointments by other *principals*) requires the *appointed representative* to notify the *firm*:



12.5.6

G

- (a) that it is seeking appointment as an *appointed representative* of another *person*, who the *person* is and the business for which the other *person* will accept responsibility;
- (b) (as soon as possible) of any change in the business notified under (a); and
- (c) (as soon as possible) of the termination of any such appointment; and
- (4) enables the *firm* to terminate the contract in the event that the *firm* determines, pursuant to its continuing obligation in ■ SUP 12.4.2R, ■ SUP 12.4.6R or ■ SUP 12.4.8AR that it is no longer able to adequately oversee the activities of the *appointed representative*.

- (1) If the *appointed representative* is appointed to give *advice on investments* to *retail clients* concerning *packaged products*, the *firm* should also satisfy itself that the contract requires compliance with the *rules* in ■ COBS 6 or ■ COBS 6.1ZA (Information about the firm, its services and remuneration).
- (2) The contractual requirements in ■ SUP 12.5.5 R should extend to:
  - (a) the activities of the *appointed representative*, if the appointed representative is an individual; and
  - (b) the activities of the *employees of, representatives and introducers* appointed by, the *appointed representative*.

**Prohibition of multiple principals for certain activities**

12.5.6A

R

- (1) A *firm* must ensure that, if appointing an *appointed representative* (other than an *introducer appointed representative*), to carry on any of the following regulated activities, its written contract prohibits the *appointed representative* from carrying on any of the specified activities as an *appointed representative* for another *firm*:
  - (a) any *designated investment business for retail clients*: the prohibition must cover all *designated investment business for retail clients*;
  - (b) any *regulated mortgage activities* (other than in relation to *lifetime mortgages*): the prohibition must cover all regulated mortgage activities (other than *lifetime mortgages*);
  - (c) any *regulated mortgage activities* in relation to *lifetime mortgages*: the prohibition must cover all *lifetime mortgages*;
  - (d) any *reversion activities*: the prohibition must cover all *reversion activities*;
  - (e) any *home purchase activities*: the prohibition must cover all *home purchase activities*.
- (1A) If the *appointed representative* is a *tied agent*, the prohibition must prevent the *appointed representative* acting as a *tied agent* for any other *MiFID investment firm* or *third country investment firm*.
- (1B) In relation to any *MCD credit intermediation activity*, the prohibition must prevent the *appointed representative* acting as an *appointed*



		<p><i>representative</i> in respect of <i>MCD credit intermediation activity</i> for any other <i>firm</i>.</p> <p>(2) As an exception to (1), if the <i>firm</i> is a <i>long-term insurer</i> or an operator of a <i>UCITS scheme</i>, it may permit an <i>appointed representative</i> to carry on <i>designated investment business</i> as the <i>appointed representative</i> of one or more other <i>firms</i> provided that:</p> <p>(a) each of those other <i>firms</i> is a <i>long-term insurer</i> or an operator of a <i>UCITS scheme</i>;</p> <p>(b) the first <i>firm</i> and each of those other <i>firms</i> is a member of the same group; "group" means for this purpose a group of <i>bodies corporate</i> all having the same <i>holding company</i> including the <i>holding company</i>; and</p> <p>(c) the scope of each appointment does not overlap, as to both activities and <i>investments</i>.</p> <p>[Note: articles 4(1)(29) and 29(1) of <i>MiFID</i>]</p>
12.5.6B	G	<p>(1) The effect of ■ SUP 12.5.6A R (1)(a) is that, in relation to <i>designated investment business with retail clients</i>, <i>appointed representatives</i> are restricted to one <i>principal</i>.</p> <p>(1A) The effect of ■ SUP 12.5.6A R (1A) is that <i>tied agents</i> are restricted to one <i>principal</i> when acting as such. A <i>tied agent</i> who has a <i>MiFID investment firm</i> or a <i>third country investment firm</i> as a principal may have other principals who are not <i>MiFID investment firms</i> or <i>third country investment firms</i>.</p> <p>(2) The effect of the rule prohibiting multiple principals for certain activities is that, in relation to <i>home finance activities</i>, <i>appointed representatives</i> are restricted to having four <i>principals</i>: one for <i>regulated mortgage contracts</i> other than <i>lifetime mortgages</i>, one for <i>lifetime mortgages</i>, one for <i>home reversion plans</i> and one for <i>home purchase plans</i>. However, if any of the business of the <i>appointed representative</i> involves <i>MCD credit intermediation activity</i>, the <i>appointed representative</i> is restricted to having one <i>principal</i> in relation to that business.</p>
12.5.6C	G	<p>As ■ SUP 12.5.6A R does not apply to <i>non-investment insurance contracts</i>, there are no restrictions on the number of <i>principals</i> an appointed representative may have in relation to those contracts.</p>
12.5.7	R	<p><b>Required contract terms for an introducer appointed representative</b></p> <p>A <i>firm</i> must ensure that its written contract with each of its <i>introducer appointed representatives</i> limits the scope of the appointment to:</p> <p>(1) effecting introductions to the <i>firm</i> or other members of the <i>firm's group</i>; and</p> <p>(2) distributing <i>non-real time financial promotions</i> which relate to products or services available from or through the <i>firm</i> or other members of the <i>firm's group</i>.</p>

		<b>Required contract terms for FCA registered tied agents</b>
12.5.8	R	<p>If a <i>MiFID investment firm</i> appoints an <i>FCA registered tied agent</i>, ■ SUP 12.5.6A R (1A) applies to that <i>firm</i> as though the <i>FCA registered tied agent</i> were an <i>appointed representative</i>.</p> <p>[Note: articles 4(1)(29) and 29(1) of <i>MiFID</i>]</p>
		<b>Required contract terms for FCA registered tied agents</b>
12.5.9	G	<p>Under section 39A(6)(a) of the <i>Act</i> a <i>MiFID investment firm</i> must ensure that the contract it uses to appoint an <i>FCA registered tied agent</i> complies with the requirements that would apply under the <i>Appointed Representatives Regulations</i> if it were appointing an <i>appointed representative</i>.</p>
		<b>Required contract terms for appointed representatives of MCD credit intermediaries</b>
12.5.10	R	<p>A <i>firm</i> must ensure that, if appointing an <i>appointed representative</i> to carry on <i>MCD credit intermediation activity</i>, its written contract requires the <i>appointed representative</i> to provide such evidence to the <i>FCA</i> as to the knowledge and competence of the staff of the <i>appointed representative</i>, as the <i>FCA</i> may require from time to time.</p> <p>[Note: article 9(4) of the <i>MCD</i>]</p>
		<b>Required contract terms for appointed representatives carrying on insurance distribution activity</b>
12.5.11	R	<p>A <i>firm</i> must ensure that, if appointing an <i>appointed representative</i> to carry on <i>insurance distribution activity</i>, its written contract requires the <i>appointed representative</i> to inform the <i>firm</i> of any change to the information obtained by the <i>firm</i> from the <i>appointed representative</i> in accordance with ■ SUP 12.4.8CR.</p> <p>[Note: second paragraph of article 3(6) of the <i>IDD</i>]</p> <p>[Editor's note: The provisions at SUP 12.5.12G and SUP 12.5.13G are not new text; they are moved from SUP 12.5.2AG and SUP 12.5.3AG respectively.]</p>
		<b>Required contract terms for tied agents, MiFID optional exemption appointed representatives and structured deposit appointed representatives</b>
12.5.12	G	<p>If:</p> <p>(1) a <i>MiFID investment firm</i> or a <i>third country investment firm</i> appoints an <i>appointed representative</i> that is a <i>tied agent</i> or a <i>MiFID optional exemption appointed representative</i>, regulation 3(6) of the <i>Appointed Representatives Regulations</i> requires the contract between the <i>firm</i> and the <i>appointed representative</i> to contain a provision that the representative is only permitted to provide the services and carry on the activities referred to in section 39(7) of the <i>Act</i> while entered on the Register;</p> <p>(2) a <i>firm</i> appoints an <i>appointed representative</i> that is a structured deposit <i>appointed representative</i>, regulation 3(6) of the <i>Appointed Representatives Regulations</i> requires the contract between the <i>firm</i></p>

and the *appointed representative* to contain a provision that the representative is only permitted to sell, or advise *clients* on, *structured deposits* while entered on the Register.

**Required contract terms for appointed representatives engaging in CBTL business**

12.5.13

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To the extent that the appointment of the *appointed representative* includes *CBTL business*, a *firm* should satisfy itself that the terms of the contract with its *appointed representative*:

- (1) are designed to enable the *firm* to comply properly with any direction issued or imposed under article 19 of the *MCD Order*; and
- (2) require the *appointed representative* to deal with the *FCA* in an open and co-operative manner and give access to its premises, as set out in ■ SUP 2.3.4G and ■ SUP 2.3.5R(2), as applied by ■ SUP 2.1.2AG.



12.6 Continuing obligations of firms with appointed representatives or FCA registered tied agents

- 12.6.1

**R**

If at any time a *firm* has reasonable grounds to believe that the conditions in ■ SUP 12.4.2 R, ■ SUP 12.4.6 R or ■ SUP 12.4.8A R (as applicable) are not satisfied, or are likely not to be satisfied, in relation to any of its *appointed representatives*, the *firm* must:

  - (1) take immediate steps to rectify the matter; or
  - (2) terminate its contract with the *appointed representative*.
- 12.6.1-A

**G**

Where ■ SUP 12.6.1R applies, the circumstances in which it is likely to be appropriate to terminate the contract include, but are not limited to, where:

  - (1) there are issues with the *appointed representative* which have not been resolved satisfactorily or within a reasonable period of time. This may include where the *appointed representative* has agreed to resolve known issues but it has not met the *firm's* standards or expectations for remediation or where the *firm* considers the proposed remediation would risk it breaching applicable *rules*;
  - (2) the *appointed representative* is unable to satisfactorily explain unusually high rates of senior management turnover;
  - (3) the *principal* becomes aware that the *appointed representative* is carrying on *regulated activities* in breach of the *general prohibition* or (if the *appointed representative* is a *firm* with a *limited permission*) in breach of section 20(1) or (1A) of the *Act*;
  - (4) the *appointed representative* is found to have intentionally misled *clients* or potential *clients* in any way; or
  - (5) any of the *appointed representative's* senior management with responsibility for, or involvement in, activities carried on within the scope of the *appointed representative's* appointment are dismissed on the basis of gross misconduct.
- 12.6.1-B

**G**

■ SUP 12 Annex 7G contains a flowchart to assist *firms* in determining whether a particular matter is more properly addressed through remediation or termination.

		<b>Monitoring: tied agents; appointed representatives carrying on MCD credit intermediation activity</b>
12.6.1A	R	<p>A firm that is a <i>principal</i> of a <i>tied agent</i> that is an <i>appointed representative</i> must monitor the activities of that <i>tied agent</i> so as to ensure the <i>firm</i> complies with obligations derived from <i>MiFID</i> (or equivalent obligations relating to the <i>equivalent business of a third country investment firm</i>) when acting through that <i>tied agent</i>.</p> <p>[Note: paragraph 3 of article 29(2) of <i>MiFID</i>]</p>
12.6.1B	R	<p>A firm that is a <i>principal</i> of an <i>appointed representative</i> that carries on <i>MCD credit intermediation activity</i> must monitor the activities of that <i>appointed representative</i> to ensure compliance with obligations derived from the <i>MCD</i> (including those in <i>MCOB</i> and <i>TC</i>).</p> <p>[Note: article 31(3) of the <i>MCD</i>]</p>
12.6.1C	G	<p>■ SUP 12.6.1B R requires a <i>firm</i> to which that <i>rule</i> applies to monitor the knowledge and competence of the <i>appointed representative</i> that carries on <i>MCD credit intermediation activity</i> and its staff.</p>
		<b>Appointed representative’s financial position</b>
12.6.2	G	<p>A <i>firm</i> is required to review the financial position of its <i>appointed representatives</i> (other than its <i>introducer appointed representatives</i>) at least annually (■ SUP 12.6A.2R). An appropriately experienced <i>person</i> (for example, a financial accountant) should carry out these checks in support of the <i>firm’s</i> obligation in ■ SUP 12.6A.2R.</p>
12.6.3	G	<p>Consideration should be given, among other things, to the impact on the <i>appointed representative’s</i> financial position of any debts owed to, or by, the <i>appointed representative</i>. Indicators that an <i>appointed representative</i> is experiencing financial problems may include failure to adhere to repayment schedules for any debts, failure to meet any other financial commitments or requests for advances of <i>commission</i>.</p>
12.6.4	G	<p>A <i>firm</i> should look into any concerns that may arise at any time about an <i>appointed representative’s</i> financial standing and take the necessary action. The necessary action may include, for example, increased monitoring or, if appropriate, suspension or termination of the appointment.</p>
		<b>Appointed representatives not to hold client money</b>
12.6.5	R	<p>(1) A <i>firm</i> must not permit an <i>appointed representative</i> to hold <i>client money</i> unless the <i>firm</i> is an <i>insurance intermediary</i> acting in accordance with ■ CASS 5.5.18 R to ■ CASS 5.5.23 R (which include provision for periodic segregation and reconciliation).</p> <p>(2) The <i>firm</i> must take reasonable steps to ensure that if <i>client money</i> is received by the <i>appointed representative</i>, it is paid into a <i>client bank account</i> of the <i>firm</i>, or forwarded to the <i>firm</i>, in accordance with :</p> <p>(a) [deleted]</p>

		<p>(b) ■ CASS 5.5.18 R to ■ CASS 5.5.21 R unless acting in accordance with ■ CASS 5.5.23 R (Periodic segregation and reconciliation); or</p> <p>(c) ■ CASS 7.13.3R and ■ CASS 7.13.12R.</p>
12.6.5A	G	When complying with ■ CASS 7.13.3R and ■ CASS 7.13.12R, <i>firms'</i> attention is drawn to ■ CASS 7.13.34 R and ■ CASS 7.13.35 G.
		<b>Appointed representatives performing functions or tasks for principals</b>
12.6.5B	G	<p>(1) Where a <i>firm</i> delegates functions or tasks to an <i>appointed representative</i>, it should apply appropriate safeguards including, but not limited to:</p> <p>(a) ensuring that the delegation does not represent a conflict of interest; and</p> <p>(b) applying enhanced monitoring to the delegated task or function.</p> <p>(2) A <i>firm</i> should also refer, where applicable, to ■ SYSC 3.2.3G.</p>
		<b>Regulated activities and investment services outside the scope of appointment</b>
12.6.6	R	<p>A <i>firm</i> must take reasonable steps to ensure that each of its <i>appointed representatives</i>:</p> <p>(1) does not carry on <i>regulated activities</i> in breach of the <i>general prohibition</i> in section 19 of the <i>Act</i> or (if the <i>appointed representative</i> is a <i>firm</i> with a <i>limited permission</i>) in breach of section 20(1) or (1A) of the <i>Act</i>; and</p> <p>(2) carries on the <i>regulated activities</i> for which the <i>firm</i> has accepted responsibility in a way which is, and is held out as being, clearly distinct from any of the <i>appointed representative's</i> other business:</p> <p>(a) which is performed as an <i>appointed representative</i> of another <i>firm</i> or in accordance with a <i>limited permission</i>; or</p> <p>(b) which:</p> <p>(i) is, or is held out as being, primarily for the purposes of investment or obtaining credit, or obtaining insurance cover; and</p> <p>(ii) is not a <i>regulated activity</i>.</p>
12.6.6A	G	In determining what are reasonable steps for the purposes of ■ SUP 12.6.6R, a <i>firm</i> should have regard to the <i>guidance</i> at ■ SUP 12.4.4GG.
		<b>Senior management responsibility for appointed representatives</b>
12.6.7	G	The senior management of a <i>firm</i> should be aware that the activities of <i>appointed representatives</i> are an integral part of the business that they manage. The responsibility for the control and monitoring of the activities of <i>appointed representatives</i> rests with the senior management of the <i>firm</i> .

**Obligations of firms under the approved persons and senior managers regime**

**12.6.8** **G** ■ SUP 10A applies certain *controlled functions* to an *appointed representative* of a *firm*. In the case of an *appointed representative* that also has a *limited permission*, ■ SUP 10C may apply in addition to ■ SUP 10A.

**12.6.9** **G** *Firms* should be aware that, under the *approved persons* regime, the *firm* is responsible for submitting applications to the *FCA* for the approval as an *approved person* of:

- (1) any individual who performs a *controlled function* and who is an *appointed representative*; and
- (2) any *person* who performs a *controlled function* under an *arrangement* entered into by any of the *firm's appointed representatives*.

Applications for approval should be submitted as early as possible since a *person* may not perform a *controlled function* if he has not been approved by the *FCA* (see ■ SUP 10A.13.1 G).

**Obligations of firms under the training and competence rules**

- 12.6.10** **G**
- (1) The *rules* and *guidance* relating to training and competence in ■ SYSC 3 and ■ SYSC 5 and in *TC* for a *firm* carrying on retail business extend to any *employee* of the *firm* in respect of whom the relevant *rules* apply.
  - (2) The specific knowledge and ability requirements in ■ SYSC 28.2 and ■ TC 4.2 for a *firm* with *Part 4A permission* to carry on *insurance distribution activities* apply to a relevant *employee* (as defined in ■ SYSC 28.1.2R and ■ TC 4.2.3R) of the *firm*.
  - (3) For the purposes of (1) and (2), an *employee* or a relevant *employee* of a *firm* includes an individual who is:
    - (a) an *appointed representative* of a *firm*; and
    - (b) employed or appointed by an *appointed representative* of a *firm* (whether under a contract of service or for services) in connection with the business of the *appointed representative* for which the *firm* has accepted responsibility.

**12.6.10A** **G** A *firm* that is a *principal* of a *tied agent* should also refer to the guidelines for *MiFID investment firms* issued by *ESMA* specifying criteria for the assessment of knowledge and competence (see ■ SYSC 5.1.5ADG).

**12.6.11** **G** A *firm* should take reasonable care to ensure that:

- (1) it has satisfied:
  - (a) ■ SYSC 3 or ■ SYSC 4 to 9 and where applicable, ■ SYSC 28.2; and
  - (b) *TC*,



		<p>(2) its <i>appointed representative</i> has adequate arrangements in respect of training and competence, which meet the requirements in SYSC and TC.</p>
12.6.11-A	R	<p>A <i>CBTL firm</i> must take reasonable care to ensure that:</p> <p>(1) individuals who are its <i>appointed representatives</i>; and</p> <p>(2) individuals who are employed or appointed by <i>appointed representatives</i> (whether under a contract of service or for services);</p> <p>who act in connection with the <i>CBTL business</i> of the <i>appointed representative</i> for which the <i>CBTL firm</i> has accepted responsibility satisfy the knowledge and competence requirements set out in paragraph 3 of Schedule 2 to the <i>MCD Order</i>.</p>
12.6.11A	R	<p><b>Compliance by an appointed representative with the contract</b></p> <p>A <i>firm</i> must take reasonable steps to establish and maintain effective systems and controls for ensuring that each of its <i>appointed representatives</i> complies with those terms of its contract which are imposed under the requirements contained or referred to in ■ SUP 12.5 (Contracts: required times).</p>
12.6.12	R	<p>[Deleted]</p>
12.6.13	R	<p><b>Continuing obligations of firms with tied agents</b></p> <p>A <i>firm</i> must ensure that its <i>tied agent</i> discloses the capacity in which he is acting and the <i>firm</i> he is representing when contacting a <i>client</i> or potential <i>client</i> or before dealing with a <i>client</i> or potential <i>client</i>.</p> <p>[Note: paragraph 1 of article 29(2) of <i>MiFID</i>]</p>
12.6.14	R	<p>A <i>firm</i> must take adequate measures in order to avoid any negative impact of the activities of its <i>tied agent</i> not covered by the scope of <i>MiFID</i> (or relating to the <i>equivalent business of a third country investment firm</i>) could have on the activities carried out by the <i>tied agent</i> on behalf of the <i>firm</i>.</p> <p>[Note: paragraph 1 of article 29(4) of <i>MiFID</i>]</p>
12.6.15	R	<p><b>Continuing obligations of firms with FCA registered tied agents</b></p> <p>If a <i>MiFID investment firm</i> appoints an <i>FCA registered tied agent</i>, ■ SUP 12.6.1 R, ■ SUP 12.6.1A R, ■ SUP 12.6.5 R and ■ SUP 12.6.11A R apply to that <i>firm</i> as though the <i>FCA registered tied agent</i> were an <i>appointed representative</i>.</p>
12.6.15A	R	<p><b>Continuing obligations of firms with MiFID optional exemption appointed representatives or structured deposit appointed representatives</b></p> <p>If a <i>firm</i> appoints a <i>MiFID optional exemption appointed representative</i> or a <i>structured deposit appointed representative</i>, that <i>firm</i> must:</p>



- (1) monitor the activities of the *appointed representative* to ensure that the *firm* complies with those obligations which implemented provisions of *MiFID* and to which it is subject when acting through its *appointed representative*;
- (2) ensure that its *appointed representative* discloses the capacity in which it is acting and the *firm* it is representing when contacting a *client* or potential *client* or before dealing with a *client* or potential *client*; and
- (3) take adequate measures to avoid any negative impact that the activities of its *appointed representative* not covered by the scope of *MiFID* could have on the activities carried out by the *appointed representative* on behalf of the *firm*.

12.6.15B G

In ■ SUP 12.6.15AR(1), the obligations which implemented relevant provisions of *MiFID* to which a *firm* is subject include:

- (1) in the case of a *MiFID optional exemption firm* appointing a *MiFID optional exemption appointed representative*, those conduct requirements which are derived from article 3(2) of *MiFID*; and
- (2) in the case of a *firm* appointing a *structured deposit appointed representative*, those requirements which are derived from article 1(4) of *MiFID*.

The certification regime

12.6.16 G

■ SYSC 27.4.2G explains the application of the certification regime in ■ SYSC 5.2 to *appointed representatives* of *SMCR firms*. The certification regime does not apply to *firms* that are not *SMCR firms*.



12.6A      Assessment of compliance

Purpose

12.6A.1      **G**

- (1) ■ SUP 12.4.2R imposes continuing obligations on a *firm* that has appointed an *appointed representative*. This includes to ensure on reasonable grounds that the *person* is suitable to act in the capacity of an *appointed representative* and that the *firm* has adequate controls and resources to oversee the *person's* activities. ■ SUP 12.4.6R imposes similar obligations in relation to *introducer appointed representatives*.
- (2) ■ SUP 12.6.1R requires a *firm* to act where it has reasonable grounds to believe that the conditions referred to in (1) are not, or are not likely to be, satisfied in relation to any *appointed representative*.
- (3) Without prejudice to these continuing requirements, the *rules* in this section require:
  - (a) a *firm* to undertake a specific review (referred to in this section as the 'annual review') of certain aspects of its arrangements with *appointed representatives* (other than *introducer appointed representatives*) on at least an annual basis; and
  - (b) the *governing body* of a *firm* to:
    - (i) review and approve at least once every 12 *months* a written record of the *firm's* assessment of how it is meeting the requirements in this chapter (referred to in this section as the 'self-assessment document'); and
    - (ii) agree the *firm's* response to any material issues identified.
- (4) The assessment in (3)(b) applies in relation to *introducer appointed representatives* to the extent that the *rules* in this chapter apply to arrangements with *introducer appointed representatives*.

Annual review

12.6A.2      **R**

- At least once every 12 *months*, a *firm* must specifically review in respect of each of the *firm's appointed representatives* (other than its *introducer appointed representatives*):
- (1) whether the *appointed representative* is solvent and otherwise suitable for the purposes of ■ SUP 12.4.2R(2)(a) and ■ SUP 12.4.2R(2)(b);
  - (2) the fitness and propriety of the *controllers, directors, partners, proprietors and managers* of the *appointed representative* and, in

- particular, their ability to carry out the *regulated activities* for which the *firm* has accepted responsibility; and
- (3) the adequacy of the *firm's* controls over, and resources for monitoring and enforcing compliance of, the *appointed representative* for the purposes of ■ SUP 12.4.2R(3)(a) and ■ SUP 12.4.2R(3)(b).
- 12.6A.3** R In addition to the annual review required by ■ SUP 12.6A.2R, a *firm* must carry out a review of the matters in ■ SUP 12.6A.2R in relation to an *appointed representative* where:
- (1) the *appointed representative* changes its business model (including its target market);
- (2) the scope of the *appointed representative's* appointment is expanded to include one or more additional *regulated activities*;
- (3) the *appointed representative* changes any of its senior management in a particular role with responsibility for, or being involved with, the activities being carried on within the scope of its appointment more than once in a 12-month period;
- (4) the *appointed representative* is appointed by an additional *principal*; or
- (5) the *firm* identifies a significant increase in the number of *complaints* it receives about the *appointed representative*.
- 12.6A.4** R
- (1) A *firm* must maintain a written record of each review undertaken for the purposes of ■ SUP 12.6A.2R or ■ SUP 12.6A.3R.
- (2) The written record required by (1) must be retained for at least 6 years.
- 12.6A.5** G
- (1) In carrying out, and documenting, each review required by ■ SUP 12.6A.2R or ■ SUP 12.6A.3R, a *firm*:
- (a) should have regard to the *guidance* on assessing the matters covered by the review in ■ SUP 12.4;
- (b) may focus on any changes from the previous such review undertaken in relation to the relevant *appointed representative* and cross-refer, where appropriate, to previous reviews.
- (2) A *firm* may determine the most appropriate way in which to undertake and *document* each review required by ■ SUP 12.6A.2R or ■ SUP 12.6A.3R. Each review should be undertaken by one or more individuals at the *firm* with an appropriate level of knowledge and experience.
- (3) A *firm* should ensure that any significant issues which arise as a result of a review undertaken for the purposes of ■ SUP 12.6A.2R or ■ SUP 12.6A.3R are escalated for consideration by its *governing body*, where appropriate, in particular in so far as those issues give rise to risks of harm to *consumers* or market integrity (see also ■ SUP 12.6A.7G(1)(c)).

## Self-assessment

12.6A.6 **R**

- (1) At least once every 12 *months*, the *governing body* of a *firm* must:
  - (a) review and approve a written record (its 'self-assessment document'):
    - (i) of the way in which the *firm* complies with the requirements in this chapter (■ SUP 12); and
    - (ii) that identifies any material deficiencies in, or concerns in relation to, such compliance; and
  - (b) agree the steps to be taken to address the matters in (1)(a)(ii).
- (2) The self-assessment *document* must include any concerns arising from the most recent reviews undertaken in relation to each of the *firm's appointed representatives* for the purposes of ■ SUP 12.6A.2R or ■ SUP 12.6A.3R.

12.6A.7 **G**

- (1) The self-assessment *document* should include, as appropriate, the *firm's* current assessment of:
  - (a) the effectiveness of the *firm's* arrangements for overseeing its *appointed representatives*;
  - (b) the adequacy of the *firm's* controls and resources for the purposes of ■ SUP 12.4.2R(3);
  - (c) the *firm's* assessment of the risk of harm to consumers or market integrity arising from its *appointed representatives'* activities or business (■ SUP 12.4.2R(5));
  - (d) the outcome of any re-assessment of the continuing adequacy of the *firm's* controls and resources for the purposes of ■ SUP 12.4.4FG; and
  - (e) the methodologies used to assess and verify the *firm's* compliance with the requirements.
- (2) In respect of any *introducer appointed representatives*, the self-assessment document should include, as appropriate, those matters in (1) which are relevant to *introducer appointed representatives* (including those matters specified in ■ SUP 12.6A.7G(1)(a), ■ SUP 12.6A.7G(1)(c) and ■ SUP 12.6A.7G(1)(d)).

12.6A.8 **R**

A *firm* must retain a copy of each self-assessment *document* approved by the *governing body* of the *firm* for at least 6 years from the date of approval.

12.6A.9 **G**

- (1) While the self-assessment *document* must be approved by the *governing body* each year (■ SUP 12.6A.6R), it is not expected that the *firm* creates a new *document* each year.
- (2) A *firm* that has appointed more than one *appointed representative* need only maintain a single self-assessment *document* covering all of its *appointed representative* relationships.

12.6A.10 **G**

While the self-assessment *document* need only be approved by the *governing body* once a year, *firms* are reminded that the senior management

of a *firm* is responsible for the control and monitoring of the *firm's appointed representatives* (■ SUP 12.6.7G). Notwithstanding the requirements of this section, a *firm* should ensure that any issues relating to its *appointed representatives* are escalated for consideration by its *governing body* where appropriate, in addition to the annual approval of the self-assessment *document*, in particular in so far as those issues give rise to risks of harm to *consumers* or market integrity.



12.7 Notification and reporting requirements

Notification of appointment of an appointed representative.....

12.7.1 R

- (1) This rule applies to a firm which intends to appoint an appointed representative or FCA registered tied agent.
- (2) [deleted]
- (3) A firm to which this rule applies must complete and submit the form in SUP 12 Annex 3 to be received by the FCA no later than 30 days before the commencement of regulated activities by the proposed appointed representative.
- (4) [deleted]

12.7.1A R

- (1) A firm other than:
  - (a) a credit union; or
  - (b) a firm which intends to appoint an appointed representative to carry on only credit-related regulated activity;must submit the form in SUP 12 Annex 3 via online submission at the FCA's website at <http://www.fca.org.uk> or any of the methods set out in SUP 15.7.4R to SUP 15.7.5AR (Method of notification).
- (2) A credit union or a firm which intends to appoint an appointed representative to carry on only credit-related regulated activity must submit the form in SUP 12 Annex 3 R in the way set out in SUP 15.7.4 R to SUP 15.7.9 G (Form and method of notification).
- (3) Where a firm is obliged to submit an application online under (1), if the FCA's information technology systems fail and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored, a firm must submit the form in SUP 12 Annex 3 R in the way set out in SUP 15.7.4 R to SUP 15.7.9 G (Form and method of notification).

[Note: See SUP 12.7.10 G to SUP 12.7.11 G regarding notification in the event of online failure.]

12.7.2 G

A firm's notice under SUP 12.7.1 R should give details of the proposed appointed representative, including:

- (1) the name of the *firm's* new *appointed representative* (if the *appointed representative* is a *body corporate*, this is its registered name);
- (2) any trading name under which the *firm's* new *appointed representative* carries on a *regulated activity* in that capacity;
- (2A) if the *appointed representative* is a company, its company registration number;
- (3) a description of the nature of the *regulated activities* which the *appointed representative* will be permitted or required to carry on and for which the *firm* intends to accept responsibility;
- (4) any restrictions imposed on the *regulated activities* for which the *firm* intends to accept responsibility;
- (5) where the appointed representative is not an individual, the name of the individuals who are responsible for the management of the business carried on by the appointed representative so far as it relates to *insurance distribution activity*;
- (6) where the *appointed representative* will carry on *insurance distribution activities*, the name of the individual to be named as the primary point of contact at the *appointed representative* on the *Financial Services Register*;
- (7) information on the nature of any non-*regulated activities* of the *appointed representative*;
- (8) any *group* of which the *appointed representative* is a part;
- (9) the principal reason for the appointment;
- (10) information about the financial relationship between the firm and the appointed representative;
- (11) an estimate of the expected level of revenue of the *appointed representative* during the first year of its appointment by reference to its *regulated activities* and non-*regulated activities*;
- (12) whether the *appointed representative* will provide services to *retail clients*;
- (13) whether it was previously the *appointed representative* of a different *principal*; and
- (14) information on any arrangements for seconding or contracting individuals from the *appointed representative* to the *principal* for the purposes of conducting portfolio management or *dealing* activities.

**12.7.2A** G

A *firm's* notice under ■ SUP 12.7.1R relating to a proposed introducer *appointed representative* need not include those details specified in ■ SUP 12.7.2G(7), ■ SUP 12.7.2G(8), ■ SUP 12.7.2G(9), ■ SUP 12.7.2G(12), ■ SUP 12.7.2G(13) and ■ SUP 12.7.2G(14).

- 12.7.2B** G A *firm* should only submit a notification pursuant to ■ SUP 12.7.1R having first established those matters in ■ SUP 12.4.2R or ■ SUP 12.4.6R, as applicable.
- 12.7.3** G A *firm* need not notify the *FCA* of any restrictions imposed on the *regulated activities* for which the *firm* has accepted responsibility (under ■ SUP 12.7.2 G (4)) if the *firm* accepts responsibility for the unrestricted scope of the *regulated activities*.
- 12.7.3A** G Where a notification is linked to an application for approval under section 59 of the *Act* (Approval for particular arrangements), see ■ SUP 10A.13.7 G.
- 12.7.4** G (1) [deleted]  
(2) [deleted]
- 12.7.5** G To contact the *FCA*'s Supervision Hub with *appointed representatives* enquiries:  
  
(1) telephone 0300 500 0597; fax 020 7066 0017; or  
  
(2) write to: Supervision Hub, The Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN; or  
  
(3) email firm.queries@fca.org.uk.
- 12.7.6** G [deleted]
- Notification of appointed representatives undertaking regulated funeral plan activity**.....
- 12.7.6A** R (1) A *firm* must notify the *FCA* in good time before:  
(a) [deleted]  
(b) the number of its *appointed representatives* appointed to carry on *regulated funeral plan activity* increases through a material threshold.  
  
(2) A *firm* that has appointed one or more *appointed representatives* to carry on *regulated funeral plan activity* must notify the *FCA* in good time before it appoints an *appointed representative* to carry on any other *regulated activity* for the first time.
- 12.7.6B** G The purpose of ■ SUP 12.7.6AR is to ensure that the *FCA* is notified when a *firm* diversifies its activities around *regulated funeral plan activities*. This may be because the *firm*:  
  
(1) intends to appoint an *appointed representative* for the first time where the scope of business for which the *firm* will accept responsibility will include *regulated funeral plan activity*;  
  
(2) is the *principal* to one or more *appointed representatives*:



- (a) and intends to expand the scope of business of one or more of those *appointed representatives* for which it accepts responsibility to include *regulated funeral plan activity*; or
- (b) in relation to which it has accepted responsibility for *regulated funeral plan activity* only and it intends to expand the scope of business of those, or new, *appointed representatives* for which it accepts responsibility beyond such activity.

**12.7.6C** R A *firm* must submit to the *FCA* within 80 *business days* of each calendar year end a list of those of its *appointed representatives* which:

- (1) undertake *regulated funeral plan activity*; and
- (2) are the subject of a multiple principal agreement (for the purposes of ■ SUP 12.4.5BR).

**12.7.6D** G (1) For the purposes of ■ SUP 12.7.6AR(1)(b), an increase through a material threshold should be understood as referring to an increase in the number of *appointed representatives* undertaking *regulated funeral plan activity*:

- (a) from fewer than 25 to 25 or more;
- (b) from fewer than 50 to 50 or more;
- (c) from fewer than 75 to 75 or more;
- (d) from fewer than 100 to 100 or more;
- (e) from fewer than 200 to 200 or more;
- (f) from fewer than 500 to 500 or more.

(2) Any notification required by ■ SUP 12.7.6AR or ■ SUP 12.7.6CR is in addition to any notification required by any other *rule* in ■ SUP 12 (including the requirement to notify the *FCA* of the intention to appoint individual *appointed representatives* in ■ SUP 12.7.1R).

(3) A *firm* making a notification in accordance with ■ SUP 12.7.6AR or ■ SUP 12.7.6CR should consider the *guidance* in ■ SUP 15.7 on the form and method of notification.

### Notification of changes in information given to the

**12.7.7** R (1) [deleted] [*Editor's note*: This provision now appears at SUP 12.7.7AR.]

(1A) [deleted] [*Editor's note*: This provision now appears at SUP 12.7.7BR.]

(1B) [deleted] [*Editor's note*: This provision now appears at SUP 12.7.7CR.]

(2) Except where (4) applies, where there is a change in any of the information provided to the *FCA* under ■ SUP 12.7.1R, a *firm* must complete and submit to the *FCA* the form in ■ SUP 12 Annex 4R (Appointed representative or tied agent – change details) within ten *business days* of that change being made or, if later, as soon as the *firm* becomes aware of the change. The Appointed representative or tied agent – change details form must state that the information has changed.

- (3) [deleted]
- (4) A *firm* must complete and submit to the *FCA* the form in ■ SUP 12 Annex 4R (*Appointed representative or tied agent – change details*) at least 10 days before a change taking effect to the category of *regulated activities* which the *appointed representative* is permitted or required to carry on and for which the *firm* accepts responsibility.

[Note: See ■ SUP 12.7.8AR regarding the method of submission for the form in ■ SUP 12 Annex 4R.]

[Editor’s note: The provisions at SUP 12.7.7AR, SUP 12.7.7BR and SUP 12.7.7CR are not new text; they are moved from SUP 12.7.7R(1), (1A) and (1B) respectively.]

**Notification of changes relating to insurance distribution activities**

12.7.7A R

- If:
- (1) (a) the scope of appointment of an *appointed representative* is extended to cover insurance distribution activities for the first time; and
- (b) the *appointed representative* is not included on the *Financial Services Register* as carrying on *insurance distribution activities* in another capacity; or
- (2) the scope of appointment of an *appointed representative* ceases to include *insurance distribution activity*;
- the *appointed representative’s principal* must give written notice to the *FCA* of that change before the *appointed representative* begins to carry on *insurance distribution activities* under the contract (see ■ SUP 12.4) or as soon as the scope of appointment of the *appointed representative* ceases to include *insurance distribution activities*.

**Notification of changes relating to tied agents, MiFID optional exemption appointed representatives and structured deposit appointed representatives**

12.7.7B R

- If:
- (1) (a) the scope of appointment changes such that the *appointed representative* acts as a *tied agent*, *MiFID optional exemption appointed representative* or *structured deposit appointed representative* for the first time; and
- (b) the *appointed representative* is not included on the *Financial Services Register*; or
- (2) the *appointed representative* ceases to act as a *tied agent*, *MiFID optional exemption appointed representative* or *structured deposit appointed representative*;
- the *appointed representative’s principal* must give written notice to the *FCA* of that change before the *appointed representative* begins

to act as a *tied agent*, *MiFID optional exemption appointed representative* or *structured deposit appointed representative* (see ■ SUP 12.4) or as soon as the *appointed representative* ceases to act as a *tied agent*, *MiFID optional exemption appointed representative* or *structured deposit appointed representative*.

### Notification of changes relating to MCD credit intermediation activity

12.7.7C

**R**

If:

- (1) (a) the scope of appointment of an *appointed representative* is extended to cover *MCD credit intermediation activity* for the first time; and
- (b) the *appointed representative* is not included on the *Financial Services Register*; or

- (2) the scope of appointment of an *appointed representative* ceases to include *MCD credit intermediation activity*;

the *appointed representative's principal* must give written notice to the *FCA* of that change before the *appointed representative* begins to carry on *MCD credit intermediation activity* under the contract (see ■ SUP 12.4), or as soon as the scope of appointment of the *appointed representative* ceases to include *MCD credit intermediation activity*.

[Note: article 31(4) of the *MCD*]

### Notification of changes in conditions of appointment

12.7.8

**R**

- (1) As soon as a *firm* has reasonable grounds to believe that any of the conditions in ■ SUP 12.4.2 R, ■ SUP 12.4.6 R, ■ SUP 12.4.8A R, ■ SUP 12.4.10A R or ■ SUP 12.4.10B R (as applicable) are not satisfied, or are likely not to be satisfied, in relation to any of its *appointed representatives*, it must complete and submit to the *FCA* the form in ■ SUP 12 Annex 4 R (Appointed representative notification form), in accordance with the instructions on the form.

- (2) In its notification under ■ SUP 12.7.8 R (1), the *firm* must state either:

- (a) the steps it proposes to take to rectify the matter; or
- (b) the date of termination of its contract with the *appointed representative* (see ■ SUP 12.8).

- (3) [deleted]

### Method of submission of the form in SUP 12 Annex 4R

12.7.8A

**R**

- (1) Subject to (2A), a *firm* other than a *credit union* must submit the form as set out in ■ SUP 12 Annex 4 R online at <http://www.fca.org.uk> using the *FCA's online notification and application system*.
- (2) A *credit union* must submit the form in ■ SUP 12 Annex 4 R in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).

- (2A) If the notification:
- (a) relates to an *appointed representative* whose scope of appointment covers only *credit-related regulated activity*; or
  - (b) is of a change to the scope of appointment of an *appointed representative* to add or remove *credit-related regulated activity*;
- the *firm* must submit the form in ■ SUP 12 Annex 4 in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).
- (3) Where a *firm* is obliged to submit an application online under (1), if the *FCA's* information technology systems fail and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored, a *firm* must submit the form in ■ SUP 12 Annex 4 R in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).

[Note: See ■ SUP 12.7.10 G to ■ SUP 12.7.11 G regarding notification in the event of online failure.]

Notifications relating to FCA registered tied agents

- 12.7.9
- R
- If a *MiFID investment firm* appoints an *FCA registered tied agent* this section applies to that *firm* as though the *FCA registered tied agent* were an *appointed representative*.

Notification of intention to act as a regulatory host

- 12.7.9A
- R
- (1) A *firm* must notify the *FCA* if it intends to begin acting as a *regulatory host*.
  - (2) The notification in (1) must be received by the *FCA* at least 60 days before the *firm* begins offering services as a *regulatory host*.

- 12.7.9B
- G
- (1) Any notification required by ■ SUP 12.7.9AR is in addition to any notification required by any other *rule* in ■ SUP 12 (including the requirement to notify the *FCA* of an intention to appoint individual *appointed representatives* in ■ SUP 12.7.1R).
  - (2) A *firm* making a notification in accordance with ■ SUP 12.7.9AR should consider the *rules* and *guidance* in ■ SUP 15.7 on the form and method of notification.
  - (3) When providing the notification required by ■ SUP 12.7.9AR, a *firm* may include information about the service that it intends to offer.

Other notifications

- 12.7.9C
- G
- (1) A *firm* should also be aware that certain matters relating to *firms' appointed representatives* may require notification to be made to the *FCA* under the *notification rules* in ■ SUP 15 and *Principle 11*.
  - (2) In particular, ■ SUP 15.3.8G(2) sets out the *FCA's* expectation that a *firm* will notify the *FCA* in accordance with *Principle 11* in the event of a significant failure of the *firm's* systems and controls for overseeing its *appointed representatives*.

		<b>Complaints and revenue data reporting</b>
12.7.9D	R	<p>(1) This rule applies to a <i>firm</i> that has appointed one or more <i>appointed representatives</i>.</p> <p>(2) A <i>firm</i> must, once a year, submit the form in ■ SUP 12 Annex 6R (On-going reporting by principal firms on their appointed representatives) to the <i>FCA</i> including information on:</p> <p>(a) numbers of complaints relating to each of the <i>firm's appointed representatives</i>; and</p> <p>(b) revenue and remuneration attributed to each of the <i>firm's appointed representatives</i>.</p> <p>(3) The form in (2) must be submitted to the <i>FCA</i> within 60 <i>business days</i> of the <i>firm's accounting reference date</i> using the appropriate online systems accessible from the <i>FCA's</i> website.</p> <p>(4) A <i>firm</i> must submit the form in (2) in respect of each 12-month period to its <i>accounting reference date</i> in respect of which it has been a <i>principal</i> to one or more <i>appointed representatives</i> (whether or not it was a <i>principal</i> for the complete 12-month period).</p> <p>(5) In relation to an <i>appointed representative</i> with more than one <i>principal</i>, a <i>firm</i> need not report information about the <i>appointed representative's</i> revenue from non-regulated activities if it is not the 'lead-principal' (see ■ SUP 12.4.5DG).</p>
12.7.9E	G	<p>In complying with ■ SUP 12.7.9DR in relation to an <i>appointed representative</i> with more than one <i>principal</i>, a <i>firm</i> should only report information about the <i>appointed representative's</i> revenue from that <i>regulated activity</i> for which the <i>firm</i> has accepted responsibility</p>
		<b>Submission in the event of failure of FCA information technology systems</b>
12.7.10	G	<p>If the <i>FCA's</i> information technology systems fail and online submission is unavailable for 24 hours or more, the <i>FCA</i> will endeavour to publish a notice on its website confirming that online submission is unavailable and that <i>firms</i>, other than <i>credit unions</i>, should use the alternative methods of submission set out in ■ SUP 12.7.1AR (3) and ■ SUP 12.7.8AR (3) (as appropriate), and ■ SUP 15.7.4 R to ■ SUP 15.7.9 G, clearly marking applications as relating to <i>appointed representatives</i>.</p>
12.7.11	G	<p>Where ■ SUP 12.7.1AR (3) or ■ SUP 12.7.8AR (3) apply to a <i>firm</i>, ■ GEN 1.3.2 R (Emergency) does not apply.</p>



12.8 Termination of a relationship with an appointed representative or FCA registered tied agent

Notification of termination or prohibited amendment of the contract

- 12.8.1 R
- If either the *firm* or the *appointed representative* notifies the other that it proposes to terminate the contract of appointment or to amend it so that it no longer meets the requirements contained or referred to in ■ SUP 12.5 (Contracts: required terms), the *firm* must:
- (1) complete and submit to the *FCA* the form in ■ SUP 12 Annex 5 R (Appointed representative termination form) in accordance with the instructions on the form and no more than ten *business days* after the date of the decision to terminate or so amend the contract or, if later, as soon as it becomes aware that the contract is to be or has been terminated or amended.

(2) [deleted]

(3) [deleted]

(4) [deleted]
- 12.8.1A R
- (1) Subject to (2A), a *firm* other than a *credit union* must submit any notification under ■ SUP 12.8.1 R (1) in the form set out in ■ SUP 12 Annex 5 R, online at [www.fca.org.uk](http://www.fca.org.uk) using the *FCA's online notification and application system*.

(2) A *credit union* must submit any notification under ■ SUP 12.8.1 R (1) in the form set out in ■ SUP 12 Annex 5 R and in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).

(2A) A *firm* must submit any notification under ■ SUP 12.8.1 R (1) that relates to an *appointed representative* whose scope of appointment covers only *credit-related regulated activity* in the form set out in ■ SUP 12 Annex 5 and in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).

(3) Where a *firm* is obliged to submit a notification online under (1), if the *FCA's* information technology systems fail and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored, a *firm* must submit any notification in the form set out in ■ SUP 12 Annex 5 R and in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).



- 12.8.1B

G

If the *FCA's* information technology systems fail and online submission is unavailable for 24 hours or more, the *FCA* will endeavour to publish a notice on its website confirming that online submission is unavailable and that the alternative methods of submission set out in ■ SUP 12.8.1AR(3) and ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification) should be used.
- 12.8.1C

G

Where ■ SUP 12.8.1AR (3) applies to a *firm*, ■ GEN 1.3.2 R (Emergency) does not apply.
- 12.8.2

G

In assessing whether to terminate a relationship with an *appointed representative*, a *firm* should have regard to the guidance in ■ SUP 12.6.1-AG and be aware that the *notification rules* in ■ SUP 15 require notification to be made immediately to the *FCA* if certain events occur. Examples include a matter having a serious regulatory impact or involving an offence or a breach of any requirement imposed by the *Act* or by regulations or orders made under the *Act* by the Treasury.

Steps to be taken on termination or prohibited amendment of the contract

- 12.8.3

R

If a contract with an *appointed representative* is terminated, or if it is amended in a way which gives rise to a requirement to notify under ■ SUP 12.8.1R, a *firm* must take all reasonable steps to ensure that:

(1) if the termination is by the *firm*, the *appointed representative* is notified in writing before, or if not possible, immediately on, the termination of the contract and informed that it will no longer be an *exempt person* for the purpose of the *Act* because of the contract with the *firm*;

(2) outstanding *regulated activities* and obligations to *customers* are properly completed and fulfilled either by itself or another of its *appointed representatives*;

(3) where appropriate, *clients* are informed of any relevant changes;

(4) all the other *principals* of the *appointed representative* of which the *firm* is aware are notified; and

(5) if the termination results in the wind down of relevant business, this is, or will be, undertaken in an orderly way.

Notification of approved persons on termination

- 12.8.4

G

The *firm* is responsible for notifying the *FCA* of any *approved person* who no longer performs a *controlled function* under an *arrangement* entered into by a *firm* or its *appointed representative* (see ■ SUP 10A.3 and ■ SUP 10C.3).

Removal of an appointed representative from the Register

- 12.8.5

G

The *FCA* has the power to remove from the Financial Services Register an appointed representative, whose scope of appointment covers *insurance distribution activities* (see ■ SUP 12.4.9 G and ■ SUP 12.4.10 G).

12.8.6

R

Termination of a MiFID investment firm’s relationship with an FCA registered tied agent

If a *MiFID investment firm* has appointed an *FCA registered tied agent* this section applies to that firm as though the *FCA registered tied agent* were an *appointed representative*.





12.9 Record keeping

- 12.9.1
- R
- A firm must make the following records on each of its appointed representatives:
- (1) the appointed representative's name;

(2) a copy of the original contract with the appointed representative and any subsequent amendments to it (including details of any restrictions placed on the activities which the appointed representative may carry on);

(3) the date and reason for terminating or amending its contract with the appointed representative, whenever such termination or amendment gives rise to a requirement to notify under SUP 12.8.1 R; and

(4) any arrangements agreed with other principals under SUP 12.4.5B R (Multiple principals).
- 12.9.2
- R
- A firm must retain these records for at least three years from the date of termination or the amendment of the contract with the appointed representative other than in respect of tied agents when the records must be retained for a period of five years.
- 12.9.2A
- G
- SUP 12.6A also contains rules on maintaining records of a firm's self-assessment documents and of reviews undertaken by a firm's governing body of appointed representative arrangements.
- 12.9.3
- G
- The firm should also satisfy itself that:
- (1) the appointed representative is making and retaining records in accordance with the relevant record keeping rules in the Handbook or, in relation to CBTl business, the record keeping requirements in or under Part 3 of the MCD Order, if these records are not maintained by the firm;

(2) the appointed representative (other than an introducer appointed representative) is making and retaining records sufficient to disclose with reasonable accuracy the financial position of the business it carries on in its capacity as the firm's appointed representative; and

(3) the *firm* has full access to the *appointed representative's* records under (1) and (2) and any other records relevant to the *regulated activities* that the *appointed representative* carries on in that capacity.

12.9.4 G *Firms* are reminded that they should make and retain records in relation to any *person* who falls within the scope of the *rules* in *TC* or who performs a *controlled function* under an *arrangement* entered into by a *firm* or by an *appointed representative*. See ■ SUP 10A, ■ SUP 10C and *TC* for the applicable record keeping *rules*.

**Record keeping in relation to FCA registered tied agents**.....

12.9.5 R If a *MiFID investment firm* appoints an *FCA registered tied agent* this section applies to that firm as though the *FCA registered tied agent* were an appointed representative.

**Guidance on steps a firm should take in assessing the financial position of an appointed representative (other than an introducer appointed representative). See ■ SUP 12.4.3 G**

1.	The <i>guidance</i> in this annex applies to a <i>firm</i> which intends to appoint, or has appointed, an appointed representative (other than an <i>introducer appointed representative</i> ).
2.	All of the items in this annex should be applied, as appropriate, to an individual who is in business on his own.
3.	<i>Partners</i> in <i>partnerships</i> (other than limited partners in <i>limited liability partnerships</i> ) have joint and several unlimited liability. It follows that any assessment of the financial position of an appointed representative which is a <i>partnership</i> should take into account the final position of the individual <i>partners</i> as well as the <i>partnership</i> itself.
Accounts	<p>1. Consider whether the type of accounts obtained is appropriate to the type of appointed representative (for example, <i>companies</i> should supply audited accounts prepared in accordance with Companies Act provisions while individuals in business on their own may only prepare unaudited accounts, for example, for submission to HM Revenue and Customs or their bankers).</p> <p>2. Consider whether the accounts have been prepared on a timely basis. Consider the content of the audit report, including all detail and explanations given, and any qualifications which it may contain. Investigate any concerns.</p> <p>3. If relevant, obtain the most recent management accounts to assess whether the appointed representative's financial position has changed materially since the most recent audited accounts.</p> <p>4. If audited accounts are not available, be more circumspect about the accounts as they have not been independently audited. If necessary, consider obtaining third party verification of material balances.</p>
Un-usual items/ re- coverabil- ity of debts/ goodwill	<p>1. Investigate fully any unusual items - in particular any amounts outstanding with <i>directors</i>, <i>partners</i>, <i>connected persons</i> or <i>associates</i> and any guarantees.</p> <p>2. Consider whether any amounts due to the appointed representative would be recoverable; and whether the appointed representative would be in a position to pay any debts if it were required to do so at short notice.</p> <p>3. Any balance for goodwill should be ignored since this will normally represent a stream of potential future income which may not be forthcoming if the equity interest in the appointed representative were sold.</p>
Finan- cial stability/ cashflows	<p>1. Critically review the accounts to ensure that the appointed representative is financially stable. The review should take into account the overall position of the appointed representative and its cashflow.</p> <p>2. The review should also consider the nature of the appointed representative's assets and whether or not they are liquid and readily available to the appointed representative, if required. <i>Investments</i> in (for example) unquoted <i>companies</i> or <i>property</i> may be difficult to realise if there were a sudden need for <i>cash</i>.</p>
In- come / finan-	1. Assess the overall financial pressures on the appointed representative and <i>connected persons</i> . Account should be taken of the full range of the appointed representative's activities (and not merely those activities in which the appointed representative will be acting

cial pressures	<p>for the <i>firm</i>). Careful consideration should be given to any debts arising out of previous activities within the financial services industry.</p> <p>2. If relevant, review the accounts of any <i>associates</i> where there is a possibility that their performance - or any commitments entered into in respect of them - may affect the financial position of the appointed representative.</p> <p>3. Establish whether the appointed representative's income is sufficient both to service any debts and to provide an acceptable level of income to the proprietors.</p>
Credit checks/ dealings gov-ern-ment bodies	<p>1. Undertake a <i>credit</i> reference check on the appointed representative itself (in the case of a <i>company</i>); on the <i>partners</i> (in the case of a partnership); or on the individual (in the case of a <i>sole trader</i>).</p> <p>2. Ask the appointed representative whether it is up to date in its dealings with HM Revenue and Customs (etc).</p>
Forecasts	<p>1. If relevant, obtain a forecast of the next year's figures and review it to ensure that the appointed representative is likely to remain in a satisfactory financial position. This is particularly important where a material change is expected in the appointed representative's operations; or where the appointed representative has only recently been established so that accounts are not available for the previous three complete financial years.</p> <p>2. If the <i>firm</i> decides to appoint the appointed representative, the <i>firm</i> should keep the appointed representative's actual performance under close review so as to assess whether the forecasts were realistic and to enable any problems to be addressed.</p>

Guidance on information firms should take reasonable steps to obtain to verify and to assess the fitness and propriety of an appointed representative (other than an introducer appointed representative). See

■ SUP 12.4.4 G (1).

2.

1. The *guidance* in this annex applies to a *firm* which intends to appoint or has appointed an appointed representative (except an introducer appointed representative).
2. Items 1(c) and 1(d) in the following table will not be relevant in the case of an individual who is himself an appointed representative, unless, in the case of 1(d), the individual is in business on his own.
3. If the appointed representative is a *partnership*, the information a *firm* should obtain, having regard to SUP 12.4.4 G (1), is that contained in this annex on the basis that the information sought applies to each *partner*. When considering the fitness and propriety of each *partner*, having regard to SUP 12.4.4 G (1), information a firm should obtain will also include information in this annex. Therefore, a *firm* may wish to assess the fitness and propriety of *partners* as suggested in SUP 12.4.4 G (2) and then consider if any additional information is recommended under this annex.

(1)	Information about the appointed representative	(a)	Name
	The appointed representative's professional reputation	(b)	Address, and, where applicable and different, address of the registered office and the principal place of business
		(c)	full name of every <i>director</i> , senior manager and <i>controller</i>
		(d)	accounts (see SUP 12 Annex 1) for the last three complete financial years
		(a)	Disciplinary proceedings
		(i)	whether the appointed representative has ever been publicly censured, disciplined, suspended or expelled by the <i>FCA</i> , another regulator, a <i>clearing house</i> , an exchange, a professional body, or a government body or agency;
		(ii)	whether the appointed representative is currently the subject of any disciplinary proceedings by a body referred to in (i) above or is aware that such proceedings are pending;
		(iii)	whether the appointed representative has ever been the subject of a formal investigation under the powers in the Companies Acts 1985 to 2006; and
		(iv)	whether the appointed representative has had anything equivalent to (i) to (iii) above occur under relevant overseas provisions.

	The appointed representative's professional reputation - continued	(b)	Criminal or civil proceedings  Whether the appointed representative is a defendant in any current civil proceedings connected with professional activities in which an allegation of fraud or dishonesty is being made, the subject of any current criminal proceedings, or has been convicted of any criminal offence, either in the <i>United Kingdom</i> or overseas.
		(c)	Insolvency, bankruptcy and winding up  Whether the appointed representative has:  (i) been wound up or had a petition presented, or had a meeting called to consider a resolution, for winding it up; or  (ii) in the case of a company, been the subject of an application to dissolve it or to strike it off the Register of Companies; or  (iii) made, or proposed to make, a composition or voluntary arrangement with any one of more of its creditors; or  (iv) had an administrator or trustee in bankruptcy appointed to it or had an application made for such an appointment; or  (v) had a receiver appointed to it (whether an administrative receiver or a receiver appointed over particular property); or  (vi) had an application for an interim order made against it under section 252 of the Insolvency Act 1986 (or, in Northern Ireland, section 227 of the Insolvency (Northern Ireland) Order 1989); or  (vii) if it is a <i>sole trader</i> , been the subject of an application for a sequestration order or a petition for bankruptcy; or  (viii) ceased trading in circumstances in which any of its creditors did not receive full payment; or  (ix) had anything equivalent to (i) to (viii) above occur under relevant overseas law.

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### Appointed representative appointment form

This annex consists of only one form. Forms can be completed online now by visiting: [www.fca.org.uk/firms/authorisation](http://www.fca.org.uk/firms/authorisation)

The form can also be found through the following address: -

Add an appointed representative or tied agent form - SUP 12 Annex 3





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## **Appointed representative or tied agent – change details**

This annex consists of only one or more form. Forms can be completed online now by visiting:  
[www.fca.org.uk/firms/authorisation](http://www.fca.org.uk/firms/authorisation)

The form can also to be found through the following address:

Appointed representative or tied agent – change details - SUP 12 Annex 4



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## Appointed representative termination form

This annex consists of only one or more forms. Forms can be completed online now by visiting:  
[www.fca.org.uk/firms/authorisation](http://www.fca.org.uk/firms/authorisation)

The forms are also to be found through the following address:

*Appointed representative termination form - SUP 12 Annex 5*

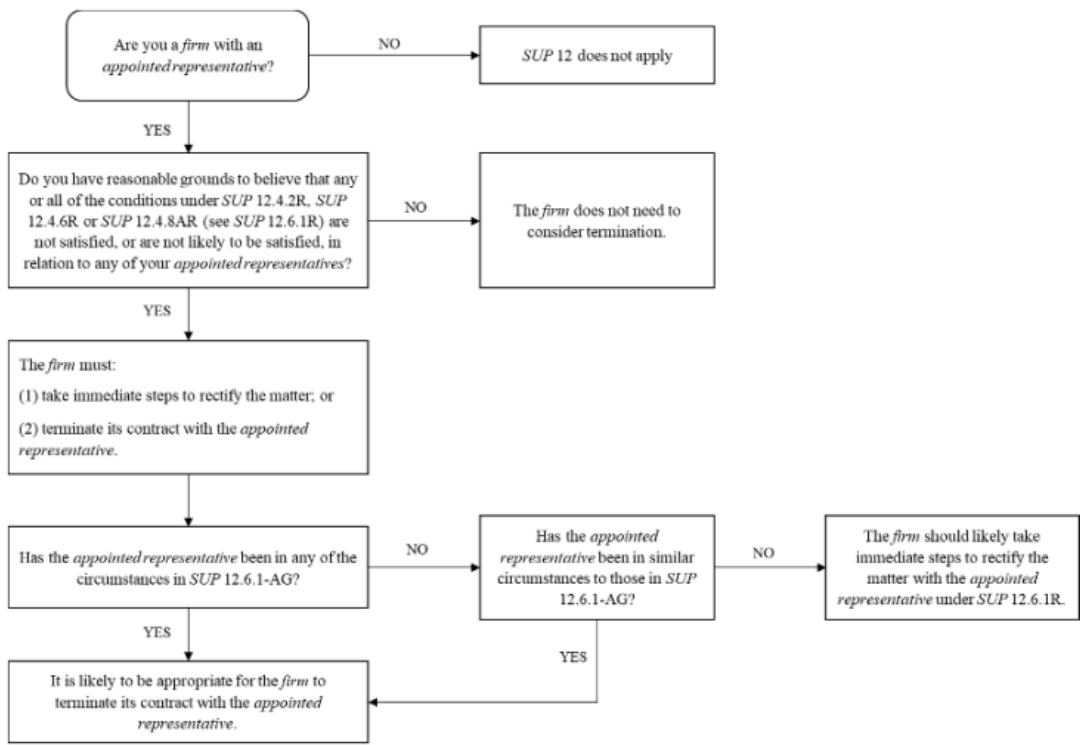


On-going reporting by principal firms on their appointed  
representatives

On-going reporting by principal firms on their appointed representatives



Guidance on steps to be taken where relevant conditions are not satisfied







## Chapter 13

# Exercise of passport rights by UK firms [deleted]



## Chapter 13A

# Qualifying for authorisation under the Act [deleted]



## Chapter 14

# Incoming EEA firms changing details, and cancelling qualification for authorisation [deleted]



## Chapter 15

# Notifications to the FCA

		<div>15.1</div> <div>Application</div>
		<div>Who?</div>
15.1.1	G	<div><div>This chapter applies to every <i>firm</i> except that:</div><div><div>(1) only ■ SUP 15.10 applies to an <i>ICVC</i>; and</div><div>(2) ■ SUP 15.3.22 D to ■ SUP 15.3.25 D apply only to the <i>Society</i>.</div></div></div>
15.1.2	R	<div>[deleted]</div>
15.1.3	G	<div><div>In some cases, the application of provisions set out in ■ SUP 15 Annex 1 depends on whether responsibility is reserved to a <i>Home State regulator</i>.</div></div>
15.1.3A	G	<div><div>The guidance in ■ SUP 15.13 applies to all <i>CBTL firms</i> whether or not they are also <i>firms</i>.</div></div>
15.1.3B	D	<div><div>The directions and guidance in ■ SUP 15.14 apply to <i>payment service providers</i> as set out in that section.</div></div>
		<div>What?</div>
15.1.4	R	<div><div>This chapter:</div><div><div>(1) applies with respect to the carrying on of both <i>regulated activities</i> and <i>unregulated activities</i>; and</div><div>(2) takes into account any activity of other members of a <i>group</i> of which the <i>firm</i> is a member.</div></div></div>
15.1.4AR	D	<div><div>■ SUP 15.8 and ■ SUP 15.14 apply with respect to the carrying on of <i>payment services</i> and other activities to which the <i>Payment Services Regulations</i> apply.</div></div>



		<b>Where?</b> .....
15.1.5	<b>G</b>	<i>Firms</i> are reminded that, unless expressly stated otherwise, where a <i>rule</i> or <i>guidance</i> includes a reference to a <i>firm</i> this includes all <i>UK</i> and overseas branches and representative offices of that <i>firm</i> , whether or not those branches or offices carry on any <i>regulated activities</i> .
15.1.6	<b>R</b>	[deleted]
		<b>SMCR firms</b> .....
15.1.7	<b>R</b>	The following apply only to <i>SMCR firms</i> :  <div><div>(1)</div><div>■ SUP 15.2.5G (Purpose);</div></div> <div><div>(2)</div><div>■ SUP 15.11 (Notification of COCON breaches and disciplinary action);</div></div> <div><div>(3)</div><div>■ SUP 15.15 (Enhanced scope SMCR firm retail intermediaries);</div></div> <div><div>(4)</div><div>■ SUP 15.16 (Notification of changes in the management body); and</div></div> <div><div>(5)</div><div>■ SUP 15.17 (Notification by limited scope SMCR benchmark firm).</div></div>

15.2 Purpose

- 15.2.1
- G
- A *firm* is required to provide the *FCA* with a wide range of information to enable the *FCA* to meet its responsibilities for monitoring the *firm's* compliance with requirements imposed by or under the *Act*. Some of this information is provided through regular reports, including those set out in ■ SUP 16 (Reporting requirements) and ■ SUP 17 (Transaction reporting). In addition, other chapters in the *Handbook* set out specific notification and reporting requirements. *Principle 11* includes a requirement for a *firm* to disclose to the *FCA* appropriately anything relating to the *firm* of which the *FCA* would reasonably expect notice.
- 15.2.1A
- G
- Payment service providers* are required to provide the *FCA* with such information as the *FCA* may direct in respect of their provision of *payment services* or compliance with the requirements imposed by or under Parts 2 to 7 or regulation 105 of the *Payment Services Regulations*. The purpose of ■ SUP 15.8 is to request information from *full credit institutions* where they provide (or propose to provide) *account information services* or *payment initiation services*. In addition to this general requirement, *payment service providers* are required under the *Payment Services Regulations* to notify the *FCA* on the occurrence of certain specified events. The purpose of ■ SUP 15.14 is to provide directions and guidance to *payment service providers* on the form, content and timing of notifications required under the *Payment Services Regulations*.
- 15.2.2
- G
- This chapter sets out:

  - (1) *guidance* on the type of event or change in condition which a *firm* should consider notifying in accordance with *Principle 11*; the purpose of this *guidance* is to set out examples and not to give comprehensive advice to *firms* on what they should notify in order to be in compliance with *Principle 11*;
  - (2) *rules* on events and changes in condition that a *firm* must notify; these are the types of event that the *FCA* must be informed about, usually as soon as possible, if it is to be able to carry out its monitoring function effectively and react in good time to developments that may require a regulatory response;
  - (3) *rules* on the core information that a *firm* must provide to the *FCA* for example its name and address and the names of its other regulators, so that the *FCA* is able to maintain a relationship with the *firm* and with those regulators;

		<p>(4) <i>rules</i> requiring a <i>firm</i> to ensure that information provided to the <i>FCA</i> is accurate and complete; section 398 of the <i>Act</i> makes it an offence knowingly or recklessly to provide the <i>FCA</i> with information which is false or misleading in a material particular, in purported compliance with any requirement imposed by or under the <i>Act</i>; the purpose of the <i>rules</i> in ■ SUP 15.6 is to ensure that <i>firms</i> take due care to ensure the accuracy of information and to require them to ensure that information is not only accurate but also complete;</p> <p>(5) material (in ■ SUP 15.10 (Notification of suspicious transactions or orders (market abuse)) which makes reference to the provisions of the <i>Market Abuse Regulation</i> that detail requirements on the reporting of transactions or orders about which there is reasonable suspicion of <i>market abuse</i>; and</p> <p>(6) directions and guidance for a <i>payment service provider</i> on the form, content and timing of notifications required to be submitted to the <i>FCA</i> in accordance with or in relation to the <i>Payment Services Regulations</i>.</p>
15.2.3	G	<p><i>Rules</i> and <i>guidance</i> have also been included to set out how <i>firms</i> should make a notification and to determine when it may be appropriate to discuss matters with their usual supervisory contact at the <i>FCA</i> by telephone (■ SUP 15.7).</p>
15.2.4	G	[deleted]
15.2.5	R	<p>■ SUP 15.11 (Notification of COCON breaches and disciplinary action) provides <i>rules</i> and <i>guidance</i> on notifications to the <i>FCA</i> by an <i>SMCR firm</i> where the <i>SMCR firm</i> takes disciplinary action in relation to any <i>conduct rules staff</i> and the reason for taking that action is a reason specified in <i>rules</i> made by the <i>FCA</i>. This is a requirement imposed under section 64C of the <i>Act</i>.</p>
15.2.6	R	<p>■ SUP 15.12 (Ongoing alerts for retail adviser complaints) sets out <i>rules</i> and <i>guidance</i> on a <i>firm's</i> obligation to notify the <i>FCA</i> of complaints against an <i>employee</i> acting as a <i>retail investment adviser</i>.</p>



15.3 General notification requirements

Matters having a serious regulatory impact

- 15.3.1 R A *firm* must notify the *FCA* immediately it becomes aware, or has information which reasonably suggests, that any of the following has occurred, may have occurred or may occur in the foreseeable future:
- (1) the *firm* failing to satisfy one or more of the *threshold conditions*; or

(2) any matter which could have a significant adverse impact on the *firm's* reputation; or

(3) any matter which could affect the *firm's* ability to continue to provide adequate services to its *customers* and which could result in serious detriment to a *customer* of the *firm*; or

(4) any matter in respect of the *firm* which could result in serious financial consequences to the *UK financial system* or to other *firms*.
- 15.3.2 G The circumstances which may give rise to any of the events in ■ SUP 15.3.1 R are wide-ranging and the probability of any matter resulting in such an outcome, and the severity of the outcome, may be difficult to determine. However, the *FCA* expects *firms* to consider properly all potential consequences of events.
- 15.3.3 G In determining whether the *FCA* should be notified of an event that may occur in the foreseeable future, a *firm* should consider both the probability of the event happening and the severity of the outcome should it happen.
- 15.3.4 G Guidance on satisfaction of the *threshold conditions* is given in COND.
- 15.3.5 G A *firm* making a notification in accordance with ■ SUP 15.3.1 R should consider the guidance in ■ SUP 15.7.2 G and notify the *FCA* by telephone if appropriate.
- 15.3.7 G Communication with the appropriate regulator in accordance with Principle 11
- 15.3.7 G *Principle 11* requires a *firm* to deal with its regulators in an open and cooperative way and to disclose to the *FCA* appropriately anything relating to the *firm* of which the *FCA* would reasonably expect notice. *Principle 11*

- applies to *unregulated activities* as well as *regulated activities* and takes into account the activities of other members of a *group* as well as any *appointed representatives*.
- 15.3.7A** G Although *PRIN* does not apply to a *firm* in relation to its carrying on of *auction regulation bidding*, the *FCA* expects to be given notice of events that are material to the *FCA*'s supervision of that business and so *firms* carrying on that business should have regard to the *guidance* in ■ SUP 15.3.8 G to ■ SUP 15.3.10 G.
- 15.3.8** G Compliance with *Principle 11* includes, but is not limited to, giving the *FCA* notice of:
- (1) any proposed restructuring, reorganisation or business expansion which could have a significant impact on the *firm's* risk profile or resources, including, but not limited to:
    - (a) setting up a new *undertaking* within a *firm's group*, or a new branch (whether in the *United Kingdom* or overseas); or
    - (b) commencing the provision of cross border services into a new territory; or
    - (c) commencing the provision of a new type of product or service (whether in the *United Kingdom* or overseas); or
    - (d) ceasing to undertake a *regulated activity* or *ancillary activity*, or significantly reducing the scope of such activities; or
    - (e) entering into, or significantly changing, a *material outsourcing arrangement* (a *bank*, a *building society* and a *dormant asset fund operator* should also see ■ SYSC 8, and an *insurer* should also see ■ SYSC 13.9 for further details); or
    - (f) a substantial change or a series of changes in the *governing body* of an overseas *firm*; or
    - (g) any change to the *firm's* prudential category or sub-category, as used in the Interim Prudential sourcebooks and *SUP* and on which *guidance* is given in ■ SUP App 1; or
    - (h) any proposed change which limits the liability of any of the *members* or *partners* of a *firm* such as a general *partner* becoming a limited *partner* or re-registration as a limited liability company of a company incorporated with unlimited liability; or
    - (i) in relation to a *dormant asset fund operator*, notify the *FCA* when the operator intends to rely on a third party for the performance of operational functions which are critical or important for the performance of relevant services and activities in connection with *operating a dormant asset fund* on a continuous and satisfactory basis;
  - (2) any significant failure in the *firm's* systems or controls, including, but not limited to:
    - (a) those reported to the *firm* by the *firm's* auditor;
    - (b) those relating to the *firm's* oversight of its *appointed representatives*;

- (3) any action which a *firm* proposes to take which would result in a material change in its capital adequacy or solvency, including, but not limited to:
  - (a) any action which would result in a material change in the *firm's* financial resources or financial resources requirement; or
  - (b) a material change resulting from the payment of a special or unusual dividend or the repayment of *share* capital or a subordinated loan; or
  - (c) for *firms* which are subject to the *rules* on consolidated financial supervision, any proposal under which another *group company* may be considering such an action; or
  - (d) significant trading or non-trading losses (whether recognised or unrecognised).

**15.3.9** G The period of notice given to the *FCA* will depend on the event, although the *FCA* expects a *firm* to discuss relevant matters with it at an early stage, before making any internal or external commitments.

**15.3.10** G A notification under *Principle 11* may be given orally or in writing (as set out in ■ SUP 15.7.1 R and ■ SUP 15.7.2 G), although the *FCA* may request written confirmation of a matter. However, it is the responsibility of a *firm* to ensure that matters are properly and clearly communicated to the *FCA*. A *firm* should provide a written notification if a matter either is complex or may be such as to make it necessary for the *FCA* to take action. A *firm* should also have regard to *Principle 11* and the *guidance* in ■ SUP 15.7.2 G in respect of providing important information promptly.

### Breaches of rules and other requirements in or under the Act or the CCA

**15.3.11** R (1) A *firm* must notify the *FCA* of:

- (a) a significant breach of a *rule* (which includes a *Principle*, a *Statement of Principle* or a *COCON rule*); or
- (aa) a significant breach of any requirement imposed by the *CCA* or by regulations or an order made under the *CCA* (except if the breach is an offence, in which case (c) applies), but any notification under (aa) is required to be made only to the *FCA*; or
- (b) a breach of any requirement imposed by the *Act* or by regulations or an order made under the *Act* by the Treasury (except if the breach is an offence, in which case (c) applies); or
- (ba) a breach of any requirement imposed by or under either the *MiFI Regulations* or the *DRS Regulations*; or
- (c) the bringing of a prosecution for, or a conviction of, any offence under the *Act* or the *CCA*; or
- (d) a breach of an applicable provision imposed by *MiFIR* or any *onshored regulations* which were previously *EU regulations* adopted under *MiFID* or *MiFIR*; or
- (dA) a breach of an applicable provision in the *UK CRR* or any *onshored regulations* which were previously *EU Regulations* adopted under *CRD* or the *UK CRR*; or

- (e) a breach of any requirement in regulation 4C(3) (or any successor provision) of the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2007; or
  - (ea) a breach of an applicable provision in the *UK auctioning regulations*; or
  - (f) [deleted]
  - (g) a breach of the *AIFMD UK regulation*; or
  - (h) a breach of any applicable *onshored regulations* which were previously *EU regulations* adopted under *AIFMD*; or
  - (ha) a breach of the *benchmarks regulation* (apart from Annex II to that regulation) or of any applicable *onshored regulations* which were previously *EU regulations* made or imposed under the *EU benchmarks regulation*; or
  - (i) a breach of any applicable *onshored regulations* which were previously *EU regulations* adopted under the *IDD*;
- by (or as regards (c) against) the *firm* or any of its *directors, officers, employees, approved persons, or appointed representatives*, where applicable, *tied agents*.
- (2) A *firm* must make the notification in (1) immediately it becomes aware, or has information which reasonably suggests, that any of the matters in (1) has occurred, may have occurred or may occur in the foreseeable future.

- 15.3.11A** G ■ SUP 15.3.11 R (1)(e) relates to the standard requirement in the *permission* of those *firms* which fall outside *MiFID* because of the Treasury's implementation of Article 3 of *MiFID*. *Guidance* on how the Treasury has exercised the Article 3 exemption for the *United Kingdom* is given in Q48 and the following questions and answers in ■ PERG 13.5 (Exemptions from *MiFID*).
- 15.3.12** G In ■ SUP 15.3.11 R(1)(a) or (1)(aa), significance should be determined having regard to potential financial losses to *customers* or to the *firm*, frequency of the breach, implications for the *firm's* systems and controls and if there were delays in identifying or rectifying the breach.
- 15.3.13** G In assessing whether an event that may occur in the foreseeable future should be notified to the *FCA* a *firm* should consider the *guidance* in ■ SUP 15.3.3 G.
- 15.3.14** G A notification under ■ SUP 15.3.11 R should include:
- (1) information about any circumstances relevant to the breach or offence;
  - (2) identification of the *rule* or requirement or offence; and
  - (3) information about any steps which a *firm* or other *person* has taken or intends to take to rectify or remedy the breach or prevent any future potential occurrence.

15.3.14A G

- (1) Some matters that need to be notified under ■ SUP 15.3.11R may also have to be notified under ■ SUP 10A.14 or ■ SUP 10C.14 (Changes to an FCA-approved person's details).
- (2) However, there is no need to make the same notification twice.
- (3) Any notification required under both ■ SUP 10C.14 and ■ SUP 15.3.11R should be made in accordance with ■ SUP 10C.14, which requires notification using Forms C or D.
- (4) ■ SUP 10C.14 only applies to *SMCR firms*. ■ SUP 10A.14 applies similar, but less extensive, obligations to firms that are not *SMCR firms*. Paragraphs (2) and (3) apply to those notifications as well. Such notifications should however be made under ■ SUP 10A.14.

15.3.14B G

- (1) Some matters that need to be notified under ■ SUP 15.3.11R may also have to be notified under ■ SUP 15.11 (Notification of COCON breaches and disciplinary action).
- (2) If the same thing has to be notified under ■ SUP 15.11 and ■ SUP 15.3.11R, a *firm* should make separate notifications under both. This is because:
  - (a) notification under ■ SUP 15.11 is annual and notification under ■ SUP 15.3.11R is immediate; and
  - (b) the details of what has to be notified under those requirements are different.

**Civil, criminal or disciplinary proceedings against a firm**

15.3.15 R

A *firm* must notify the FCA immediately if:

- (1) civil proceedings are brought against the *firm* and the amount of the claim is significant in relation to the *firm's* financial resources or its reputation; or
- (2) any action is brought against the *firm* under section 71 of the Act (Actions for damages) or section 138D (Actions for damages); or
- (3) disciplinary measures or sanctions have been imposed on the *firm* by any statutory or regulatory authority, competition authority, professional organisation or trade body (other than the FCA or the *firm* becomes aware that one of those bodies has started an investigation into its affairs; or
- (4) the *firm* is prosecuted for, or convicted of, any offence involving fraud or dishonesty, or any penalties are imposed on it for tax evasion; or
- (5) it is an *OPS firm*, which is a trustee, and is removed as trustee by a court order.

15.3.16 G

A notification under ■ SUP 15.3.15 R should include details of the matter and an estimate of the likely financial consequences, if any.



### Fraud, errors and other irregularities

- 15.3.17** **R** A *firm* must notify the *FCA* immediately if one of the following events arises and the event is significant:
- (1) it becomes aware that an *employee* may have committed a fraud against one of its *customers*; or
  - (2) it becomes aware that a *person*, whether or not employed by it, may have committed a fraud against it; or
  - (3) it considers that any *person*, whether or not employed by it, is acting with intent to commit a fraud against it; or
  - (4) it identifies irregularities in its accounting or other records, whether or not there is evidence of fraud; or
  - (5) it suspects that one of its *employees* may be guilty of serious misconduct concerning his honesty or integrity and which is connected with the *firm's regulated activities* or *ancillary activities*.

- 15.3.18** **G** In determining whether a matter is significant, a *firm* should have regard to:
- (1) the size of any monetary loss or potential monetary loss to itself or its *customers* (either in terms of a single incident or group of similar or related incidents);
  - (2) the risk of reputational loss to the *firm*; and
  - (3) whether the incident or a pattern of incidents reflects weaknesses in the *firm's internal controls*.

- 15.3.19** **G** The notifications under **■ SUP 15.3.17 R** are required as the *FCA* needs to be aware of the types of fraudulent and irregular activity which are being attempted or undertaken, and to act, if necessary, to prevent effects on *consumers* or other *firms*. A notification under **■ SUP 15.7.3 G** should provide all relevant and significant details of the incident or suspected incident of which the *firm* is aware.

- 15.3.20** **G** In addition, the *firm* may have suffered significant financial losses as a result of the incident, or may suffer reputational loss, and the *FCA* will wish to consider this and whether the incident suggests weaknesses in the *firm's internal controls*.

### Insolvency, bankruptcy and winding up

- 15.3.21** **R** A *firm* must notify the *FCA* immediately of any of the following events:
- (1) the calling of a meeting to consider a resolution for winding up the *firm*; or
  - (2) an application to dissolve the *firm* or to strike it off the Register of Companies; or
  - (3) the presentation of a petition for the winding up of the *firm*; or

- (4) the making of, or any proposals for the making of, a composition or arrangement with any one or more of its creditors; or
- (5) an application for the appointment of an administrator or trustee in bankruptcy to the *firm*; or
- (6) the appointment of a receiver to the *firm* (whether an administrative receiver or a receiver appointed over particular property); or
- (7) an application for an interim order against the *firm* under section 252 of the Insolvency Act 1986 (or, in Northern Ireland, section 227 of the Insolvency (Northern Ireland) Order 1989); or
- (8) if the *firm* is a *sole trader*:
  - (a) an application for a sequestration order on the *firm*; or
  - (b) the presentation of a petition for bankruptcy; or
- (9) anything equivalent to (1) to (8) above occurring in respect of the *firm* in a jurisdiction outside the *United Kingdom*.

#### Lloyd's of London

15.3.22

D

■ SUP 15.3.23 D to ■ SUP 15.3.25 D are given in relation to the exercise of the powers of the *Society* and of the *Council* generally, with a view to achieving the objective of enabling the FCA to:

- (1) comply with its general duty under section 314 of the Act (Regulators' general duty);
- (2) determine whether *underwriting agents*, or *approved persons* acting for them or on their behalf, are complying with the requirements imposed on them by or under the Act;
- (3) enforce the provisions of the Act, or requirements made under the Act, by enabling the FCA to consider, where appropriate, whether it should use its powers, for example, to:
  - (a) vary or cancel the *permission* of an *underwriting agent*, under section 55J of the Act (Variation or cancellation on initiative of regulator);
  - (b) withdraw approval from an *approved person* acting for or on behalf of an *underwriting agent*, under section 63 of the Act (Withdrawal of approval) (see ■ EG 9);
  - (c) prohibit an individual acting for or on behalf of an *underwriting agent* from involvement in *regulated activities*, under section 56 of the Act (Prohibition orders) (see ■ EG 9);
  - (d) require an *underwriting agent* to make restitution, under section 384 of the Act (Power of FCA or PRA to require restitution) (see ■ EG 11);
  - (e) discipline an *underwriting agent*, or an *approved person* acting for it or on its behalf, for a breach of a requirement made under the Act, including the *Principles*, *Statements of Principle* and *rules* (see ■ DEPP 6 and ■ EG 7);

		<div>(f) apply to court for an <i>injunction</i>, restitution order or <i>insolvency order</i> (see ■ EG 10, ■ EG 11 and ■ EG 13); and</div> <div>(g) prosecute any criminal offence that the <i>FCA</i> has power to prosecute under the <i>Act</i> (see ■ EG 12).</div>
15.3.23	D	<div>The <i>Society</i> must immediately inform the <i>FCA</i> in writing if it becomes aware that any matter likely to be of material concern to the <i>FCA</i> may have arisen in relation to:</div> <div><div>(1) the <i>regulated activities</i> for which the <i>Society</i> has <i>permission</i>; or</div><div>(2) <i>underwriting agents</i>; or</div><div>(3) <i>approved persons</i> or individuals acting for or on behalf of <i>underwriting agents</i>.</div></div>
15.3.24	D	<div>The <i>Society</i> must inform the <i>FCA</i> if it commences investigations or disciplinary proceedings relating to apparent breaches:</div> <div><div>(1) of the <i>Act</i> or requirements made under the <i>Act</i>, including the <i>threshold conditions</i> or the <i>Principles</i> or other <i>rules</i>, by an <i>underwriting agent</i>; or</div><div>(2) of the <i>Statements of Principle</i> by an individual or other <i>person</i> who carries out <i>controlled functions</i> for or on behalf of an <i>underwriting agent</i>.</div></div>
15.3.25	D	<div>The <i>Society</i> must inform the <i>FCA</i> if it commences investigations or disciplinary proceedings which do not fall within the scope of ■ SUP 15.3.24 D but which:</div> <div><div>(1) involve an <i>underwriting agent</i>, or an <i>approved person</i> who carries out <i>controlled functions</i> for it or on its behalf; or</div><div>(2) may indicate that an individual acting for or on behalf of an <i>underwriting agent</i> may not be a fit and proper <i>person</i> to perform functions in relation to <i>regulated activities</i>.</div></div>
		<div>UK AIFMs</div> <div>.....</div>
15.3.26	R	<div>A <i>full-scope UK AIFM</i> must notify the <i>FCA</i> before implementing any material changes to the conditions under which it was granted <i>permission</i> to <i>manage an AIF</i>, in particular to the information it provided in its application for that <i>permission</i>.</div> <div>[Note: article 10(1) of <i>AIFMD</i>]</div>
15.3.27	G	<div>Changes that the <i>FCA</i> would expect to be notified of under ■ SUP 15.3.26 R include:</div> <div>(1) an <i>AIFM</i> being appointed to manage another <i>AIF</i>;</div>

- (2) the appointment of a different *depository* for an *AIF* the *AIFM* manages; and
- (3) the appointment of any new *senior personnel* if the *AIFM* is not required to apply for the *FCA*'s approval for that appointment under section 59 of the *Act*.

15.3.27A **R**

A *full-scope UK AIFM* must notify the *FCA* of material changes under ■ SUP 15.3.26 R in the following manner:

- (1) for the management of a new *AIF* or a new investment compartment of an *AIF*, by using the form in ■ SUP 15 Annex 6A R;
- (2) for changes of *senior personnel* whose appointment is not required to be approved by the *FCA* under section 59 of the *Act*, by using the form in ■ SUP 15 Annex 6B R; and
- (3) for all other material changes, by using the form in ■ SUP 15 Annex 6C R.

15.3.28 **R**

Where a *small authorised UK AIFM* no longer meets the conditions in regulation 9 (meaning of "small AIFM") of the *AIFMD UK regulation* it must:

- (1) immediately notify the *FCA* using the form in ■ SUP 15 Annex 6D R; and
- (2) within 30 calendar days, apply to the *FCA* for a variation of its *permission* to become a *full-scope UK AIFM*.

[Note: article 3(3) second and third paragraphs of *AIFMD*]

15.3.29 **R**

- (1) A *small authorised UK AIFM* must notify the *FCA* before it starts to manage a new *AIF* or a new investment compartment of an *AIF* using the form in ■ SUP 15 Annex 6A R.
- (2) (1) does not apply where:
  - (a) the management of the new *AIF* or investment compartment would result in the *AIFM* exceeding the relevant threshold of assets under management so that it will no longer meet the conditions in regulation 9 (meaning of "small AIFM") of the *AIFMD UK regulation* (see ■ SUP 15.3.28 R); or
  - (b) the *AIF* is a *SEF* or *RVECA* (see ■ SUP 15.3.31 G).

15.3.30 **D**

- (1) A *small registered UK AIFM* must notify the *FCA* of changes in the following manner:
  - (a) for the management of a new *AIF* or a new investment compartment of an *AIF*, by using the form in ■ SUP 15 Annex 6A R;
  - (b) (a) does not apply where:
    - (i) the management of the new *AIF* or investment compartment would result in the *AIFM* exceeding the relevant threshold of assets under management so that it will no longer meet the

		<p>conditions in regulation 9 (meaning of "small AIFM") of the <i>AIFMD UK regulation</i> (see (2)); or</p> <p>(ii) the <i>AIF</i> is a <i>SEF</i> or <i>RVECA</i> (see ■ SUP 15.3.31 G);</p> <p>(2) if it no longer meets the conditions in regulation 9 (meaning of "small AIFM") of the <i>AIFMD UK regulation</i>, by using the form in ■ SUP 15 Annex 6D R; and</p> <p>(3) if it ceases to meet the conditions for registration in regulation 15(1) (small registered AIFMs ceasing to meet the requirements for registration), by using the form in ■ SUP 15 Annex 6E D.</p>
15.3.31	G	<p>A <i>SEF manager</i> or a <i>RVECA manager</i> should notify the <i>FCA</i> of the following changes in the following manner:</p> <p>(1) for changes to <i>senior personnel</i>, by using the form in ■ SUP 15 Annex 6B R; and</p> <p>(2) for changes to the jurisdiction in which its <i>SEF</i> or <i>RVECA</i> is marketed or to <i>market</i> a new <i>SEF</i> or <i>RVECA</i>, by using the form in ■ SUP 15 Annex 6F G</p>
15.3.32	R	<p><b>Competition law infringements</b>.....</p> <p>(1) A <i>firm</i> must notify the <i>FCA</i> if it has or may have committed a significant infringement of any applicable competition law.</p> <p>(2) A <i>firm</i> must make the notification as soon as it becomes aware, or has information which reasonably suggests, that a significant infringement has, or may have, occurred.</p> <p>(3) (a) A <i>firm</i> must make the notification in writing unless (3)(b) applies. (b) A <i>firm</i> may make the notification orally where it has made or will make an oral application for leniency or immunity covering the same subject matter to any competition authority.</p>
15.3.33	G	<p>A notification under ■ SUP 15.3.32R should include:</p> <p>(1) information about any circumstances relevant to the infringement or possible infringement;</p> <p>(2) identification of the relevant law; and</p> <p>(3) information about any steps which the <i>firm</i> or other <i>person</i> has taken or intends to take to rectify or remedy the infringement or prevent any future potential occurrence.</p>
15.3.34	G	<p>In determining whether a matter is significant, a <i>firm</i> should have regard to the actual or potential effect on competition, any customer detriment, and the duration of any infringement and implications for the <i>firm's</i> systems and controls.</p>

15.3.35

G

- (1) Where a *firm* notifies the *FCA* under ■ SUP 15.3.32R, the *firm* should not infer or assume that any lack of (or delay in) a response, objection or enforcement activity by the *FCA* or any other competition authority means that the agreement or conduct:
  - (a) does not infringe competition law; or
  - (b) is, or will be, immune from enforcement.
- (2) Notification under ■ SUP 15.3.32R is not sufficient to constitute an application for leniency or immunity from penalty in any subsequent investigation under Chapter 1 of the Competition Act 1998.

## 15.4 Notified persons

- 15.4.1** **R** (1) An *overseas firm*, must notify the FCA within 30 *business days* of any *person* taking up or ceasing to hold the following positions:
- (a) the *firm's* worldwide chief executive (that is, the *person* who, alone or jointly with one or more others, is responsible under the immediate authority of the *directors* for the whole of its business) if the *person* is based outside the *United Kingdom*;
  - (b) the *person* within the *overseas firm* with a purely strategic responsibility for *UK* operations (see **SUP 10.7.4 G**);
  - (c) for a *bank*: the two or more *persons* who effectively direct its business in accordance with **SYSC 4.2.2 R** ;
  - (d) for an *insurer*: the *authorised UK representative*.
- (2) The notification in (1) must be submitted in the form set out in Form F (**SUP 15 Ann 2**). However, if the *person* is an *approved person*, notification giving details of his name, the *approved person's* individual reference number and the position to which the notification relates, is sufficient.
- 15.4.2** **G** **SUP 15.4.1 R** is not made under the powers conferred on the FCA by Part V of the Act (Performance of Regulated Activities). A *person* notified to the FCA under **SUP 15.4.1 R** is not subject to the *Statements of Principle* or *Code of Practice for Approved Persons*, unless he is also an *approved person*.
- 15.4.3** **R** (1) A *firm* other than a *credit union* must submit the form in **SUP 15 Ann 2 R** online using the FCA's *online notification and application system*.
- (2) A *credit union* must submit the form in **SUP 15 Ann 2 R** in the way set out in **SUP 15.7.4 R** to **SUP 15.7.9 G** (Form and method of notification).
- (3) Where a *firm* is obliged to submit an application online under (1), if the FCA's information technology systems fail and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored, a *firm* must submit the form in **SUP 15 Ann 2 R**, in the way set out in **SUP 15.7.4 R** to **SUP 15.7.9 G** (Form and method of notification).
- 15.4.3A** **G** (1) If the FCA's information technology systems fail and online submission is unavailable for 24 hours or more, the FCA will

endeavour to publish a notice on its website confirming that online submission is unavailable and that the alternative methods of submission set out in ■ SUP 15.4.3R(3) and ■ SUP 15.7.4R to ■ SUP 15.7.9G (Form and method of notification) should be used.

(2) Where ■ SUP 15.4.3R (3) applies to a *firm*, ■ GEN 1.3.2 R (Emergency) does not apply.

#### 15.4.4

**G**

If adverse information is revealed about a *person* notified to the FCA under ■ SUP 15.4.1 R, the FCA may exercise its *own-initiative power* against the *firm* (see ■ SUP 7 (Individual requirements)).





15.5 Core information requirements

Change in name

- 15.5.1
- R
- A *firm* must give the FCA reasonable advance notice of a change in:
- (1)

the *firm's* name (which is the registered name if the *firm* is a *body corporate*);
- (2)

any business name under which the *firm* carries on a *regulated activity* (other than a *regulated claims management activity*) or *ancillary activity* either from an establishment in the *United Kingdom* or with or for clients in the *United Kingdom*; and
- (3)

any business name under which the *firm* carries on a *regulated claims management activity* or *ancillary activity*.

- 15.5.2
- G
- A notification under ■ SUP 15.5.1 R should include the details of the proposed new name and the date on which the *firm* intends to implement the change of name.

- 15.5.3
- G
- Firms* are reminded that certain name changes (for example, to include 'Limited') may also require a notification under ■ SUP 15.5.1R.

Change in address

- 15.5.4
- R
- A *firm* must give the FCA reasonable advance notice of a change in any of the following addresses, and give details of the new address and the date of the change:
- (1)

the *firm's* principal place of business in the *United Kingdom*;
- (2)

in the case of an *overseas firm*, its registered office (or head office) address.

Change in telephone numbers

- 15.5.5
- R
- A *firm* must give the FCA reasonable advance notice of a change in any of the following telephone numbers, and give details of the new telephone number and the date of the change:

		<div><div>(1) the number of the <i>firm's</i> principal place of business in the <i>United Kingdom</i>;</div><div>(2) in the case of an <i>overseas firm</i>, the number of its head office.</div></div>
15.5.6	G	<div>■ SUP 15.5.4 R and ■ SUP 15.5.5 R mean that a <i>firm</i> should notify the <i>FCA</i> of a change in telephone number even if the address of the office is not changing.</div>
15.5.7	R	<div><div>Other regulators</div><div>A <i>firm</i> must notify the <i>FCA</i> immediately if it becomes subject to or ceases to be subject to the supervision of any <i>overseas regulator</i> (including a <i>Home State regulator</i>).</div></div>
15.5.8	G	<div>The <i>FCA's</i> approach to the supervision of a <i>firm</i> is influenced by the regulatory regime and any legislative or foreign provisions to which that <i>firm</i>, including its branches, is subject.</div>
15.5.9	R	<div><div>Submitting notifications to the appropriate regulator</div><div><div>(1) A <i>firm</i> other than:<div><div>(a) a <i>credit union</i>; or</div><div>(b) an <i>FCA-authorised person</i> with <i>permission</i> to carry on only <i>credit-related regulated activity</i>;</div></div><div>must submit any notice under ■ SUP 15.5.1R, ■ SUP 15.5.4R and ■ SUP 15.5.5 R by submitting the form in ■ SUP 15 Ann 3R online at the <i>FCA's</i> website.</div></div><div>(2) A <i>credit union</i> or an <i>FCA-authorised person</i> with <i>permission</i> to carry on only <i>credit-related regulated activity</i> (other than a <i>firm</i> with only an <i>interim permission</i> to which the modifications to ■ SUP 15 in ■ CONC 12 apply) must submit any notice under ■ SUP 15.5.1R, ■ SUP 15.5.4R, ■ SUP 15.5.5 R and ■ SUP 15.5.7R by submitting the form in ■ SUP 15 Ann 3R using the appropriate online systems accessible through the <i>FCA's</i> website.</div><div>(3) Where a <i>firm</i> is obliged to submit a notice online under (1), if the <i>FCA's appropriate regulator's</i> information technology systems fail and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored, a <i>firm</i> must submit any notice under ■ SUP 15.5.1R, ■ SUP 15.5.4R and ■ SUP 15.5.5 R in the form in ■ SUP 15 Ann 3R and in the way set out in ■ SUP 15.7.4R to ■ SUP 15.7.9G (Form and method of notification).</div><div>(3A) Where a <i>firm</i> is obliged to submit a notice online under (2), if the <i>FCA's</i> information technology systems fail and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored, a <i>firm</i> must submit any notice under ■ SUP 15.5.1R, ■ SUP 15.5.4R, ■ SUP 15.5.5R and ■ SUP 15.5.7R in the form in ■ SUP 15 Ann 3R by electronic mail to <a href="mailto:firm.details@fca.org.uk">firm.details@fca.org.uk</a>.</div></div></div>

15.5.10

G

- (4) A *firm* must submit any notice required under ■ SUP 15.5.7 R by submitting the form in ■ SUP 15 Ann 4 in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).
- (1) If the FCA's information technology systems fail and online submission is unavailable for 24 hours or more, the FCA will endeavour to publish a notice on its website confirming that online submission is unavailable and that the alternative methods of submission set out in ■ SUP 15.5.9R(3) and ■ SUP 15.7.4R to ■ SUP 15.7.9G (Form and method of notification) should be used.
- (2) Where ■ SUP 15.5.9R (2) applies to a *firm*, ■ GEN 1.3.2 R (Emergency) does not apply.



15.6 Inaccurate, false or misleading information

- 15.6.1

R

A *firm* must take reasonable steps to ensure that all information it gives to the *FCA* in accordance with a *rule* in any part of the *Handbook* (including *Principle 11*) is:

  - (1) factually accurate or, in the case of estimates and judgements, fairly and properly based after appropriate enquiries have been made by the *firm*; and
  - (2) complete, in that it should include anything of which the *FCA* would reasonably expect notice.
- 15.6.1A

R

■ SUP 15.6.1R also applies to all information given, or to be given, by a *firm* in accordance with any of the following:

  - (1) an applicable provision imposed by *MiFIR* or any *onshored regulations* which were previously *EU regulations* adopted under *MiFID* or *MiFIR*; or
  - (2) a breach of any requirement imposed by or under either the *MiFI Regulations* or the *DRS Regulations*.
- 15.6.2

G

■ SUP 15.6.1 R applies also in relation to *rules* outside this chapter, and even if they are not *notification rules*. Examples of *rules* and chapters to which ■ SUP 15.6.1 R is relevant, are:

  - (1) *Principle 11*, and the guidance on *Principle 11* in ■ SUP 2 (Information gathering by the *FCA* and *PRA* on their own initiative);
  - (2) ■ SUP 15 (Notifications to the *FCA*);
  - (3) ■ SUP 16 (Reporting requirements);
  - (4) [deleted]
  - (5) any *notification rule* (see Schedule 2 which contains a consolidated summary of such *rules*);
  - (6) ■ DISP 1.9 (Complaints record rule); and
  - (7) ■ DISP 1.10 (Complaints reporting rule).

- 15.6.3** **G** If a *firm* is unable to obtain the information required in ■ SUP 15.6.1 R(2), then it should inform the FCA that the scope of the information provided is, or may be, limited.
- 15.6.4** **R** If a *firm* becomes aware, or has information that reasonably suggests that it has or may have provided the FCA with information which was or may have been false, misleading, incomplete or inaccurate, or has or may have changed in a material particular, it must notify the FCA immediately. Subject to ■ SUP 15.6.5 R, the notification must include:
- (1) details of the information which is or may be false, misleading, incomplete or inaccurate, or has or may have changed;
  - (2) an explanation why such information was or may have been provided; and
  - (3) the correct information.
- 15.6.5** **R** If the information in ■ SUP 15.6.4 R (3) cannot be submitted with the notification (because it is not immediately available), it must instead be submitted as soon as possible afterwards.
- 15.6.6** **G** The FCA may request the *firm* to provide revised documentation containing the correct information, if appropriate.
- 15.6.6A** **G** ■ SUP 15.11.13R(4) adjusts the time when, and how, an *SMCR firm* should make updates under ■ SUP 15.6.4R about notifications under section 64C of the Act (Notification of disciplinary action against certain employees).
- 15.6.7** **G** *Firms* are reminded that section 398 of the Act (Misleading the FCA or PRA: residual cases) makes it an offence for a *firm* knowingly or recklessly to provide the FCA with information which is false or misleading in a material particular in purported compliance with the FCA's *rules* or any other requirement imposed by or under the Act. An offence by a *body corporate*, *partnership* or unincorporated association may be attributed to an *officer* or certain other *persons* (section 400 of the Act (Offences by bodies corporate etc)).



15.7 Form and method of notification

Form of notification: oral or written

15.7.1 R A notification required from a *firm* under any *notification rule* must be given in writing, and in English, and must be submitted on the form specified for that *notification rule*, or if no form is specified, on the form in ■ SUP 15 Ann 4 R (Notification form), and must give the *firm's* Firm Reference Number unless:

- (1) the *notification rule* states otherwise; or
- (2) the notification is provided solely in compliance with *Principle 11* (see ■ SUP 15.3.7 G).

15.7.2 G A *firm* should have regard to the urgency and significance of a matter and, if appropriate, should also notify its usual supervisory contact at the *FCA* by telephone or by other prompt means of communication, before submitting a written notification. Oral notifications should be given directly to the *firm's* usual supervisory contact at the *FCA*. An oral notification left with another person or left on a voicemail or other automatic messaging service is unlikely to have been given appropriately.

15.7.3 G The *FCA* is entitled to rely on any information it receives from a *firm* and to consider any notification received as being made by a *person* authorised by the *firm* to do so. A *firm* should therefore consider whether it needs to put procedures in place to ensure that only appropriate *employees* make notifications to the *FCA* on its behalf.

Method of notification

15.7.4 R Unless stated in the *notification rule*, or on the relevant form (if specified), a written notification required from a *firm* under any *notification rule* must be:

- (1) given to or addressed for the attention of the *firm's* usual supervisory contact at the *FCA* and
- (2) delivered to the *FCA* by one of the methods in ■ SUP 15.7.5AR.

15.7.5 R  
[deleted]

15.7.5A R Methods of notification

	Method of delivery
1.	Post to the appropriate address in SUP 15.7.6A G
2.	Leaving the notification at the appropriate address in SUP 15.7.6A G and obtaining a time-stamped receipt
3.	Electronic mail to an address for the <i>firm's</i> usual supervisory contact at the <i>FCA</i> and obtaining an electronic confirmation of receipt
4.	Hand delivery to the <i>firm's</i> usual supervisory contact at the <i>FCA</i>
5.	Fax to a fax number for the <i>firm's</i> usual supervisory contact at the <i>FCA</i> and receiving a successful transmission report for all pages of the notification
6.	Online submission via the <i>FCA's</i> website at <a href="http://www.fca.org.uk">www.fca.org.uk</a> .

15.7.6 G [deleted]

15.7.6A G The current published address of the *FCA* for postal submission or hand delivery of notifications is:

(1) The Financial Conduct Authority  
12 Endeavour Square  
London, E20 1JN

if the *firm's* usual supervisory contact at the *FCA* is based in London, or

(2) The Financial Conduct Authority  
Quayside House 127  
Fountainbridge  
Edinburgh EH3 8DJ

if the *firm's* usual supervisory contact at the *FCA* is based in Edinburgh.

15.7.7 G If the *firm* or its *group* is subject to lead supervision arrangements by the *FCA* the *firm* or *group* may give or address a notice under ■ SUP 15.7.4 R(1) to the supervisory contact at the *FCA* designated as lead supervisor, if the *firm* has chosen to make use of the lead supervisor as a central point of contact (see ■ SUP 1.5).

15.7.8 G If a *firm* is a member of a *group* which includes more than one *firm*, any one *undertaking* in the *group* may notify the *FCA* on behalf of all *firms* in the *group* to which the notification applies. In this way, that *undertaking* may satisfy the obligation of all relevant *firms* in the *group* to notify the *FCA*. Nevertheless, the obligation to make the notification remains the responsibility of the individual *firm* itself. See also ■ SUP 15.7.3 G.

15.7.9 G *Firms* wishing to communicate with the *FCA* by electronic mail or fax should obtain the appropriate address or number from the *FCA appropriate regulator*.

		<b>Timely notification</b>
15.7.10	R	<p>If a <i>notification rule</i> requires notification within a specified period:</p> <p>(1) the <i>firm</i> must give the notification so as to be received by the <i>FCA</i> no later than the end of that period; and</p> <p>(2) if the end of that period falls on a <i>day</i> which is not a <i>business day</i>, the notification must be given so as to be received by the <i>FCA</i> no later than the first <i>business day</i> after the end of that period.</p>
15.7.11	G	<p>If a <i>notification rule</i> does not require notification within a specified period, the <i>firm</i> should act reasonably in deciding when to notify.</p>
		<b>Underwriting agents: notification to the Society of Lloyd's</b>
15.7.12	R	<p>(1) [deleted]</p> <p>(2) [deleted]</p>
15.7.13	G	<p>[deleted]</p>
15.7.14	G	<p>The <i>FCA</i> has made arrangements with the <i>Society of Lloyd's</i> with respect to the monitoring of <i>underwriting agents</i>. <i>Underwriting agents</i> should check whether these arrangements provide for any notifications required under this chapter to be sent to the <i>Society</i> instead of to the <i>FCA</i>. [For further details see the <i>FCA's</i> website.]</p>
		<b>Consequences of breach of form and method rules</b>
15.7.15	G	<p>If a <i>firm</i> fails to comply with the <i>rules</i> in this section then the notification is invalid and there may be a breach of the <i>rule</i> that required the notification to be given.</p>
		<b>Service of Notices Regulations</b>
15.7.16	G	<p>The Financial Services and Markets Act 2000 (Service of Notices) Regulations 2001 (SI 2001/1420) contain provisions relating to the service of documents on the <i>FCA</i>. They do not apply to notifications required under <i>notification rules</i> because of the specific <i>rules</i> in this section.</p>



		<div>15.8</div> <div>Notification in respect of particular products and services</div>
		<div>Management of occupational pension scheme assets</div>
15.8.1	R	<p>A <i>firm</i> which manages the assets of an <i>occupational pension scheme</i> must notify the <i>FCA</i> as soon as reasonably practicable if it receives any request or instruction from a trustee which it:</p> <ul style="list-style-type: none"><li>(1) knows; or</li><li>(2) on substantial grounds:<ul style="list-style-type: none"><li>(a) suspects; or</li><li>(b) has cause reasonably to suspect;</li></ul></li></ul> <p>is at material variance with the trustee's duties.</p>
		<div>Individual Pension Accounts</div>
15.8.2	R	<p>If a <i>firm</i> begins or ceases to administer <i>individual pension accounts</i>, it must notify the <i>FCA</i> as soon as reasonably practicable that it has done so.</p>
		<div>Insurers' commission clawback</div>
15.8.3	R	<ul style="list-style-type: none"><li>(1) An <i>insurer</i> must notify the <i>FCA</i> in respect of any <i>firm</i> (the "intermediary") as soon as reasonably practicable if:<ul style="list-style-type: none"><li>(a) any amount of <i>commission</i> due from the intermediary to the <i>insurer</i> in accordance with an indemnity commission clawback arrangement remains outstanding for four <i>months</i> after the date when the <i>insurer</i> gave notice to the intermediary that the relevant <i>premium</i> had not been paid; or</li><li>(b) any amount of <i>commission</i> due from the intermediary to the <i>insurer</i> as a result of either the cancellation of an investment agreement or overpayment of <i>commission</i> remains outstanding for four <i>months</i> after the date on which the <i>insurer</i> gave notice to the intermediary that cancellation or overpayment had occurred.</li></ul></li><li>(2) A notification in (1):<ul style="list-style-type: none"><li>(a) need not be given unless the total amounts outstanding under (1)(a) and (b) in respect of the intermediary exceed £1,000; and</li><li>(b) must give the identity of the intermediary and the amount of <i>commission</i> which remains outstanding.</li></ul></li></ul>

- (3) In (1) an "indemnity commission clawback arrangement" is an arrangement under which:
- (a) an insurer pays *commission* to an intermediary before the date on which the *premium* is due under the relevant *investment agreement*; and
  - (b) the *insurer* requires repayment of the *commission*, if the *investment agreement* is terminated by reason of a failure to pay a premium.

**Money service business and trust or company service providers**

- 15.8.4G
- (1) In accordance with regulation 23 of the *Money Laundering Regulations*, with effect from 26 June 2017 , a *firm* is required to notify the *FCA*:
- (a) before it begins or within 28 days of it beginning; and
  - (b) immediately after it ceases;
- to operate a money service business or a trust or company service provider.
- (2) The notification referred to in (1) should be made in accordance with the requirements in ■ SUP 15.7 (Form and method of notification)

- 15.8.5G
- A *firm* which is already operating a money service business or a trust or company service provider immediately before 26 June 2017 is required by the *Money Laundering Regulations* to notify the *FCA* of that fact within 30 days and should do so in the manner specified in ■ SUP 15.8.4 G(2).

**Delegation by UK UCITS management companies**

- 15.8.6R
- If a *UK UCITS management company* intends to delegate to a third party any one or more of its functions for the more efficient conduct of its business, it must first inform the *FCA* in an appropriate manner.
- [Note: article 13(1)(a) of the *UCITS Directive*]

- 15.8.7G
- A *UK UCITS management company* which delegates any of its functions to a third party must, as well as complying with ■ SUP 15.8.6 R, comply with the requirements in ■ SYSC 8.1.13 R (Additional requirements for a management company) and ■ COLL 6.6.15 A R.

**CTF providers**

- 15.8.8R
- (1) If a *firm* begins or ceases to hold itself out as acting as a *CTF provider*, it must notify the *FCA* as soon as reasonably practicable that it has done so.
- (2) A *firm* that acts as a *CTF provider* must provide the *FCA*, as soon as reasonably practicable, with details of:
- (a) any third party administrator that it engages;

		<p>(b) details of whether it intends to offer <i>HMRC allocated CTFs</i>; and</p> <p>(c) whether it intends to provide its own <i>stakeholder CTF</i> account.</p>
15.8.9	R	[deleted]
		<b>MCD credit intermediaries</b> .....
15.8.10	R	A <i>tiered MCD credit intermediary</i> must notify the <i>FCA</i> , as soon as reasonably practicable, if it intends to cease acting on behalf of and under the full responsibility of any <i>firm</i> .
15.8.11	R	A <i>MCD credit intermediary</i> must notify the <i>FCA</i> , as soon as reasonably practicable, if it intends to start acting on behalf of and under the full responsibility of any <i>firm</i> .
		<b>Credit institutions providing account information services or payment initiation services</b> .....
15.8.12	D	Unless ■ SUP 15.8.13D applies, a <i>full credit institution</i> must notify the <i>FCA</i> before it starts to provide an <i>account information service</i> or a <i>payment initiation service</i> .
15.8.13	D	<p>A <i>full credit institution</i> which:</p> <p>(1) prior to 13 January 2018, started to provide a service which, if provided on or after 13 January 2018, would have constituted an <i>account information service</i> or a <i>payment initiation service</i>; and</p> <p>(2) continues to provide an <i>account information service</i> or a <i>payment initiation service</i> on 13 January 2018,</p> <p>must notify the <i>FCA</i> that it is providing <i>account information services</i> or <i>payment initiation services</i> by 10 February 2018.</p>
15.8.14	D	A notification required under ■ SUP 15.8.12 or ■ SUP 15.8.13 must include a description of the <i>account information service</i> or <i>payment initiation service</i> that is being or is to be provided.
15.8.15	D	The notification required under ■ SUP 15.8.12 or ■ SUP 15.8.13 must be made in accordance with the requirements in ■ SUP 15.7 (Form and method of notification).

## 15.9 Notifications by members of financial conglomerates

**15.9.1** **R** A *firm* that is a *regulated entity* must notify the FCA immediately it becomes aware that any *consolidation group* of which it is a member:

- (1) is a *financial conglomerate*; or
- (2) has ceased to be a *financial conglomerate*.

**15.9.2** **R** (1) A *firm* that is a *regulated entity* must establish whether or not any *consolidation group* of which it is a member:

- (a) is a *financial conglomerate*; or
- (b) has ceased to be a *financial conglomerate*;

if:

- (c) the *firm* believes; or
- (d) a reasonable *firm* that is complying with the requirements of the *regulatory system* would believe;

that it is likely that (a) or (b) is true.

(2) A *firm* does not need to determine whether (1)(a) is the case if the *consolidation group* is already being regulated as a *financial conglomerate*.

(3) A *firm* does not need to determine whether (1)(b) is the case if notification has already been given as contemplated by **SUP 15.9.4 R**.

**15.9.3** **G** A *firm* should consider the requirements in **SUP 15.9.2 R** on a continuing basis, and in particular, when the *group* prepares its financial statements and on the occurrence of an event affecting the consolidated *group*. Such events include, but are not limited to, an acquisition, merger or sale.

**15.9.4** **R** A *firm* does not have to give notice to the FCA under **SUP 15.9.1 R** if it or another member of the *consolidation group* has already given notice of the relevant fact to:

- (1) the FCA or
- (2) (if another *competent authority* is *co-ordinator* of the *financial conglomerate* ) that *competent authority*; or

15.9.5

**R**

(3) (in the case of a *financial conglomerate* that does not yet have a *co-ordinator* ) the *competent authority* who would be *co-ordinator* under Regulation 1(2) of the Financial Groups Directive Regulations.

(1) A *firm* must, at the level of the *financial conglomerate* in the *United Kingdom*, regularly provide the *FCA* with details on the *financial conglomerate's* legal structure and governance and organisational structure, including all *regulated entities* , and non-regulated subsidiaries.

(2) A *firm* must disclose publicly, at the level of the *financial conglomerate* in the *United Kingdom*, on an annual basis, either in full or by way of references to equivalent information, a description of the *financial conglomerate's* legal structure and governance and organisational structure.

(3) For the purposes of (1) and (2), where a *firm* is a member of a *financial conglomerate* in the *United Kingdom* which is part of a wider *financial conglomerate*, reporting applies only at the level of the *parent mixed financial holding company* or *ultimate mixed financial holding company*.



15.10 Reporting suspicious transactions or orders (market abuse)

15.10.1 R [deleted]

Notification of suspicious transactions or orders: general.....

15.10.2 R [deleted]

15.10.2A UK [article 16 of the *Market Abuse Regulation*.]

Notification of suspicious transactions: investment firms and credit institutions.....

15.10.3 R [deleted]

15.10.4 G (1) Notification of suspicious transactions or orders to the *FCA* requires sufficient indications (which may not be apparent until after the transaction has taken place) that the transaction or order might constitute *market abuse*. In particular a *person* subject to article 16 of the *Market Abuse Regulation* will need to be able to explain the basis for the suspicion when notifying the *FCA*. Certain transactions or orders by themselves may seem completely devoid of anything suspicious, but might deliver such indications of possible *market abuse*, when seen in perspective with other transactions, certain behaviour or other information (though *persons* subject to article 16 of the *Market Abuse Regulation* are not expected to breach effective information barriers put in place to prevent and avoid conflicts of interest so as actively to seek to detect suspicious transactions).

(2) Assistance in identifying the elements constituting *market abuse* can be found within the *Market Abuse Regulation*.

Timeframe for notification.....

15.10.5 R [deleted]

Content of notification.....

15.10.6 R [deleted]

Means of notification	
15.10.7	<div>G</div> <div>A person subject to article 16 of the <i>Market Abuse Regulation</i> making a notification to the <i>FCA</i> under this section may do so using the system indicated on the <i>FCA</i>'s website.</div>
15.10.8	<div>G</div> <div>[deleted]</div>
15.10.9	<div>R</div> <div>[deleted]</div>



15.11 Notification of COCON breaches and disciplinary action

Reasons for making a notification to the FCA

- 15.11.1
- G
- Under section 64A of the *Act*, the *FCA* may make *rules* about the conduct of *approved persons* and certain other *persons* who work for a *firm*.
- 15.11.2
- G
- COCON* sets out *rules* under section 64A of the *Act* and *guidance* on those *rules* for *SMCR firms*.
- 15.11.3
- G
- [deleted]
- 15.11.4
- G
- Under section 64C of the *Act*, a *firm* must notify the *FCA* if it takes disciplinary action against certain people working for an *SMCR firm* and the reason for this action is a reason specified in *rules* made by the *FCA* (those *rules* are set out in ■ SUP 15.11.6R).
- 15.11.5
- G
- Disciplinary action against a *person* is defined in section 64C of the *Act* as the issuing of a formal written warning, the suspension or dismissal of that *person* or the reduction or recovery of any of such *person's* remuneration.
- 15.11.6
- R
- If a reason for taking disciplinary action as referred to in section 64C of the *Act* (Requirement for authorised persons to notify regulator of disciplinary action) is any action, failure to act or circumstance that amounts to a breach of *COCON*, then the *SMCR firm* is required to notify the *FCA* of the disciplinary action.
- 15.11.6A
- G
- The effect of section 64C of the *Act* and ■ SUP 15.11.6R is that the reporting obligation in section 64C of the *Act* and in this section:

(1) only applies to *SMCR firms*; and

(2) only covers *persons* who are subject to *COCON* (who are called *conduct rules staff* in the *FCA Handbook*) rather than to the whole workforce of an *SMCR firm*.
- 15.11.7
- G
- A *firm* should make a separate notification about a *person* under section 64C of the *Act* where:



- (1) it has made a notification to the *FCA* about the *person* pursuant to ■ SUP 15.3.11R(1)(a) because of a breach of *COCON*; and
  - (2) it subsequently takes disciplinary action against the *person* for the action, failure to act, or circumstance, that amounted to a breach of *COCON*.
- 15.11.8 **G** If, after a *firm* has made a notification for a *person* (A) pursuant to section 64C of the *Act*, it becomes aware of facts or matters which cause it to change its view that A has breached *COCON*, or cause it to determine that A has breached a provision of *COCON* other than the provision to which the notification related, the *firm* should inform the *FCA* of those facts and matters and its revised conclusion in line with a *firm's* obligation to comply with *Principle 11*, ■ SUP 15.6.4R and, if applicable, ■ SUP 10C or ■ SUP 15.11.13R(4).
- 15.11.9 **G** (1) If a *firm* takes disciplinary action as a result of a conduct breach (see ■ SUP 15.11.6R) against an *employee* but the *employee* has appealed or plans to appeal, the *firm* should still report the disciplinary action under section 64C of the *Act* but should include the appeal in the notification.
- (2) The *firm* should update the *FCA* on the outcome of any appeal.
- 15.11.10 **G** [deleted]
- 15.11.11 **G** In relation to any *conduct rules staff*, the *FCA* does not expect a *firm* to notify it pursuant to section 64C of the *Act* if the breach of *COCON* occurred before the application of *COCON* to that *firm*.
- Timing and form of notifications: SMF managers**
- 15.11.12 **G** Where a *firm* is required to notify the *FCA* pursuant to section 64C of the *Act* and that notification relates to an *SMF manager*, ■ SUP 10C sets out how and when the notification must be made, and the relevant *notification rules* in ■ SUP 10C apply.
- Timing and form of notifications: conduct rules staff other than SMF managers**
- 15.11.13 **R** (1) A *firm* must make any notifications required pursuant to section 64C of the *Act* relating to *conduct rules staff* other than *SMF managers* in accordance with ■ SUP 15.11.13R to ■ SUP 15.11.15R.
- (2) That notification must be made annually.
- (3) Each notification must:
- (a) cover;
  - (i) (in the case of a *firm* falling within ■ SYSC 23 Annex 1 6.7R (credit firms with limited permission)) its annual financial reporting period ending on its *accounting reference date*; or

		<ul style="list-style-type: none"> <li>(ii) (for any other <i>firm</i>) the 12 <i>month</i> period ending on the last day of August; and</li> <li>(b) be submitted to the <i>FCA</i>: <ul style="list-style-type: none"> <li>(i) within two months of the end of the reporting period in (a)(i) or (a)(ii); or</li> <li>(ii) (if the end of the submission period in (b)(i) falls on a <i>day</i> which is not a <i>business day</i>) so as to be received no later than the first <i>business day</i> after the end of that submission period.</li> </ul> </li> <li>(4) ■ SUP 15.6.4R and ■ SUP 15.6.5R (updates to a notification that is or has become incorrect) apply to a notification under this <i>rule</i> but the <i>firm</i> must include the update or correction in the next notification it is due to make under this <i>rule</i> rather than in the time and manner otherwise required for notifications under those <i>rules</i>.</li> <li>(5) If a <i>firm</i> (other than a <i>credit union</i>) has nothing to report under section 64C of the <i>Act</i> and nothing to report under ■ SUP 15.11.13R(4) for a particular reporting period, it must notify the <i>FCA</i> of that fact in accordance with ■ SUP 15.11.13R to ■ SUP 15.11.14R.</li> <li>(6) (3)(a)(i) applies whether or not the <i>firm</i> is a <i>limited scope SMCR firm</i>.</li> </ul>
15.11.13A	G	■ SUP 15.11.8G and ■ SUP 15.11.9G(2) give examples of when a notification should be updated under ■ SUP 15.11.13R(4).
15.11.14	R	<ul style="list-style-type: none"> <li>(1) A <i>firm</i> other than a <i>credit union</i> must make each notification pursuant to ■ SUP 15.11.13R (notifications about section 64C of the <i>Act</i> relating to <i>conduct rules staff</i> other than <i>SMF managers</i>) by submitting it online through the <i>FCA</i>'s website using the electronic system made available by the <i>FCA</i> for this purpose.</li> <li>(2) A <i>firm</i> must use the version of Form H (named REP008 – Notification of Disciplinary Action) made available on the electronic system referred to in (1), which is based on the version found in ■ SUP 15 Annex 7R.</li> <li>(3) If the information technology systems used by the <i>FCA</i> fail and online submission is unavailable for 24 hours or more, ■ SUP 15.11.15R applies until such time as the facilities for online submission are restored.</li> </ul>
15.11.14A	G	<ul style="list-style-type: none"> <li>(1) If the information technology systems used by the <i>FCA</i> fail and online submission is unavailable for 24 hours or more, the <i>FCA</i> will endeavour to publish a notice on its website confirming that: <ul style="list-style-type: none"> <li>(a) online submission is unavailable; and</li> <li>(b) the alternative methods of submission in ■ SUP 15.11.15R apply.</li> </ul> </li> <li>(2) Where ■ SUP 15.11.14R(3) applies to a <i>firm</i>, ■ GEN 1.3.2R (Emergency) does not apply.</li> </ul>
15.11.15	R	A <i>credit union</i> must make each notification pursuant to ■ SUP 15.11.13R (notifications about section 64C of the <i>Act</i> relating to <i>conduct rules staff</i>

- other than *SMF managers*) in accordance with the *rules* and *guidance* in ■ SUP 15.7, using Form H as set out in ■ SUP 15 Annex 7R.
- 15.11.15A **R**
- (1) If a *firm* to which ■ SUP 15.11.14R applies fails to submit a completed notification under ■ SUP 15.11.13R by the date on which it is due, in accordance with ■ SUP 15.11.13R, the *firm* must pay an administrative fee of £250.
  - (2) The administrative fee in (1) does not apply if the *firm* is unable to submit a report in electronic format within the time required because of a systems failure of the kind described in ■ SUP 15.11.14R(3).

**General guidance on notifications of rule breaches and disciplinary action**

- 15.11.16 **G** [deleted]
- 15.11.17 **G** The obligation to notify pursuant to section 64C of the *Act* or to update or correct a notification under ■ SUP 15.11.13R(4) does not replace or limit a *firm's* obligation to comply with *Principle 11*.
- 15.11.18 **G** When considering whether to make a notification pursuant to section 64C of the *Act*, a *firm* should also consider whether a notification should be made under any *notification rules*, including, without limitation, any *notification rules* that require a notification to be made to the *PRA*.
- 15.11.19 **G** The obligations to make a notification pursuant to section 64C of the *Act* apply notwithstanding any agreement (for example a 'COT 3' Agreement settled by the Advisory, Conciliation and Arbitration Service (ACAS)) or any other arrangements entered into by a *firm* and an *employee* upon termination of the *employee's* employment. A *firm* should not enter into any such arrangements or agreements that could conflict with its obligations under this section.
- 15.11.20 **G** Failing to disclose relevant information to the *FCA* may be a criminal offence under section 398 of the *Act*.

## 15.12 Ongoing alerts for retail adviser complaints

### 15.12.1 R

A *firm* must notify the *FCA*, using the form in ■ SUP 15 Annex 8R, where:

- (a) in any 12-month period, it has upheld three *complaints* about matters relating to activities carried out by any one *employee* when acting as a *retail investment adviser*; or
  - (b) it has upheld a *complaint* about matters relating to activities carried out by any one *employee* when acting as a *retail investment adviser*, where the redress paid exceeds £50,000.
- (2) A notification made under (1)(a) must be made by the end of the period of 20 *business days*, beginning on the day on which the *firm* upheld the third complaint.
- (3) A notification made under (1)(b) must be made by the end of the period of 20 *business days*, beginning on the day on which the *firm* upheld the complaint.

### 15.12.2 G

For the purpose of ■ SUP 15.12.1R:

- (1) when calculating the number of *complaints* in ■ SUP 15.12.1R(1)(a), the *firm* should exclude *complaints* previously notified to the *FCA* under this rule;
- (2) redress, under ■ SUP 15.12.1R(1)(b), should be interpreted to include an amount paid, or cost borne, by the *firm*, where a cash value can be readily identified, and should include:
  - (a) amounts paid for distress and inconvenience;
  - (b) a free transfer out to another provider for which a transfer would normally be paid for;
  - (c) goodwill payments and gestures;
  - (d) interest on delayed settlements;
  - (e) waiver of an excess on an insurance policy; and
  - (f) payments to put the consumer back into the position the consumer should have been in had the act or omission not occurred; and
- (3) the amount of redress paid under ■ SUP 15.12.1R(1)(b) should not include repayments or refunds of premiums which have been taken in error (for example, where a *firm* has been taking, by direct debit,

twice the actual premium amount due under a policy) and the refund of the overcharge would not count as redress.

[**Note:** See ■ DISP 1.10.2AR for the duty to notify *complaints* under the *complaints reporting rules*]

## 15.12.3

**R**

Notifications under ■ SUP 15.12.1R must be made electronically using a method of notification prescribed by the FCA.



15.13 Notification by CBTL firms

Application and purpose

15.13.1 G This section sets out guidance for *CBTL firms* to assist them in complying with their obligation to notify the *FCA* immediately if they cease to satisfy any condition for registration in article 8(2) or 8(3) of the *MCD Order*.  
[Note: article 12 of the *MCD Order*]

15.13.2 G The nature of a *CBTL firm's* obligation under article 12 of the *MCD Order* will depend on whether the *CBTL firm* has a *Part 4A permission* to carry on one or more *regulated activities*.

CBTL firms which have Part 4A permission

15.13.3 G The circumstances in which a *CBTL firm* which has a *Part 4A permission* should notify the *FCA* include but are not limited to when:

- (1) it ceases to carry on *CBTL business* and does not propose to resume carrying on *CBTL business* in the immediate future. This does not include circumstances where the *CBTL firm* temporarily withdraws its products from the market or is preparing to launch fresh products; or
- (2) it applies to cancel its *Part 4A permission*; or
- (3) it applies to vary its *Part 4A permission* so that once the variation takes effect it will cease to hold any *Part 4A permission*; or
- (4) it receives a *final notice* to cancel its *Part 4A permission*; or
- (5) it receives a second *supervisory notice* to vary its *Part 4A permission* so that once the variation takes effect it will cease to hold any *Part 4A permission*.

CBTL firms which do not have a Part 4A permission

15.13.4 G The circumstances in which a *CBTL firm* which does not have a *Part 4A permission* should notify the *FCA* include but are not limited to when:

- (1) it ceases to carry on *CBTL business* and does not propose to resume carrying on *CBTL business* in the immediate future; this does not include circumstances where the *CBTL firm* temporarily withdraws its products from the market or is preparing to launch fresh products; or

- (2) it changes its registered office or place of residence as the case may be so that it is no longer in the *United Kingdom*; or
- (3) any individual responsible for the management or operation of the *CBTL business* within the *CBTL firm*:
  - (a) is convicted of any offence involving fraud or dishonesty or any indictable offence, including any act or omission which would have been an offence if it had taken place in the *United Kingdom*; or
  - (b) becomes subject to a prohibition order; or
- (4) it takes on an individual to be responsible for the management or operation of the *CBTL business* within the *CBTL firm* who has been:
  - (a) convicted of any offence involving fraud or dishonesty or any indictable offence, including any act or omission which would have been an offence if it had taken place in the *United Kingdom*; or
  - (b) is subject to a *prohibition order*; or
- (5) (if the *CBTL firm* is an *undertaking*) any person who:
  - (a) holds 10% or more of the shares in the *CBTL firm* or in a parent undertaking of the *CBTL firm*; or
  - (b) holds 10% or more of the voting power in the *CBTL firm* or in a parent undertaking of the *CBTL firm*; or
  - (c) holds shares or voting power in the *CBTL firm* or in a parent undertaking of the *CBTL firm* as a result of which he is able to exercise significant influence over the management of the *CBTL firm*;

ceases to be a fit and proper person having regard to the need to ensure the sound and prudent conduct of the affairs of the *CBTL firm*; or

- (6) (if the *CBTL firm* is an *undertaking*) any person who is not a fit and proper person, having regard to the need to ensure the sound and prudent conduct of the affairs of the *CBTL firm*, acquires an interest such that he:
  - (a) holds 10% or more of the shares in the *CBTL firm* or in a *parent undertaking* of the *CBTL firm*; or
  - (b) holds 10% or more of the voting power in the *CBTL firm* or in a *parent undertaking* of the *CBTL firm*; or
  - (c) holds shares or voting power in the *CBTL firm* or in a *parent undertaking* of the *CBTL firm* as a result of which he is able to exercise significant influence over the management of the *CBTL firm*; or
- (7) any of the following persons cease to be of good repute:
  - (a) a person responsible for the management of the *CBTL firm*; or
  - (b) a person responsible for the *CBTL firm's CBTL business*; or
  - (c) a director of the *CBTL firm* (if the *CBTL firm* is a body corporate); or
- (8) a person who is not of good repute becomes:

- (a) responsible for the management of the *CBTL firm*; or
  - (b) responsible for the *CBTL firm's CBTL business*; or
  - (c) a director of the *CBTL firm* (if the *CBTL firm* is a *body corporate*); or
- (9) (if the *CBTL firm* is a *CBTL arranger* or a *CBTL adviser*) it ceases to hold professional indemnity insurance as described in article 8(f) of the *MCD Order*; or
- (10) the individuals responsible for the management or operation of the *CBTL business* of the *CBTL firm* lack an appropriate level of knowledge or competence in relation to *CBTL credit agreements*.

**Method, form and timing of notifications**

15.13.5

G

Any notification given by a *CBTL firm* under article 12 of the *MCD Order* should be:

- (1) in writing;
- (2) in English;
- (3) given to or addressed for the attention of the *CBTL firm's* usual supervisory contact at the *FCA* (where the *CBTL firm* does not have an identified supervisory contact this will be the *FCA's* Supervision Hub);
- (4) delivered to the *FCA* by one of the methods in ■ SUP 15.7.5AR to the appropriate address set out in ■ SUP 15.7.6AG; and
- (5) given by a person who has full knowledge of the facts giving rise to the notification and who is responsible for the management of the *CBTL firm* or the *CBTL firm's CBTL business*.

15.13.6

G

A notification given under article 12 of the *MCD Order* should contain at least the following information:

- (1) the *CBTL firm's* name and reference number;  
  
the name and telephone, postal and email (where available) contact details of the person responsible for making the notification;
- (2) a statement that the notification is given under article 12 of the *MCD Order*;
- (3) a statement setting out the specific condition of article 8 of the *MCD Order* that the notification relates to;
- (5) full details of the facts giving rise to the notification, including in particular when the relevant events occurred and when the *CBTL firm* became aware of them (if different); and
- (6) full details of any steps taken or proposed to be taken by the *CBTL firm* to address the issues giving rise to the obligation to make the notification, including a proposed timeline for the steps, if applicable.



- 15.13.7** **G** The *MCD Order* requires notification to be given immediately. The *FCA* expects *CBTL firms* to act with all due urgency in notifying it of any relevant event, and it is unlikely that the *FCA* will regard delay in excess of 5 working days as complying with the *CBTL firm's* obligations.



15.14 Notifications under the Payment Services Regulations

Application

15.14.1 G This section applies to *payment service providers*.

Purpose

15.14.2 G The purpose of this section is to give directions and guidance to *payment service providers* relating to the form, content and timing of notifications required under the *Payment Services Regulations*.

Notification by credit institutions under regulation 105

15.14.3 D A *full credit institution* to which regulation 105 of the *Payment Services Regulations* applies must notify the *FCA* if it refuses a request for access to *payment account services* from:

- (1) a *person* falling within paragraphs (1)(a) to (e) (excluding (1)(d)) of the *Glossary* definition of *payment service provider*; or
- (2) an applicant for authorisation or registration as such a *payment service provider*.

15.14.4 G References in this section to a refusal of a request for access to *payment account services* include a withdrawal or termination of access to such services.

15.14.5 G A notification required by regulation 105(3) of the *Payment Services Regulations* and ■ SUP 15.14.3D must include duly motivated reasons for the refusal.

15.14.6 D Unless the *FCA* directs otherwise, a notification required by regulation 105(3) of the *Payment Services Regulations* and ■ SUP 15.14.3D must be submitted by the *full credit institution* to the *FCA*:

- (1) in the form specified in ■ SUP 15 Annex 9D;
- (2) by electronic means made available by the *FCA*; and
- (3) at the same time as it informs the *person* referred to in ■ SUP 15.14.3D(1) or ■ (2) of its refusal.

**15.14.7** **D** If for any reason the *full credit institution* does not notify the *person* referred to in ■ SUP 15.14.3D(1) or ■ (2) of its refusal, the *full credit institution* must submit the notification required by ■ SUP 15.14.3D immediately following the decision by the *full credit institution* to refuse access.

**15.14.8** **G** The direction in ■ SUP 15.14.6D will not apply if the FCA gives a different direction to a specific *credit institution*, in the light of the particular circumstances surrounding a refusal of access to *payment account services*, about how to notify the FCA. The FCA is likely to be minded to do so where a *credit institution* decides to withdraw access to a large number of *persons* falling within paragraphs (1)(a) to (e) (excluding (1)(d)) of the *Glossary* definition of *payment service provider* simultaneously, such that complying with ■ SUP 15.14.6D becomes impractical, and provides advance notice of the proposed withdrawal to their usual supervisory contact at the FCA. For these purposes, fewer than ten *persons* is unlikely to be considered a large number.

**15.14.9** **G** *Credit institutions* are reminded of the general notification requirements in ■ SUP 15.3, including the obligation to notify the FCA as soon as they become aware of any matter (including a matter which may occur in the foreseeable future) which could affect their ability to continue to provide adequate services to their *customers* and which could result in serious detriment to a *customer* of the *credit institution* (■ SUP 15.3.1R(3)).

### Notification by account servicing payment service providers under regulation 71

**15.14.10** **D** An *account servicing payment service provider* to which regulation 71(8)(c) of the *Payment Services Regulations* applies must notify the FCA if it denies an *account information service provider* or a *payment initiation service provider* access to a *payment account* under regulation 71(7).

**15.14.11** **D** A notification required by regulation 71(8)(c) of the *Payment Services Regulations* and ■ SUP 15.14.10D must include details of the case and the reasons for denying access.

**15.14.12** **D** A notification required by regulation 71(8)(c) of the *Payment Services Regulations* and ■ SUP 15.14.10D must be submitted by the *account servicing payment service provider* to the FCA:

- (1) in the form specified in ■ SUP 15 Annex 10
- (2) by electronic means made available by the FCA; and
- (3) immediately after the first occasion on which it denies the *account information service provider* or the *payment initiation service provider* in question access to a *payment account*.

- 15.14.13** G Where:
- (1) an *account servicing payment service provider* denies access to more than one *payment account* or to a *payment account* on multiple consecutive occasions; and
  - (2) these denials of access:
    - are in respect of the same *account information service provider* or *payment initiation service provider*; and
    - (b) arise out of the same facts and happen for the same reasons, the *account servicing payment service provider* is required to submit only a single notification in respect of them under regulation 71(8)(c) of the *Payment Services Regulations* and ■ SUP 15.14.10D.
- 15.14.14** G Where an *account servicing payment service provider* has already submitted a notification in accordance with regulation 71(8)(c) of the *Payment Services Regulations* and ■ SUP 15.14.10D and continues to deny access to a *payment account*, it is not required to notify the FCA of a consecutive denial of access that happens after the original notification was sent if it:
- (1) is in respect of the same *account information service provider* or *payment initiation service provider*; and
  - (2) arises out of the same facts and happens for the same reasons.
- 15.14.15** D An *account servicing payment service provider* that has previously submitted a notification in accordance with regulation 71(8)(c) of the *Payment Services Regulations* and ■ SUP 15.14.10D must notify the FCA if it subsequently restores access to the *payment account* for the *account information service provider* or *payment initiation service provider* that was the subject of the original notification, unless it indicated in the first notification that it intended to immediately restore access and access was so restored.
- 15.14.16** D A notification required under ■ SUP 15.14.15D must be submitted by the *account servicing payment service provider* to the FCA:
- (1) in the form specified in ■ SUP 15 Annex 10;
  - (2) by electronic means made available by the FCA; and
  - (3) immediately after it restores access to the *payment account(s)* for the *account information service provider* or *payment initiation service provider*.
- 15.14.17** G For the purposes of ■ SUP 15.14.12D and ■ SUP 15.14.16D we would expect the *account servicing payment service provider* to complete and submit the notification as quickly as possible.

		Notification of major operational or security incidents under regulation 99
15.14.18	G	Regulation 99(1) of the <i>Payment Services Regulations</i> provides that, if a <i>payment service provider</i> becomes aware of a major operational or security incident, the <i>payment service provider</i> must, without undue delay, notify the FCA. The purpose of this section is to direct the form and manner in which such notifications must be made and the information they must contain, in exercise of the power in regulation 100(2) of the <i>Payment Services Regulations</i> .
15.14.19	G	The EBA has issued Guidelines on incident reporting under the <i>Payment Services Directive</i> that specify the criteria a <i>payment service provider</i> should use to assess whether an operational or security incident is major and needs to be reported to the FCA. These Guidelines also specify the format for the notification and the procedures the <i>payment service provider</i> should follow.
15.14.20	D	<i>Payment service providers</i> must comply with the EBA's Guidelines on incident reporting under the <i>Payment Services Directive</i> as issued on 27 July 2017 (EBA/GL/2017/10) where they are addressed to <i>payment service providers</i> .
15.14.21	D	In particular, a notification required by regulation 99(1) of the <i>Payment Services Regulations</i> must be submitted by the <i>payment service provider</i> to the FCA:  <div><div>(1) within the timescales and at the frequencies specified in the EBA's Guidelines on incident reporting under the <i>Payment Services Directive</i> (EBA/GL/2017/10);</div><div>(2) in writing on the form specified in ■ SUP 15 Annex 11D; and</div><div>(3) by such electronic means as the FCA may specify.</div></div>
15.14.22	G	[deleted]
15.14.23	G	Where the electronic means of submission of notifications is known not to be available or operated at the time the incident is first detected, the notification should be sent to the FCA as soon as the electronic means of submission becomes available and operational again. Unless the FCA has informed a specific <i>payment service provider</i> that electronic means of submission are also available to it and operated at other times, the electronic means of submission are available and operated during normal operating hours, as specified by the FCA.
15.14.24	G	The EBA's Guidelines on incident reporting under the <i>Payment Services Directive</i> contain guidelines on the completion of the form specified in ■ SUP 15 Annex 11D. <i>Payment service providers</i> should use the same form in all reports concerning the same incident. <i>Payment service providers</i> may not have sufficient information to complete all parts of the form in the initial report. They should complete the form in an incremental manner and on a best effort basis as more information becomes readily available in the course of their internal investigations.

General provisions

- 15.14.25 **D** ■ SUP 15.6.1R to ■ SUP 15.6.6G (Inaccurate, false or misleading information) apply to *payment service providers* that are required to make notifications in accordance with this section as if a reference to *firm* in ■ SUP 15.6.1R to ■ SUP 15.6.6G were a reference to the relevant category of *payment service provider* and a reference to a *rule* were a reference to the directions in this section.
- 15.14.26 **G** *Payment service providers* are reminded that regulation 142 of the *Payment Services Regulations* (Misleading the FCA or the Payment Systems Regulator) makes it an offence for a *person* to knowingly or recklessly provide the FCA with information which is false or misleading in a material particular in purported compliance with the directions given in this section or any other requirement imposed by or under the *Payment Services Regulations*.
- 15.14.27 **G** If a *payment service provider* fails to comply with the directions in this section then the notification is invalid and there may be a breach of the regulation of the *Payment Services Regulations* or the direction that required the notification to be given.
- 15.14.28 **G** The Financial Services and Markets Act 2000 (Service of Notices) Regulations 2001 (SI 2001/1420) contain provisions relating to the service of documents on the FCA. They do not apply to notifications required under this section because of the specific directions given in this section.

Notification that a fraud rate has been exceeded (article 20 of the SCA RTS)

- 15.14.29 **G** Article 18 of the *SCA RTS* permits *payment service providers* not to apply strong customer authentication where the *payer* initiates a remote electronic payment transaction identified by the *payment service provider* as posing a low level of risk according to the transaction monitoring mechanism referred to in article 2 and article 18 of the *SCA RTS*.
- 15.14.30 **G** Article 19 of the *SCA RTS* requires *payment service providers* to ensure that the overall fraud rates per quarter for transactions executed under the article 18 exemption are equivalent to or lower than the reference fraud rates indicated in the Annex to the *SCA RTS*. Article 19 defines a quarter as 90 days.
- 15.14.31 **G** Where a fraud rate calculated in compliance with article 19 of the *SCA RTS* exceeds the applicable reference fraud rate, article 20(1) of the *SCA RTS* requires *payment service providers* to immediately report to the FCA, providing a description of the measures that they intend to adopt to restore compliance with the reference fraud rates.
- 15.14.32 **G** *Payment service providers* should report in respect of each quarter in which a fraud rate exceeds the applicable reference rate.

**15.14.33** G Where a fraud rate exceeds the applicable reference rate for two consecutive quarters, the *payment service provider* is required by article 20(2) of the SCA RTS to immediately cease to make use of the article 18 exemption. The report for the second quarter should confirm that the *payment service provider* has ceased to make use of the article 18 exemption.

**15.14.34** D *Payment service providers* required by article 20(1) of the SCA RTS to report to the FCA must do so:

- (1) in the form specified in ■ SUP 15 Annex 12D;
- (2) by electronic means made available by the FCA; and
- (3) immediately after the monitored fraud rate exceeds the applicable reference fraud rate.

**15.14.35** D A *payment service provider* that has previously ceased to make use of the article 18 exemption in accordance with article 20(2) of the SCA RTS must notify the FCA in accordance with article 20(4) of the SCA RTS before again making use of the article 18 exemption:

- (1) in the form specified in ■ SUP 15 Annex 12D;
- (2) by electronic means made available by the FCA; and
- (3) in a reasonable timeframe and before making use again of the article 18 exemption.

**15.14.36** G A *payment service provider* notifying the FCA before again making use of the article 18 exemption must provide evidence of the restoration of compliance of their monitored fraud rate with the applicable reference fraud rate for that exemption threshold range for one quarter, under article 20(4) of the SCA RTS.

**15.14.37** G Notifying the FCA one *month* before making use again of the article 18 exemption would be a reasonable timeframe within the meaning of ■ SUP 15.14.35D(3).

### Notifying problems with a dedicated interface (article 33(3) of the SCA RTS)

**15.14.38** D *Account information service providers, payment initiation service providers, payment service providers issuing card-based payment instruments, and account servicing payment service providers* must report problems with dedicated interfaces as required by article 33(3) of the SCA RTS to the FCA:

- (a) without undue delay;
- (b) using the form set out in ■ SUP 15 Annex 13D; and
- (c) by electronic means made available by the FCA.

**15.14.39** **G** The following problems with dedicated interfaces should be reported:

- (a) the interface does not perform in compliance with article 32 of the *SCA RTS*; or
- (b) there is unplanned unavailability of the interface or a systems breakdown.

Unplanned unavailability or a systems breakdown may be presumed to have arisen when five consecutive requests for access to information for the provision of payment initiation services or account information services are not replied to within 30 seconds.



		<div>15.15</div> <div>Notification by retail intermediaries of qualification as an enhanced scope SMCR firm</div>
		<div>Application: General</div>
15.15.1	R	Subject to ■ SUP 15.15.2R and ■ SUP 15.15.3R, this section applies to a <i>firm</i> that meets the conditions in ■ SYSC 23 Annex 1 8.18R (Special requirements for calculating intermediary regulated business revenue).
		<div>Application: Firm moving between different reporting requirements</div>
15.15.2	R	<div>(1) Subject to ■ SUP 15.15.3R, this section also applies to a <i>firm</i>: (a) that meets the conditions in ■ SUP 15.15.1R for part of an averaging period (as defined in ■ SUP 15.15.7R); and (b) is subject to the reporting requirement in column (2) of row (3) of the table in ■ SYSC 23 Annex 1 8.2R (Table: Financial qualification conditions) for another part of that averaging period.  (2) When this section applies to a <i>firm</i> in (1), it applies in respect of the averaging period in question.</div>
		<div>Application: General exclusion</div>
15.15.3	R	This section does not apply to a <i>firm</i> that is excluded from being an <i>enhanced scope SMCR firm</i> by the flow diagram in ■ SYSC 23 Annex 1 1.2R (Flow diagram: Types of SMCR firm).
15.15.4	G	■ SUP 15.15.3R means that this section does not apply to:  (1) an <i>SMCR banking firm</i> , an <i>SMCR insurance firm</i> or a <i>limited scope SMCR firm</i> ; or  (2) a <i>firm</i> that is excluded from the enhanced regime as defined in Part 7 of ■ SYSC 23 Annex 1 (Exclusion from enhanced regime).
		<div>Application: Firm is an enhanced scope firm for another reason</div>
15.15.5	G	This section applies even if the <i>firm</i> meets one of the other qualification conditions in ■ SYSC 23 Annex 1 for being an <i>enhanced scope SMCR firm</i> as well as the retail intermediary one.

		<b>Purpose</b>
15.15.6	G	The purpose of this section is to require certain <i>firms</i> to calculate whether or not they meet the qualification condition for being an <i>enhanced scope SMCR firm</i> based on total intermediary regulated business revenue. In certain cases a <i>firm</i> should report the result of the calculation to the <i>FCA</i> but this section does not require regular reports.
		<b>Definitions</b>
15.15.7	R	<p>In this section:</p> <ol style="list-style-type: none"><li>(1) averaging period has the same meaning as it does in Part 8 of ■ SYSC 23 Annex 1;</li><li>(2) reporting date is defined in ■ SUP 15.15.9R;</li><li>(3) reporting period has the same meaning as it does in ■ SYSC 23 Annex 1 8.21R; and</li><li>(4) the retail intermediary qualification condition means the qualification condition referred to in ■ SUP 15.15.8R.</li></ol>
		<b>Obligation to make calculations</b>
15.15.8	R	A <i>firm</i> must calculate, for each averaging period, whether or not it meets the qualification condition in row (3) of the table in ■ SYSC 23 Annex 1 8.2R (Table: Financial qualification conditions).
15.15.9	R	<ol style="list-style-type: none"><li>(1) A <i>firm</i> must complete the calculation no later than 30 <i>business days</i> after the end of the averaging period in question.</li><li>(2) This section refers to the date in this <i>rule</i> as the ‘reporting date’.</li></ol>
15.15.10	G	The calculations required by this section are made in the same way as they are for Section B of the <i>RMAR</i> .
15.15.11	G	<ol style="list-style-type: none"><li>(1) The amount of work required by ■ SUP 15.15.8R will vary between <i>firms</i>.</li><li>(2) In some cases the <i>firm’s</i> total intermediary regulated business revenue will be so small or large that the <i>firm</i> will need to do little work to establish whether or not it meets the retail intermediary qualification condition.</li><li>(3) In some cases a <i>firm’s</i> total income (intermediary regulated business revenue and all its other income) may be below the qualification amount. The <i>firm</i> may have accounts that it has prepared to the necessary standard for other purposes (such as statutory accounts) that show this. In this case the <i>firm</i> may need to do virtually no additional work to establish that it does not meet the retail intermediary qualification condition.</li></ol>

- (4) In some cases the *firm* may need to calculate the precise amount of its total intermediary regulated business revenue. In that case the *firm* may need to do the same amount of work it would have to do if it had to report to the *FCA* under Section B of the *RMAR*.

Obligation to notify the FCA

15.15.12 R If any of the circumstances set out in the table in SUP 15.15.14R occur, a *firm* must notify the *FCA* of that fact.

- 15.15.13 R
- (1) The *firm* must make the notification in SUP 15.15.12R no later than the date specified in the table in SUP 15.15.14R.
- (2) The notification must also include the additional information, and meet the other requirements, set out in column (3) of that table.

15.15.14 R Table: Circumstances to be notified to the FCA

What has to be notified	When it has to be notified	Additional information and comments
(1) The <i>firm</i> meets the retail intermediary qualification condition after it has previously not met it.	The reporting date for the last reporting period of the averaging period for which it first meets the retail intermediary qualification condition.	The notification must include the dates of the averaging period in question.  The notification obligation applies even if the <i>firm</i> meets the retail intermediary qualification condition in its first averaging period after the <i>firm</i> becomes a retail intermediary.
(2) The <i>firm</i> ceases to meet the retail intermediary qualification condition after it has previously met it.	The reporting date for the last reporting period of the averaging period for which it first ceases to meet the retail intermediary qualification condition.  This is subject to (3).	The notification must include the dates of the averaging period in question.
(3) The <i>firm</i> ceases to be a retail intermediary where immediately before it met the retail intermediary qualification condition.	30 <i>business days</i> after it ceases to be a retail intermediary	The notification obligation does not apply if the <i>firm</i> continues to meet the retail intermediary qualification condition.
Note One: The notification obligation applies whether this is the first time the event in column (1) has occurred or whether it has happened before.		
Note Two: A <i>firm</i> is a retail intermediary if this section applies to it.		
Note Three: The obligation to make a report in (2) or (3) applies even though this section would not otherwise apply under SUP 15.15.1R to SUP 15.15.3R.		

- 15.15.15

G

A *firm* should not include the amount of its total intermediary regulated business revenue in a notification under ■ SUP 15.15.12R.
- 15.15.16

G

(1)

This section does not require a *firm* regularly to notify the *FCA* whether or not it meets the retail intermediary qualification condition for each averaging period.

(2)

Instead this section requires a *firm* to notify the *FCA* when it first meets the retail intermediary qualification condition and if it ceases to.

(3)

So, for example, if the *firm* notifies the *FCA* that it meets the retail intermediary qualification condition, there is no need for any further notifications unless and until it ceases to meet the retail intermediary qualification condition.

(3)

Similarly, if the *firm* never meets the retail intermediary qualification condition, it will never have to notify the *FCA* under this section.

(3)

There is no need for a *firm* to notify the *FCA* if it ceases to be a retail intermediary as defined in this section because it has started to submit an *RMAR*, as long as it continues to meet the retail intermediary qualification condition.
- 15.15.17

R

How to submit notifications

A *firm* does not have to use the form in ■ SUP 15 Annex 4R (Notification form) to make a notification under this section but must include the details required by Section A of that form (Personal Details).
- 15.15.18

G

Subject to ■ SUP 15.15.17R, ■ SUP 15.7 (Form and method of notification) applies to notifications under this section.



15.16 Notification of changes in the management body

Application

15.16.1

R

This section applies to a *firm* that meets the following conditions:

- (1) it is:
  - (a) a *MiFID investment firm*; or
  - (b) a *MiFID optional exemption firm*;
- (2) it is an *SMCR firm*;
- (3) it is an *FCA-authorised person*; and
- (4) it is a *UK domestic firm*.

Purpose

15.16.2

G

The purpose of this section is to:

- (1) to set out material related to the requirement in Part 1 (FCA) of the *MiFID authorisation and management body change notification ITS* for a *MiFID investment firm* to notify the *FCA* of changes to its *management body*;
- (2) apply those requirements to *MiFID optional exemption firms*; and
- (3) give *guidance* to *firms* about notifying the *FCA* of inadequacies in their *management body*.

15.16.3

G

Article 5 of Part 1 (FCA) of the *MiFID authorisation and management body change notification ITS* says that a *MiFID investment firm* should:

- (1) notify the *FCA* of any change to the membership of its *management body*:
  - (a) before such change takes effect; or
  - (b) within 10 *business days* after the change if, for substantiated reasons, it is not possible to make the notification before that change takes effect; and
- (2) make the notification using the template in Part 1 of Annex III of the *MiFID authorisation and management body change notification ITS*.

<b>Supplemental requirement for MiFID investment firms</b>	
15.16.4	<p><b>R</b> Where:</p> <ul style="list-style-type: none"> <li>(1) a <i>person</i> becomes a member of the <i>management body</i> of a <i>MiFID investment firm</i>; and</li> <li>(2) the <i>firm</i> must notify that change to the FCA under Part 1 (FCA) of Annex III of the <i>MiFID authorisation and management body change notification ITS</i>;</li> </ul> <p>the <i>firm</i> must (subject to ■ SUP 15.16.6R) complete and submit to the FCA the form titled "Notification Procedures for Changes to the Management Body for Non-SMF Directors" (■ SUP 15 Annex 14R) as part of the notification referred to in (2).</p>
<b>Requirement for MiFID optional exemption firms</b>	
15.16.5	<p><b>R</b> A <i>MiFID optional exemption firm</i> must (subject to ■ SUP 15.16.6R) comply with article 5 of Part 1 (FCA) of the <i>MiFID authorisation and management body change notification ITS</i> and ■ SUP 15.16.4R as if it were a <i>MiFID investment firm</i>.</p>
<b>Exclusion where also performing a controlled function</b>	
15.16.6	<p><b>R</b> ■ SUP 15.16.4R and ■ SUP 15.16.5R do not apply if the <i>person</i> who has or will join or leave the <i>management body</i> of the <i>firm</i> performs a <i>governing function</i> in relation to the <i>firm</i> in their role as a member of the <i>management body</i>.</p>
15.16.7	<p><b>G</b> The reason for ■ SUP 15.16.6R is that the <i>firm</i> will already be required to inform the FCA of the change by making an application or giving a notice to the FCA under ■ SUP 10C (FCA senior managers regime for approved persons in SMCR firms).</p>
<b>Method of submission</b>	
15.16.8	<p><b>R</b></p> <ul style="list-style-type: none"> <li>(1) A <i>firm</i> must make a notification: <ul style="list-style-type: none"> <li>(a) under ■ SUP 15.16.4R or ■ SUP 15.16.5R; or</li> <li>(b) of a change in its <i>management body</i> under the template in Part 1 (FCA) of Annex III of the <i>MiFID authorisation and management body change notification ITS</i>;</li> </ul> <p>by submitting the notification online at <a href="https://fca.org.uk">fca.org.uk</a> using the FCA's and PRA's online notification and application system.</p> </li> <li>(2) A <i>firm</i> must use the version of the notification form made available for these purposes on the electronic system referred to in (1), which is based on the version found: <ul style="list-style-type: none"> <li>(a) in ■ SUP 15 Annex 14R (in the case of the Notification Procedures for Changes to the Management Body for Non-SMF Directors form); or</li> <li>(b) at <a href="https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.docx">https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.docx</a> (in the case of the form in Annex III</li> </ul> </li> </ul>

		of the <i>MiFID</i> authorisation and management body change notification ITS).
15.16.9	R	<p>(1) If the information technology systems used by the <i>FCA</i> fail and online submission is unavailable for 24 hours or more, a <i>firm</i> must make a notification referred to in ■ SUP 15.16.8R(1)(a) or (b) in the way set out in ■ SUP 15.7.4R to ■ SUP 15.7.9G (Form and method of notification) until such time as facilities for online submission are restored.</p> <p>(2) When this <i>rule</i> applies, a <i>firm</i> must use the version of the notification form set out in the places listed in ■ SUP 15.16.8R(2).</p>
15.16.10	G	<p>If the information technology systems used by the <i>FCA</i> fail and online submission is unavailable for 24 hours or more, the <i>FCA</i> will endeavour to publish a notice on its website confirming that:</p> <p>(1) online submission is unavailable; and</p> <p>(2) the alternative methods of submission in ■ SUP 15.16.9R apply.</p>
15.16.11	G	<p>Where ■ SUP 15.16.9R applies to a <i>firm</i>, ■ GEN 1.3.2R (Emergency) does not apply.</p>
		<b>Notification of inadequacies in the management body</b> .....
15.16.12	G	<p>A <i>firm</i> should notify the <i>FCA</i> under <i>Principle 11</i>, ■ SUP 10C (in the case of a notification about an <i>SMF manager</i>) and ■ SUP 15.3 (General notification requirements):</p> <p>(1) if the <i>firm</i> concludes that a member of its <i>management body</i> is not suitable individually;</p> <p>(2) if the <i>firm</i> concludes that its <i>management body</i> is not suitable collectively;</p> <p>(3) of what measures the <i>firm</i> proposes to take or has taken in relation to the matters in (1) or (2).</p>



15.17 Notification of regulated income by limited scope SMCR benchmark firm

		<b>Application</b>
15.17.1	R	This section of the <i>FCA Handbook</i> applies to a <i>limited scope SMCR benchmark firm</i> .
		<b>Purpose</b>
15.17.2	G	<div><div>(1) As explained in ■ SYSC 23 Annex 1 6.12R, the <i>FCA</i> may grant a <i>waiver</i> to certain benchmark <i>firms</i> that treats them as a <i>limited scope SMCR firm</i>.</div><div>(2) One of the eligibility conditions that the <i>FCA</i> anticipates it will apply is that the <i>firm's</i> income from benchmark activities is below 20% of its total income.</div><div>(3) The purpose of this section of the <i>FCA Handbook</i> is to allow the <i>FCA</i> to monitor whether a <i>firm</i> continues to meet that condition after it has received the <i>waiver</i>.</div><div>(4) The <i>waiver</i> may modify or replace this section to be consistent with the basis on which a <i>firm</i> receives the <i>waiver</i> if the <i>firm</i> receives the <i>waiver</i>:<div><div>(a) on a different basis from the one described in (2);</div><div>(b) on the basis of an adjusted calculation of revenue as contemplated by ■ SYSC 23 Annex 1 6.17G(5) (Benchmark firms: When the waiver is likely to be available); or</div><div>(c) on some other basis inconsistent with this section.</div></div></div></div>
		<b>Definitions</b>
15.17.3	R	<div>In this section of the <i>FCA Handbook</i>:<div><div>(1) a <i>firm's</i> reporting year means the annual period in respect of which it prepares its <i>annual financial statements</i>;</div><div>(2) reporting date is defined in ■ SUP 15.17.9R;</div><div>(3) annual regulated income is defined in ■ SUP 15.17.6R;</div><div>(4) annual income is defined in ■ SUP 15.17.5R.</div></div></div>



**Obligation to make calculations**

- 15.17.4** **R** A *firm* must calculate, for each reporting year, whether or not its annual regulated income is less than 20% of its annual income.
- 15.17.5** **R** A *firm's* annual income for a reporting year is the gross inflow of economic benefits (i.e. cash, receivables and other assets) recognised in the *firm's annual financial statements* for that reporting year.
- 15.17.6** **R** A *firm's* annual regulated income is its annual income in respect of, or in relation to, activities in the *United Kingdom* that comprise a necessary part of its business as a *regulated benchmark administrator*.
- 15.17.7** **R**
- (1) Where the sales and marketing of a benchmark are undertaken by a separate legal entity, the *firm* is responsible for identifying the relevant income and treating it as its own income.
  - (2) To avoid double counting, the *firm* must include only the income from sales and exclude any amount paid to it from that income to pay for its expenses as a *regulated benchmark administrator*.
- 15.17.8** **R** A *firm* must calculate its annual regulated income fairly, consistently and in accordance with generally accepted accounting practice.
- 15.17.9** **R**
- (1) A *firm* must complete the calculation in **■ SUP 15.17.4R** no later than 80 *business days* after the *accounting reference date* for the applicable reporting year.
  - (2) This section of the *FCA Handbook* refers to the date in this *rule* as the 'reporting date'.

**Obligation to notify the FCA**

- 15.17.10** **R** A *firm* must notify the *FCA* if its annual regulated income is 20% or more of its annual income for a reporting year if, in the previous reporting year, its annual regulated income was less than 20% of its annual income or it had no annual income.
- 15.17.11** **R** A *firm* must notify the *FCA* if its annual regulated income is less than 20% of its annual income for a reporting year if, in the previous reporting year, its annual regulated income was 20% or more of its annual income.
- 15.17.12** **R** A *firm* must make the notification in **■ SUP 15.7.10R** or **■ SUP 15.17.11R** no later than the reporting date for the reporting year in question.
- 15.17.13** **G** The notification obligations in this section apply whether this is the first time the relevant event has occurred or whether it has happened before.

- 15.17.14

G

A *firm* need not include the amount of its annual regulated income or annual income in a notification under this section.
- 15.17.15

G

A *firm's* reporting year may start or end before it became a *firm* or a *limited scope SMCR benchmark firm*.
- 15.17.16

G

A *firm* should make the notification in ■ SUP 15.7.10R even if it had no annual regulated income in the previous reporting year because, for example, it has only recently started its benchmark activities.
- 15.17.17

G

(1) This section of the *FCA Handbook* does not require a *firm* regularly to notify the *FCA* whether its annual regulated income is 20% or more of its annual income or less than 20%.

(2) Instead this section only requires a *firm* to notify the *FCA* when its annual regulated income crosses (upwards or downwards) the 20% mark.

(3) So, for example, if the *firm's* annual regulated income stays below the 20% mark it will never need to notify the *FCA* under this section.
- 15.17.18

R

How to submit notifications

A *firm* does not have to use the form in ■ SUP 15 Annex 4R (Notification form) to make a notification under this section of the *FCA Handbook* but must include the details required by Section A of that form (Personal Details).
- 15.17.19

G

Subject to ■ SUP 15.17.18R, ■ SUP 15.7 (Form and method of notification) applies to notifications under this section of the *FCA Handbook*.

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**Application of SUP 15 to incoming EEA firms, incoming Treaty firms,  
EEA authorised payment institutions and EEA authorised electronic  
money institutions [deleted]**



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## Form F: Changes in notified persons

This annex consists only of one or more forms. Forms can be completed online now by visiting: the *FCA's* website.

The forms are also to be found through the following address:

*Supervision forms* - SUP 15 Annex 2The notes for the form can be found at the following address  
Form F notes



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## Notification to amend firm details form

This form can be completed online now by visiting the *FCA's* website.

The form is also to be found through the following link: SUP 15 Annex 3





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## Notification form

This annex consists only of one or more forms. Forms are to be found through the following address:

<https://www.fca.org.uk/firm-notification-form-sup-15>



Indications of Possible Suspicious Transactions or Orders

1.

The following examples of indications are intended to be a starting point for consideration of whether a transaction or order is suspicious. They are neither conclusive nor comprehensive.
- Possible Signals of Insider Dealing
2.

A client opens an account and immediately gives an order to conduct a significant transaction or, in the case of a wholesale client, an unexpectedly large or unusual order, in a particular security - especially if the client is insistent that the order is carried out very urgently or must be conducted before a particular time specified by the client.
3.

A transaction or order is significantly out of line with the client's previous investment behaviour (e.g. type of security; amount invested; size of order; time security held).
4.

A client specifically requests immediate execution of an order regardless of the price at which the order would be executed (assuming more than a mere placing of 'at market' order by the client).
5.

There is unusual trading in the shares of a company before the announcement of price sensitive information relating to the company.
6.

An employee's own account transaction is timed just before clients' transactions and related orders in the same financial instrument.
7.

[deleted]
8.

[deleted]
9.

[deleted]



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## Notifications by UK AIFMs

This annex consists of one or more forms. Forms can be completed online now by visiting <https://www.handbook.fca.org.uk/form>

The forms referred to below can be found in the following Annexes in *SUP*:

- SUP 15 Annex 6A R - AIFMD new fund under management notification
- SUP 15 Annex 6B R - AIFMD notification of senior personnel amendments or removal form
- SUP 15 Annex 6C R - AIFMD full-scope UK AIFM material change notification
- SUP 15 Annex 6D R - AIFMD notice of sub-threshold AIFM exceeding AuM limit
- SUP 15 Annex 6E D - AIFMD small registered AIFM change form
- SUP 15 Annex 6F G - *SEF* and *RVECA* management and marketing notifications



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## **AIFMD new fund under management notification**

This annex consists of one or more forms. Forms can be completed online now by visiting <https://www.handbook.fca.org.uk/form>

SUP 15 Annex 6AR - AIFMD new fund under management notification





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## **AIFMD notification of senior personnel amendments or removal form**

This annex consists of one or more forms. Forms can be completed online now by visiting <https://www.handbook.fca.org.uk/form>

SUP 15 Annex 6BR - AIFMD notification of senior personnel amendments or removal form



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## **AIFMD full-scope UK AIFM material change notification**

This annex consists of one or more forms. Forms can be completed online now by visiting <https://www.handbook.fca.org.uk/form>

SUP 15 Annex 6CR - AIFMD full-scope UK AIFM material change notification



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## **AIFMD notice of sub-threshold AIFM exceeding AuM limit**

This annex consists of one or more forms. Forms can be completed online now by visiting <https://www.handbook.fca.org.uk/form>

SUP 15 Annex 6DR - AIFMD notice of sub-threshold AIFM exceeding AuM limit



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## **AIFMD small registered AIFM change form**

This annex consists of one or more forms. Forms can be completed online now by visiting <https://www.handbook.fca.org.uk/form>

SUP 15 Annex 6ED - AIFMD small registered AIFM change form





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## ***SEF and RVECA* management and marketing notifications**

This annex consists of one or more forms. Forms can be completed online now by visiting <https://www.handbook.fca.org.uk/form>

SUP 15 Annex 6FG *SEF* and *RVECA* management and marketing notifications



**Form H: Form for the notification of disciplinary action relating to  
conduct rules staff (other than SMF managers) in SMCR firms**

SUP 15 Annex 7R



Form G: The Retail Investment Adviser Complaints Notifications Form

SUP 15 Annex 8R



**Form NOT002 Payment Account Service rejections or withdrawals  
(notification by credit institutions under regulation 105)**

SUP 15 Annex 9D





**Form NOT003 AIS/PIS denial (notification by account servicing payment  
service providers under regulation 71)**

SUP 15 Annex 10



Form Notification of major operational or security incidents – PSD2

SUP 15 Annex 11D



Form NOT004 Notification that the fraud rate exceeds the reference fraud rate under SCA-RTS article 20

NOT004 - Notification that the fraud rate exceeds the reference fraud rate under SCA-RTS article 20

	<b>Name of service provider</b>
	<b>FRN</b>
	Details of the person the FCA should contact in relation to this notification:
	Title
	First names
	Surname
	Position
	Phone number
	Email address
Q1	<div><div>Is this a notification that one or more monitored fraud rates for remote electronic card-based payments or remote electronic credit transfers exceeds the applicable reference fraud rate?</div><div><div><input type="checkbox"/> Yes Continue to question 2</div><div><input type="checkbox"/> No If this is a notification that you intend to make use again of the transaction risk analysis exemption, go to question 8</div></div></div>
Q2	<div><div>If this notification is not the first, please provide the reference number received when the original notification was submitted</div></div>
Q3	<div><div>Notification that the reference fraud rate is exceeded</div><div><div>Please confirm that the fraud rates were calculated in accordance with SCA-RTS article 19</div><div><input type="checkbox"/> Yes <input type="checkbox"/> No</div></div></div>

Q4	Please provide the PSP's fraud rate(s), where they exceed the applicable reference fraud rate	GBP 440 GBP 220 GBP 85	Remote electronic card-based payments	Remote electronic credit transfers
Q5	For how many consecutive quarters has the fraud rate exceeded the applicable reference rate (if more than 1 quarter, please continue to question 6; otherwise, go to question 7)?	GBP 440 GBP 220 GBP 85	Remote electronic card-based payments	Remote electronic credit transfers
Q6	Please provide the date on which the PSP ceased to apply the transactional risk analysis exemption for the type(s) of transaction which exceeded the applicable reference fraud rate (DD/MM/YYYY)	GBP 440 GBP 220 GBP 85	Remote electronic card-based payments	Remote electronic credit transfers
Q7	Please provide a description of the measures that the PSP intends to adopt to restore compliance of their monitored fraud rate(s) with the applicable reference fraud rate(s)	max 500 words		
	Notification that you intend to make use again of the transaction risk analysis exemption			
Q8	Please provide the PSP's fraud rate(s) from the last quarter that have been restored to compliance with the applicable reference fraud rate.	GBP 440 GBP 220 GBP 85	Remote electronic card-based payments	Remote electronic credit transfers
Q9	Please confirm that you have provided, alongside this notification, the underlying data and the calculation methodology used in relation to the	<input type="checkbox"/> Yes <input type="checkbox"/> No		

Q10	fraud rate(s) that have been re-stored to compliance with the applicable reference fraud rate.  When do you intend to start making use again of the transaction risk analysis exemption? (DD/MM/YYYY)
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Form NOT005 Notification that there are problems with a dedicated interface under SCA-RTS article 33(3)

NOT005 - Notification that there are problems with a dedicated interface under SCA-RTS article 33(3)

	<b>Name of service provider</b>	
	<b>FRN</b>	
	Details of the person the FCA should contact in relation to this notification:	
	Title	
	First names	
	Surname	
	Position	
	Phone number	
	Email address	
Q1	In what capacity is the firm notifying?	<input type="checkbox"/> ASPSP <input type="checkbox"/> PISP <input type="checkbox"/> AISP <input type="checkbox"/> CBPII
	Details of the problem with the dedicated interface	
Q2	Is this a notification that the dedicated interface does not comply with SCA-RTS article 32?	Yes <input type="checkbox"/> Continue to question 3 No <input type="checkbox"/> If this is a notification of unplanned unavailability or a systems breakdown, go to question 4
Q3	In what way is the dedicated interface failing to comply with article 32? (select the option which best describes the problem)	<input type="checkbox"/> The uptime of the dedicated interface, as measured by the key performance indicators described in Guidelines 2.2 and 2.4 of the EBA Guidelines on the conditions to be met to benefit from an exemption from contingency measures under article 33(6) of the SCA RTS, falls below the uptime of the interface used by the ASPSP's payment service users. <input type="checkbox"/> There isn't the same level of support offered to AISPs and PISPs using the ASPSP's dedicated interface, in comparison to the customer interface. <input type="checkbox"/> The dedicated interface poses obstacles to the provision of payment initiation and account information services (see SCA RTS article 32(3) and the EBA Guidelines on the conditions to benefit from an exemption from the contingency mechanism under article 33(6) of Regulation (EU) 2018/389 (RTS on SCA and CSC) published on 4 December 2018 (EBA/GL/2018/07) and Opinion on the implementation of the RTS on SCA and CSC (EBA-2018-Op-04)).

Q4	<p>[Only complete if the answer to question 2 was no]</p> <p>What is the problem in relation to unplanned unavailability or a systems breakdown? (select the option which best describes the problem)</p>	<p>[ ] Other failure to comply with article 32.</p> <p>[ ] Unavailability after five consecutive requests of information on the initiation of the payment transaction and all information accessible to the account servicing payment service provider regarding the execution of the payment transaction.</p> <p>[ ] Unavailability after five consecutive requests of information from designated payment accounts and associated payment transactions made available to the payment service user when directly requesting access to the account information excluding sensitive payments data.</p> <p>[ ] Failure to provide to the card based payment instrument issuer (CBPII) or to the PISP a 'yes/no' confirmation in accordance with article 65(3) of PSD2 and article 36(1)(c) of the RTS.</p> <p>[ ] Other unplanned unavailability or systems breakdown.</p>
Q5	<p>Please give a brief description of the failure to comply with article 32 or the unplanned unavailability or systems breakdown. If an ASPSP, please provide the reason(s) for the problem and steps taken to resolve the issue.</p>	<p>Max 500 words</p>
Q6	<p>Time and date when the problem began</p> <p>Has the problem been resolved at the time of submitting this notification?</p>	<p>Yes/ No</p>

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# Notification Procedures for Changes to the Management Body for Non-SMF Directors

Notification Procedures for Changes to the Management Body for Non-SMF Directors



## Chapter 15A

# Application and notifications under EMIR

		<div>15A.1</div> <div>Application and notifications under EMIR</div>
15A.1.1	G	Where a <i>person</i> intends to rely on article 4(2), 4a(2), 10(2) or 89(2) of <i>EMIR</i> for an exemption from the clearing obligation set out in article 4(1) or 10(1) of <i>EMIR</i> , the <i>person</i> should make their application or notification to the <i>FCA</i> in such manner, and by providing such information, as the <i>FCA</i> directs or requires.
15A.1.2	G	<p>Where a <i>person</i> notifies the <i>FCA</i> in respect of the obligation set out in <i>EMIR</i> in:</p> <div><div>(1) point (a) of the second subparagraph of article 4a(1);</div><div>(2) the fourth subparagraph of article 9(1); or</div><div>(3) point (a) of the second subparagraph of article 10(1),</div></div> <p>the notification should be made in such manner, and by providing such information, as the <i>FCA</i> directs or requires.</p>
15A.1.3	G	Where a <i>person</i> intends to rely on article 11(8) or (9) for an exemption from the obligation to implement risk management procedures set out in article 11(3) of <i>EMIR</i> , the <i>person</i> should make their application or notification to the <i>FCA</i> in accordance with <i>EMIR requirements</i> , including (where relevant) those set out in the <i>EMIR technical standards on OTC derivatives</i> and Part 5 (Transitional Provisions: Intragroup Transactions) of the <i>Trade Repositories (EU Exit) Regulations</i> .
15A.1.3A	G	Where a <i>person</i> is required to make a notification to the <i>FCA</i> in accordance with article 12(4) or article 15(2) of the <i>EMIR technical standards on OTC derivatives</i> , that notification should be made in accordance with the <i>EMIR requirements</i> set out in the <i>EMIR technical standards on OTC derivatives</i> .
15A.1.4	G	The <i>FCA</i> may require any information referred to in ■ SUP 15A.1.1 G to ■ SUP 15A.1.3A G to be provided in such form, or to be verified in such a way, as the <i>FCA</i> may reasonably direct.

### 15A.1.5

**G**

At any time after receiving an application or notification for exemption from, or a notification in respect of, *EMIR requirements*, the *FCA* may require the *person* concerned to provide it with such further information as it reasonably considers necessary to enable it to determine the application or consider the notification.





## Chapter 15B

# Applications and notifications under the benchmarks regulation and powers over Miscellaneous BM persons

## 15B.1 Application

### 15B.1.1



This chapter applies to:

- (1) every *firm*;
- (2) every *supervised entity* which applies to the *FCA* to endorse a *benchmark* in accordance with article 33 of the *benchmarks regulation*;
- (3) every *person* who applies to the *FCA* for recognition in accordance with article 32 of the *benchmarks regulation*.



## 15B.2

## Notifications under the benchmarks regulation

### 15B.2.1

G

- (1) The *benchmarks regulation* imposes various directly applicable obligations for *regulated benchmark administrators* to provide notifications to the *FCA*.
- (2) Those notifications should be made:
  - (a) in accordance with the requirements of the *benchmarks regulation*; and
  - (b) in such manner as the *FCA* directs.

### 15B.2.2

D

- (1) A *firm* making a notification under the *benchmarks regulation* must do so using the system or form indicated on the *FCA*'s website for the relevant type of notification.
- (2) Where the *FCA* has not specified a method for making the relevant notification on its website, the notification should be made in accordance with ■ SUP 15.7.4R.



15B.3 Applications to endorse a third country benchmark

15B.3.1 G

Article 33 of the *benchmarks regulation* provides that a *supervised entity* may apply to the *FCA* to endorse a benchmark or a family of benchmarks provided in a *third country* for their use in the *UK*.

The *FCA* has made the endorsement application form by direction. The form is available on the *FCA*'s website.

A *supervised entity* making an endorsement application will also need to pay any applicable fee set out in *FEES*.



15B.4 Applications for recognition of third country administrators

15B.4.1 G

Article 32 of the *benchmarks regulation* provides that a benchmark administrator *located* in a *third country* may apply to the *FCA* for prior recognition.

The *FCA* has made the recognition application form by direction. The form is available on the *FCA*’s website.

A *person* applying for recognition will also need to pay any applicable fee set out in *FEES*.

## 15B.5 Powers over Miscellaneous BM persons

- 15B.5.1** G
- (1) Regulation 6 of the *UK Benchmarks Regulations 2018* enables the *FCA* to impose a requirement on a Miscellaneous BM person and to vary or cancel such a requirement.
  - (2) Miscellaneous BM person is defined in regulation 5(2) of the *UK Benchmarks Regulations 2018* as a person who is not an authorised person and is:
    - (a) involved in the provision of, or contribution of input data to, a benchmark;
    - (b) a service provider to whom functions or any relevant services and activities in the provision of a benchmark have been outsourced;
    - (c) a person who is not the service provider but who is or has been party to a contract in relation to the outsourcing of functions or any relevant services and activities in the provision of a benchmark;
    - (d) a legal representative of a benchmark administrator *located* in a third country which has obtained or has applied for prior recognition as referred to in article 32(1) and as provided for in article 32(3) of the *benchmarks regulation*;
    - (e) a person who administers a benchmark relying on article 46(8) or 51(4) of the *benchmarks regulation*; or
    - (f) a *supervised entity*.
  - (3) A *person* cannot fall within the definition of Miscellaneous BM person if that *person* is an *authorised person*.
- 15B.5.2** G
- Regulation 6(1) of the *UK Benchmarks Regulations 2018* provides that the power to impose, vary or cancel requirements in relation to Miscellaneous BM persons is exercisable if it appears to the *FCA* that:
- (a) the Miscellaneous BM person has contravened or is likely to contravene a relevant requirement;
  - (b) it is desirable for the *FCA* to exercise its powers in order to advance any of its operational objectives but only in respect of a Miscellaneous BM person coming within regulation 5(2)(d) or (e); or
  - (c) it is desirable for the *FCA* to exercise its powers to facilitate the performance of its functions under the *benchmarks regulation*.

Regulation 6(1)(b) of the *UK Benchmarks Regulations 2018* would enable the *FCA* to impose a requirement on a Miscellaneous BM person coming within regulation 5(2)(d) or (e) where it is desirable for the *FCA* to do so in order to advance any of the *FCA*'s operational objectives.

## 15B.5.3

G

(1) The *FCA* anticipates that it would generally only need to rely on the ground in regulation 6(1)(b) of the *UK Benchmarks Regulations 2018* for the purpose of supervising a Miscellaneous BM person listed in regulation 5(2)(d) or (e) of those regulations where such persons fall outside the scope of the other two grounds in regulation 6(1) of the *UK Benchmarks Regulations 2018* and outside the scope of the *FCA*'s powers under the Act.

(2) [deleted]

(3) [deleted]





## Chapter 15C

# Applications under the Payment Services Regulations



15C.1      Application

15C.1.1      **R**      This chapter applies to *payment service providers*.

		<div>15C.2</div> <div>Request for exemption from the obligation to set up a contingency mechanism (Article 33(6) of the SCA RTS)</div>
15C.2.1	G	<i>Account servicing payment service providers</i> that opt to provide a dedicated interface under article 31 of the <i>SCA RTS</i> may request that the <i>FCA</i> grant an exemption from the obligation in article 33(4) to set up a contingency mechanism. The exemption will be granted if the dedicated interface meets the conditions set out in article 33(6).
15C.2.1A	D	<i>Account servicing payment service providers</i> wishing to rely on the exemption in article 33(6) of the <i>SCA RTS</i> must submit to the <i>FCA</i> the form specified in ■ SUP 15C Annex 1D by electronic means made available by the <i>FCA</i> .
15C.2.2	G	<i>Account servicing payment service providers</i> are encouraged to discuss an exemption request with their usual supervisory contact as early as possible, and before submitting the form in ■ SUP 15C Annex 1D.
15C.2.3	G	The <i>EBA</i> issued the Guidelines on the conditions to benefit from an exemption from the contingency mechanism under article 33(6) of Regulation (EU) 2018/389 (RTS on SCA and CSC) (EBA/GL/2018/07) on the 4 December 2018. The Guidelines clarify the requirements <i>account servicing payment service providers</i> need to meet to obtain an exemption and the information competent authorities should consider to ensure the consistent application of these requirements across jurisdictions. The <i>FCA</i> provides further guidance on making an exemption request in chapter 17 of the <i>FCA's</i> Approach Document.
15C.2.4	D	When completing the form specified in ■ SUP 15C Annex 1D, <i>account servicing payment service providers</i> must provide to the <i>FCA</i> such information as is necessary to enable the <i>FCA</i> to determine whether the requirements in Guidelines 2 to 8 of the <i>EBA's</i> Guidelines on the conditions to be met to benefit from an exemption from contingency measures under article 33(6) of the <i>SCA RTS</i> are met.
15C.2.5	G	<i>Account servicing payment service providers</i> should make every effort to comply with the <i>EBA's</i> Guidelines on the conditions to be met to benefit from an exemption from the contingency mechanism under article 33(6) of the <i>SCA RTS</i> .



Form: Request for exemption from the obligation to set up a contingency mechanism

**Form:** Request for exemption from the obligation to set up a contingency mechanism

Where a group of *account servicing payment service providers* (ASPSPs) operates the same dedicated interface across different banking brands, subsidiaries or products, we require a single request for that dedicated interface.

Where a group of ASPSPs or a single ASPSP operates a number of different dedicated interfaces, e.g. in respect of different banking brands, subsidiaries or products, we require separate requests in respect of each different dedicated interface for which an ASPSP is seeking an exemption.

D1	Financial Registration Number (FRN):
D2	Interface Name/Id  (ASPSPs submitting a return should provide the name or ID used within the PSP to identify the interface being reported on)
D3	If this is a single request for a dedicated interface operated across different banking brands, subsidiaries or products, please provide the names of the different banking brands, subsidiaries or products
D4	If this is a request for one of a number of dedicated interfaces being operated across different banking brands, subsidiaries or products, please identify the group (e.g. banking group) and the brand, subsidiary or product which is the subject of this request
D5	Contact person name
D6	Contact role within organisation
D7	Contact phone number
D8	Contact email address

Guidance on completing the form can be found in the Payment Services and Electronic Money Approach Document, Chapter 17.

[Note: see <https://www.fca.org.uk/publication/finalised-guidance/fca-approach-payment-services-electronic-money-2017.pdf>.]

ASPSPs completing the form should also apply the Guidelines on the conditions to benefit from an exemption from the contingency mechanism under article 33(6) of Regulation (EU) 2018/389 (RTS on SCA & CSC) (EBA Guidelines).

Form A: exemption criteria

Service level, availability and performance (EBA Guideline 2)

Q1

Has the ASPSP defined service level targets for out of hours support, monitoring, contingency plans and maintenance for its dedicated interface that are at least as stringent as those for the interface(s) used by its own payment service users (EBA Guideline 2.1)?

Q2

Has the ASPSP put in place measures to calculate and record performance and availability indicators, in line with EBA Guidelines 2.2 and 2.3?

Publication of statistics (EBA Guideline 3)

Q3

Please set out the plan for the quarterly publication of daily statistics on the availability and performance of the dedicated interface and payment service user interface.

Stress testing (EBA Guideline 4)

Q4

Please provide a summary of the results of stress tests undertaken.

Obstacles (EBA Guideline 5)

Q5

Please describe the method(s) of carrying out the authentication procedure(s) of the payment service user that are supported by the dedicated interface

Redirection

Confirm that supporting evidence has been provided

Summary of the authentication procedure

Explanation of why the methods of carrying out the authentication procedure does not create obstacles

Decoupled

Confirm that supporting evidence has been provided

Summary of the authentication procedure

Explanation of why the methods of carrying out the authentication procedure does not create obstacles

Embedded

Confirm that supporting evidence has been provided

Summary of the authentication procedure

Explanation of why the methods of carrying out the authentication procedure does not create obstacles

Other authentication method

Confirm that supporting evidence has been provided

Summary of the authentication procedure

Explanation of why the methods of carrying out the authentication procedure does not create obstacles

Design and testing to the satisfaction of PSPs (EBA Guideline 6) – also complete Form B

- Q6

Please provide information on whether, and, if so, how the ASPSP has engaged with AISP, PISPs and CBPIIs in the design and testing of the dedicated interface.

Q7

Please provide the date (DD/MM/YYYY) from which the ASPSP has made available, at no charge, upon request, the documentation of the technical specification of the dedicated interface specifying a set of routines, protocols, and tools needed by AISP, PISPs and CBPIIs to interoperate with the systems of the ASPSP.

Q8

Please provide the date (DD/MM/YYYY) on which the ASPSP published a summary of the technical specification of the dedicated interface on its website and a web link.

Q9

Please provide the date (DD/MM/YYYY) on which the testing facility became available for use by AISP, PISPs, CBPIIs (and those that have applied for the relevant authorisation).

Q10

Please provide the number of different PISPs, CBPIIs, AISP that have used the testing facility.

AISPs

CBPIIs

PISPs

Q11

Please provide a summary of the results of the testing as required.

Q12

Wide usage of the interface (EBA Guideline 7)

Please provide a description of the usage of the dedicated interface in a three month (or longer) period prior to submission of the exemption request.

Q13

Describe the measures undertaken to ensure wide use of the dedicated interface by AISP, PISPs, CBPIIs.

Resolution of problems (EBA Guideline 8)

Q14

Please describe the systems or procedures in place for tracking, resolving and closing problems, particularly those reported by AISP, PISPs, and CBPIIs.

Q15

Please explain any problems, particularly those reported by AISP, PISPs and CBPIIs, that have not been resolved in accordance with the service level targets defined under EBA Guideline 2.1.

Form B: (EBA Guideline 6) design of the dedicated interface

		Column A	Column B	Column C
		Description of the functional and technical specifications that the ASPSP has implemented to meet this requirement.  [Where relevant, also reference to the specific market initiative API specification used to meet this requirement and the results of conformance testing attesting compliance with the market initiative standard]	Summary of how the implementation of these specifications fulfils the requirements of the Payment Services Regulations, SCA-RTS and FCA Guidelines  [Where relevant, any deviation from the specific market initiative API specification which has been designed to meet this requirement]	If not in place at the time of submission of the exemption request, when will the functionality be implemented to meet the requirement (must be before 14 September 2019).  Has a plan for meeting the relevant requirements been submitted to the FCA alongside this form?
Article	Requirement			
Regulation 70 <i>Payment Services Regulations</i> SCA RTS Article 30	Enabling AISP's to access the necessary data from payment accounts accessible online			
Regulations 68 and 69 <i>Payment Services Regulations</i> SCA RTS Article 30	Enabling provision or availability to the PISP, immediately after receipt of the payment order, of all the information on the initiation of the payment transaction and all information accessible to the ASPSP regarding the execution of the payment transaction			
SCA RTS Article 30(3)	Conforming to (widely used) standard(s) of communication issued by international or European standardisation organisations			
Regulation 67(2) <i>Payment Services Regulations</i> SCA RTS Article 30(1)(c)	Allowing the payment service user to authorise and consent to a payment transaction via a PISP			
Regulations 69(3)(b) and	Enabling PISPs and AISP's to ensure that when they transmit the per-			



		Column A	Column B	Column C
		Description of the functional and technical specifications that the ASPSP has implemented to meet this requirement.  [Where relevant, also reference to the specific market initiative API specification used to meet this requirement and the results of conformance testing attesting compliance with the market initiative standard]	Summary of how the implementation of these specifications fulfils the requirements of the Payment Services Regulations, SCA-RTS and FCA Guidelines  [Where relevant, any deviation from the specific market initiative API specification which has been designed to meet this requirement]	If not in place at the time of submission of the exemption request, when will the functionality be implemented to meet the requirement (must be before 14 September 2019).  Has a plan for meeting the relevant requirements been submitted to the FCA alongside this form?
Article	Requirement			
70(3)(b) of the <i>Payment Services Regulations</i>	sonalised security credentials issued by the ASPSP, they do so through safe and efficient channels.			
Regulations 68(3)(c), 69(3)(d) and 70(3)(c) <i>Payment Services Regulations</i> SCA RTS Article 30(1)(a) and 34	Enabling the identification of the AISP/ PISP/CBPII and support eIDAS for certificates			
SCA RTS Article 10(2)(b)	Allowing for no more than 90 days re-authentication for AISPs			
SCA RTS Article 36(5)	Enabling the ASPSPs and AISPs to count the number of access requests during a given period			
SCA RTS Article 30(4)	Allowing for a change control process			
Regulations 67(2), 83(2) and 83(4) <i>Payment Services Regulations</i>	Allowing for the possibility for an initiated transaction to be cancelled in accordance with the <i>Payment Services Regulations</i> , including recurring transactions			

		Column A	Column B	Column C
		Description of the functional and technical specifications that the ASPSP has implemented to meet this requirement.  [Where relevant, also reference to the specific market initiative API specification used to meet this requirement and the results of conformance testing attesting compliance with the market initiative standard]	Summary of how the implementation of these specifications fulfils the requirements of the Payment Services Regulations, SCA-RTS and FCA Guidelines  [Where relevant, any deviation from the specific market initiative API specification which has been designed to meet this requirement]	If not in place at the time of submission of the exemption request, when will the functionality be implemented to meet the requirement (must be before 14 September 2019).  Has a plan for meeting the relevant requirements been submitted to the FCA alongside this form?
Article	Requirement			
SCA RTS Article 36(2)	Allowing for error messages explaining the reason for the unexpected event or error			
Regulation 25(1) <i>Payment Services Regulations</i>	Supporting access via technology service providers on behalf of authorised actors			
Regulation 100(4) <i>Payment Services Regulations</i> and SCA RTS Article 30(2)	Allowing AISP and PISPs to rely on all authentication procedures issued by the ASPSP to its customers			
Regulation 70(3)(d) <i>Payment Services Regulations</i> SCA RTS Article 36(1)(a) and 30(1)(b)	Enabling the AISP to access the same information as accessible to the payment servicer user in relation to their designated payment accounts and associated payment transactions			
SCA RTS Article 36(1)(c)	Enabling the ASPSP to send, upon request, an immediate confirmation yes/no to the PSP (PISP and CBPII) on whether there are funds available			
Regulation 100(2) <i>Payment Ser</i>	Enabling the dynamic linking to a specific amount			

		Column A	Column B	Column C
		Description of the functional and technical specifications that the ASPSP has implemented to meet this requirement.  [Where relevant, also reference to the specific market initiative API specification used to meet this requirement and the results of conformance testing attesting compliance with the market initiative standard]	Summary of how the implementation of these specifications fulfils the requirements of the Payment Services Regulations, SCA-RTS and FCA Guidelines  [Where relevant, any deviation from the specific market initiative API specification which has been designed to meet this requirement]	If not in place at the time of submission of the exemption request, when will the functionality be implemented to meet the requirement (must be before 14 September 2019).  Has a plan for meeting the relevant requirements been submitted to the FCA alongside this form?
Article	Requirement			
<i>vices Regulations</i> and <i>SCA RTS</i> Article 5	and payee, including batch payments			
<i>SCA RTS</i> Articles 30(2), 32(3), 18(2)(c)(v) and (vi) and 18(3)	Enabling the ASPSP to apply the same exemptions from SCA for transactions initiated by PISPs as when the PSU interacts directly with the ASPSP			
<i>SCA RTS</i> Article 4	Enabling strong customer authentication composed of two different elements			
<i>SCA RTS</i> Articles 28 & 35	Enabling a secure data exchange between the ASPSP and the PISP, AISP and CBPII mitigating the risk for any misdirection of communication to other parties			
Regulation 100(3) <i>Payment Services Regulations</i> <i>SCA RTS</i> Articles 30(2)(c) and 35	Ensuring security at transport and application level			
Regulation 100(3) <i>Payment Services Regulations</i>	Supporting the needs to mitigate the risk for fraud, have reliable and auditable ex-			

		Column A	Column B	Column C
		Description of the functional and technical specifications that the ASPSP has implemented to meet this requirement.  [Where relevant, also reference to the specific market initiative API specification used to meet this requirement and the results of conformance testing attesting compliance with the market initiative standard]	Summary of how the implementation of these specifications fulfils the requirements of the Payment Services Regulations, SCA-RTS and FCA Guidelines  [Where relevant, any deviation from the specific market initiative API specification which has been designed to meet this requirement]	If not in place at the time of submission of the exemption request, when will the functionality be implemented to meet the requirement (must be before 14 September 2019).  Has a plan for meeting the relevant requirements been submitted to the FCA alongside this form?
Article	Requirement			
SCA RTS Articles 22, 35 and 3	changes and enable providers to monitor payment transactions			
SCA RTS Article 29	Allowing for traceability			
SCA RTS Article 32	Allowing for the ASPSP's dedicated interface to provide at least the same availability and performance as the user interface			

## Chapter 16

# Reporting requirements

			16.1 Application
16.1.1	R		This chapter applies to every <i>firm</i> within a category listed in column (2) of the table in ■ SUP 16.1.3 R and in accordance with column (3) of that table.
16.1.1A	D		The directions and <i>guidance</i> in ■ SUP 16.13 apply to a <i>payment service provider</i> as set out in that section.
16.1.1AA	G		<i>Credit institutions</i> and <i>electronic money institutions</i> should note that some of the directions in ■ SUP 16.13 apply to them as well as to <i>payment institutions</i> and <i>registered account information service providers</i> .
16.1.1B	D		The directions and <i>guidance</i> in ■ SUP 16.15 apply to <i>electronic money issuers</i> that are not <i>credit institutions</i> .
16.1.1C	G		The directions and <i>guidance</i> in ■ SUP 16.18 apply for the following types of <i>AIFM</i> :  (1) a <i>small registered UK AIFM</i> ;  (2) an <i>above-threshold non-EEA AIFM marketing</i> in the <i>UK</i> ; and  (3) a <i>small non-EEA AIFM marketing</i> in the <i>UK</i> .
16.1.1D	D		■ SUP 16.21 applies to a <i>CBTL firm</i> .
16.1.1E	D		The <i>rules</i> , directions and <i>guidance</i> in ■ SUP 16.22 apply to a <i>payment service provider</i> located in the <i>UK</i> other than:  (1) a <i>credit union</i> ;  (2) <i>National Savings and Investments</i> ; and  (3) the <i>Bank of England</i> .
16.1.1F	R		The <i>rules</i> and <i>guidance</i> in ■ SUP 16.26 (Reporting of information about Directory persons) apply to an <i>SMCR firm</i> .

- 16.1.2
- G
- (1)

Subject to (2) and (3), the only category of *firm* to which no section of this chapter applies is an *ICVC*.
- (2)

■ SUP 16.26 (Reporting of information about Directory persons) applies to a *firm* which is an *SMCR firm* (see ■ SUP 16.1.1FR).
- (3)

■ SUP 16.27 (General insurance value measures reporting) applies to the type of firms listed in ■ SUP 16.1.3R.

16.1.2A

G

In ■ SUP 16.1 a reference to Gibraltar-based firm in relation to ■ SUP 16.27 (General insurance value measures reporting) has the same meaning as in the *Gibraltar Order*.

16.1.3

R

Application of different sections of SUP 16 (excluding SUP 16.13, SUP 16.15, SUP 16.22 and SUP 16.26)

(1) Section(s)	(2) Categories of firm to which section applies		(3) Applicable rules and guidance
SUP 16.1, SUP 16.2 and SUP 16.3	All categories of <i>firm</i> except:		Entire sections
	(a)	an <i>ICVC</i> ;	
	(b)	[deleted]	
	(c)	[deleted]	
SUP 16.4 and SUP 16.5	All categories of <i>firm</i> except:		Entire sections
	(-a)	a <i>credit union</i> ;	
	(a)	an <i>ICVC</i> ;	
	(b)	[deleted]	
	(c)	[deleted]	
	(d)	a <i>non-directive friendly society</i> ;	
	(e)	[deleted]	
	(f)	a <i>sole trader</i> ;	
	(g)	a <i>service company</i> ;	
	(h)	[deleted]	
	(i)	a <i>firm with permission to carry on only retail investment activities</i> ;	
	(ia)	a <i>firm with permission only to advise on P2P agreements</i> (unless that activity is carried on exclusively with or for <i>professional clients</i> );	

(1) Section(s)	(2) Categories of firm to which section applies		(3) Applicable rules and guidance
	(j)	a firm with permission to carry on only insurance distribution activity, home finance mediation activity, or both;	
	(ja)	an FCA-authorised person with permission to carry on only credit-related regulated activity;	
	(jb)	a firm with permission to carry on only regulated claims management activities;	
	(jc)	a firm with permission to carry on only funeral plan distribution;	
	(k)	a firm falling within a combination of (i), (ia), (j), (ja), (jb) and (jc).	
	(l)	a firm with permission to carry on only the regulated activity of administering a benchmark;	
SUP 16.6	Bank		SUP 16.6.4 R to SUP 16.6.5 R



(1) Section(s)	(2) Categories of firm to which section applies		(3) Applicable rules and guidance
	<i>Depository of an authorised fund</i>		SUP 16.6.6R to SUP 16.6.11R
SUP 16.7A	A <i>firm</i> subject to the requirement in SUP 16.7A.3 R or SUP 16.7A.5 R		Sections as relevant
SUP 16.8	<i>Insurer with permission to effect or carry out life policies, unless it is a non-directive friendly society</i>		Entire section
	<i>Firm with permission to establish, operate or wind up a personal pension scheme or a stakeholder pension scheme</i>		Entire section
SUP 16.10	All categories of <i>firm</i> except:		Entire section
	(a)	an ICVC; and	
	(b)	[deleted]	
	(c)	[deleted]	
	(d)	a dormant asset fund operator.	
SUP 16.11	(1)	A <i>firm</i> , other than a <i>managing agent</i> , which is:	
	(a)	a home finance provider; or	Entire section
	(b)	an insurer; or	Entire section
	(c)	the operator of a regulated collective investment scheme or an investment trust savings scheme; or	Entire section
	(d)	a person who issues or manages the relevant assets of the issuer of a structured capital-at-risk product; or	Entire section
	(e)	a firm with permission to enter into a regulated credit agreement as lender in respect of high-cost short-term credit or home credit loan agreements; or	Entire section
	(2)	a firm in whom the rights and obligations of the lender under a regulated mortgage contract are vested.	The provisions governing performance data reports in SUP 16.11 and SUP 16 Annex 21
SUP 16.12	A <i>firm</i> undertaking the regulated activities as listed in SUP 16.12.4 R, unless exempted in SUP 16.12.1 G		Sections as relevant to regulated activities as listed in SUP 16.12.4 R
SUP 16.14	A CASS large firm and a CASS medium firm		Entire section
SUP 16.18	A full-scope UK AIFM and a small authorised UK AIFM		SUP 16.8.3 R
[deleted]			

(1) Section(s)	(2) Categories of firm to which section applies		(3) Applicable rules and guidance
SUP 16.23	A <i>firm</i> subject to the <i>Money Laundering Regulations</i> and within the scope of SUP 16.23.1R		Entire Section
SUP 16.23A	A <i>firm</i> undertaking the <i>regulated activities</i> in SUP 16.23A.1R		Entire section
SUP 16.24	A <i>firm</i> with <i>permission</i> to effect or carry out <i>contracts of insurance</i> in relation to <i>life and annuity contracts of insurance</i> to the extent that the <i>firm</i> and its business falls within the scope of SUP 16.24.1R.		Entire Section
SUP 16.25	A <i>firm</i> with <i>permission</i> to carry on <i>regulated claims management activities</i> .		Entire section
SUP 16.27	A <i>firm</i> which, in respect of <i>general insurance contracts</i> , is:		Entire section
	(a)	an <i>insurer</i> ;	
	(b)	a <ul style="list-style-type: none"> <li>(i) <i>TP firm</i> which has <i>temporary permission</i>; or</li> <li>(ii) a Gibraltar-based <i>firm</i>, treated as having <i>permission</i>, to effect <i>contract of insurance</i> including those providing services from an establishment outside the UK with a <i>customer</i> in the UK;</li> </ul>	
	(c)	a <i>managing agent</i> ; or	
	(d)	an <i>insurance intermediary</i> ,	
	to the extent that the <i>firm</i> and its business falls within the scope of SUP 16.27.7R.		
SUP 16.28	A <i>firm</i> which, in respect of <i>general insurance contracts</i> , is:		Entire section
	(1)	an <i>insurer</i> ;	
	(2)	a <i>managing agent</i> ;	
	(3)	an <i>insurance intermediary</i> ;	
	(4)	a <i>TP firm</i> ; or	
	(5)	a Gibraltar-based <i>firm</i> that is not a <i>TP firm</i> .	
	to the extent that the <i>firm</i> and its business falls within the scope of SUP 16.28.8R.		
SUP 16.29	A <i>MIFIDPRU investment firm</i> other than in the circumstances specified in SUP 16.29.1R.		Entire section
SUP 16.30	A <i>person</i> who is:		Entire section
	(1)	a <i>firm</i> except as specified in SUP 16.30.1R;	

(1) Section(s)	(2) Categories of firm to which section applies		(3) Applicable rules and guidance
	(2)	<i>an authorised electronic money institution;</i>	
	(3)	<i>an authorised payment institution;</i>	
	(4)	<i>a registered account information service provider;</i>	
	(5)	<i>a small electronic money institution;</i>	
	(6)	<i>a small payment institution;</i>	
	(7)	<i>a UK RIE.</i>	
SUP 16.31	A firm with approver permission.		Entire section
Note 1[deleted]			
Note 2 The application of SUP 16.13 is set out under SUP 16.13.1 G; the application of SUP 16.15 is set out under SUP 16.15.1 G; the application of SUP 16.16 is set out SUP 16.16.1 R and SUP 16.16.2 R the application of SUP 16.17 is set out in SUP 16.17.3 R and SUP 16.17.4 R; and the application of SUP 16.26 is set out in SUP 16.26.1R.			
Note 3 The application of SUP 16.18 for the types of AIFMs specified in SUP 16.1.1C G is set out in SUP 16.18.2 G.			

16.1.4 G

- (1) This chapter contains requirements to report to the *FCA* on a regular basis. These requirements include reports relating to a *firm's* financial condition, and to its compliance with other *rules* and requirements which apply to the *firm*. Where the relevant requirements are set out in another section of the *Handbook*, this chapter contains cross references. An example of this is financial reporting for *insurers* and *friendly societies*.
- (2) Where such requirements already apply to a *firm* under legislation other than the *Act*, they are not referred to in this chapter. An example of this is reporting to the *FCA* by *building societies* under those parts of the Building Societies Act 1986 which have not been repealed.
- (3) Requirements for individual *firms* reflect:

(a) the category of *firm*;

(b) the nature of business carried on;

(c) whether a *firm* has its registered office (or if it does not have a registered office, its head office) in the *United Kingdom*; and

(d) [deleted]

(e) the regulated activities the *firm* undertakes.

16.1.5 G

[deleted]

- 16.1.6
- G
- [deleted]
- 16.1.7
- G
- Where a *PRA-authorised person* is required to notify or provide any information to (a) the *FCA* by a *PRA Handbook* provision and (b) the *FCA* by the equivalent provision in the *FCA Handbook*, the *PRA-authorised person* is expected to comply with both provisions.

## 16.2 Purpose

### 16.2.1

G

- (1) In order to discharge its functions under the *Act*, the *FCA* needs timely and accurate information about *firms*. The provision of this information on a regular basis enables the *FCA* to build up over time a picture of *firms'* circumstances and behaviour.
- (2) *Principle 11* requires a *firm* to deal with its regulators in an open and cooperative way, and to disclose to the *FCA* appropriately anything relating to the *firm* of which the *FCA* would reasonably expect notice. The reporting requirements are part of the *FCA* approach to amplifying *Principle 11* by setting out in more detail the information that the *FCA* requires. They supplement the provisions of ■ SUP 2 (Information gathering by the *FCA* or *PRA* on its own initiative) and ■ SUP 15 (Notifications to the *FCA*). The reports required under these rules help the *FCA* to monitor *firms'* compliance with *Principles* governing relationships between *firms* and their *customers*, with *Principle 4*, which requires *firms* to maintain adequate financial resources, and with other requirements and standards under the *regulatory system*.
- (3) The *FCA* has supervisory functions under the *Payment Services Regulations* and the *Electronic Money Regulations*. In order to discharge these functions, the *FCA* requires the provision of information on a regular basis. ■ SUP 16.13 sets out the information that the *FCA* requires from *payment service providers* to assist it in the discharge of its functions as well as directions and guidance on the periodic reports that are required under the *Payment Services Regulations*. ■ SUP 16.15 sets out the information that the *FCA* requires from *electronic money issuers* to assist it in discharging its functions and responsibilities under the *Electronic Money Regulations*.
- (4) The purpose of ■ SUP 16.28 is to provide the *FCA* with relevant data that it can use to help to:
  - (a) assess *firms'* compliance with the *home insurance* and *motor insurance* pricing rules in ■ ICOBS 6B;
  - (b) identify potential harm affecting *consumers*; and
  - (c) monitor the effects of the pricing rules in ■ ICOBS 6B on the market for *home insurance*, *motor insurance* and related *additional products*.

### 16.2.1A

G

[deleted]



16.3 General provisions on reporting

Application

- 16.3.1 G The effect of ■ SUP 16.1.1 R is that this section applies to every *firm* except an ICVC.
- 16.3.1A G The effect of ■ SUP 16.1.1R is that this section applies to a *TP firm* and Gibraltar-based firm of a type listed in ■ SUP 16.1.3R, as a firm to which ■ SUP 16.27 applies.

Structure of the chapter

- 16.3.2 G This chapter has been split into the following sections, covering:
  - (1) annual controllers reports (■ SUP 16.4);
  - (2) annual close links reports (■ SUP 16.5);
  - (3) compliance reports (■ SUP 16.6);
  - (4) [deleted]
  - (4A) annual report and accounts (■ SUP 16.7A);
  - (5) persistency reports (■ SUP 16.8);
  - (6) [deleted];
  - (7) verification of *firm details* (■ SUP 16.10);
  - (8) product sales data reporting (■ SUP 16.11);
  - (9) integrated regulatory reporting (■ SUP 16.12);
  - (10) reporting under the *Payment Services Regulations* (■ SUP 16.13);
  - (11) client money and asset return (■ SUP 16.14);
  - (12) reporting under the *Electronic Money Regulations* (■ SUP 16.15); and
  - (13) prudent valuation reporting (■ SUP 16.16);
  - (14) remuneration reporting (■ SUP 16.17);
  - (15) AIFMD reporting (■ SUP 16.18);

		<div>(16) reporting under the <i>MCD Order</i> for <i>CBTL firms</i> (SUP 16.21).</div> <div>(17) reporting under the <i>Payment Accounts Regulations</i> (■ SUP 16.22);</div> <div>(18) annual financial crime reporting (■ SUP 16.23);</div> <div>(18A) employers' liability register compliance reporting (■ SUP 16.23A);</div> <div>(19) retirement income data reporting (■ SUP 16.24);</div> <div>(20) claims management reporting (■ SUP 16.25);</div> <div>(21) <i>Directory persons</i> information reporting (■ SUP 16.26);</div> <div>(22) value measures data reporting (■ SUP 16.27);</div> <div>(23) <i>home insurance</i> and <i>motor insurance</i> pricing reporting (■ SUP 16.28);</div> <div>(24) MIFIDPRU remuneration reporting (■ SUP 16.29);</div> <div>(25) the Baseline Financial Resilience Report (■ SUP 16.30); and</div> <div>(26) <i>financial promotion approval</i> reporting (■ SUP 16.31).</div>
16.3.3	G	The annual controllers, annual close links and persistency reports sections are the same for all categories of <i>firm</i> to which they apply.
16.3.4	G	<div>The compliance section is set out by category of <i>firm</i>, with detailed requirements set out in tables giving:</div> <div>(1) a brief description of each report;</div> <div>(2) the frequency with which the report is required; and</div> <div>(3) the due date for submission of the report.</div>
16.3.5	G	Further requirements about the reports, such as form and content, are set out in the sections for each category of <i>firm</i> , where this is appropriate. In many cases, however, it is more appropriate to provide this information by means of a separate annex; in these cases the relevant section refers to the annex.
16.3.6	R	<div><b>How to submit reports</b></div> <div>A periodic report required to be submitted under this chapter, or under any other <i>rule</i>, must be submitted in writing in accordance with ■ SUP 16.3.7 R to ■ SUP 16.3.10 G, unless:</div> <div>(1) a contrary intention appears; or</div> <div>(2) the report is required under the <i>listing rules</i>.</div>

16.3.7 **R** A report or *data item* must:

- (1) give the firm reference number (or all the firm reference numbers in those cases where a report is submitted on behalf of a number of *firms*, as set out in ■ SUP 16.3.25 G); and
- (2) if submitted in paper form, be submitted with the cover sheet contained in ■ SUP 16 Annex 13 R fully completed.

16.3.8 **R** A written report must be delivered to the *FCA* by one of the methods listed in ■ SUP 16.3.9 R.

16.3.9 **R** **Method of submission of reports (see ■ SUP 16.3.8 R)**

Method of delivery	
1.	Post or hand deliver to the published address of the <i>FCA</i> for submission of reports. If hand delivering mark the report for the attention of 'Central Reporting' and obtain a dated receipt.
2.	[deleted]
3.	Electronic mail to the published e-mail address of the <i>FCA</i> 's Central Reporting team.
4.	Online submission via the appropriate systems accessible from the <i>FCA</i> website

16.3.10 **G** (1) The published address of the *FCA* for postal submission of reports is:  
Central Reporting  
The Financial Conduct Authority  
PO BOX 35747  
London E14 5WP

(2) The published address of the *FCA* for hand delivery of reports is:  
(a) Central Reporting  
The Financial Conduct Authority  
12 Endeavour Square  
London, E20 1JN

if the *firm's* usual supervisory contact at the *FCA* is based in London, or:

(b) Central Reporting  
The Financial Conduct Authority  
Quayside House  
127 Fountainbridge  
Edinburgh EH3 8DJ

if the *firm's* usual supervisory contact at the *FCA* is based in Edinburgh.

(3) The current published email address for the *FCA's* Central Reporting team is [regulatory.reports@fca.org.uk](mailto:regulatory.reports@fca.org.uk) . Please note that the Central Reporting team does not handle general correspondence between



*firms* and the *FCA*, and will not respond to queries. Accordingly, *firms* should not make submissions to the Central Reporting team’s email address other than as directed in ■ SUP 16.3.8R.

**Complete reporting**

- 16.3.11
- R
- A *firm* must submit reports required under this chapter to the *FCA* containing all the information required.
- 16.3.12
- G
- SUP 15.6 refers to and contains requirements regarding the steps that *firms* must take to ensure that information provided to the *FCA* is accurate and complete. Those requirements apply to reports required to be submitted under this chapter.

**Timely reporting**

- 16.3.13
- R
- (1) A *firm* must submit a report required by this chapter in the frequency, and so as to be received by the *FCA* no later than the due date, specified for that report.

(2) If the due date for submission of a report required by this chapter falls on a day which is not a *business day*, the report must be submitted so as to be received by the *FCA* no later than the first *business day* after the due date.

(3) If the due date for submission of a report required by this chapter is a set period of time after the quarter end, the quarter ends will be the following dates, unless another *rule* or the reporting form states otherwise:

(a) the *firm's accounting reference date*;

(b) 3 months after the *firm's accounting reference date*;

(c) 6 months after the *firm's accounting reference date*; and

(d) 9 months after the *firm's accounting reference date*.

(4) If the due date for submission of a report required by this chapter is a set period of time after the end of a half-year, a quarter, or a month, the dates will be determined by (a) or (b) below except where otherwise indicated:

(a) the *firm's accounting reference date*; or

(b) monthly, 3 monthly or 6 months after the *firm's accounting reference date*, as the case may be.
- Failure to submit reports**
- 16.3.14

R

If a *firm* does not submit a complete report by the date on which it is due in accordance with the *rules* in, or referred to in, this chapter or the provisions of relevant legislation and any prescribed submission procedures, the *firm* must pay an administrative fee of £250.

16.3.14A

G

Failure to submit a report in accordance with the *rules* in, or referred to in, this chapter or the provisions of relevant legislation may also lead to the
- Release 35 ● Apr 2024

www.handbook.fca.org.uk

SUP 16/13
- 16

imposition of a financial penalty and other disciplinary sanctions. A *firm* may be subject to reporting requirements under relevant legislation other than the *Act*, not referred to in this chapter. An example of this is reporting to the *FCA* by *building societies* under those parts of the Building Societies Act 1986 which have not been repealed (see ■ SUP 16.1.4 G). If it appears to the *FCA* that, in the exceptional circumstances of a particular case, the payment of any fee would be inequitable, the *FCA* may reduce or remit all or part of the fee in question which would otherwise be payable (see ■ FEES 2.3).

**16.3.15** G The *FCA* may from time to time send reminders to *firms* when reports are overdue. *Firms* should not, however, assume that the *FCA* has received a report merely because they have not received a reminder.

**16.3.16** G The *firm* is responsible for ensuring delivery of the required report by the due date. If a report is received by the *FCA* after the due date and the *firm* believes its delivery arrangements were adequate, it may be required to provide proof of those arrangements. Examples of such proof would be:

- (1) "proof of posting" receipts from a *UK* post office or overseas equivalent which demonstrates that the report was posted early enough to allow delivery by the due date in accordance with the delivery service standards prescribed by the relevant postal authority; or
- (2) recorded postal delivery receipts showing delivery on the required day; or
- (3) records of a courier service provider showing delivery on the required day.

## Change of accounting reference date

**16.3.17** R

- (1) A *firm* must notify the *FCA* if it changes its *accounting reference date*.
- (2) When a *firm* extends its accounting period, it must make the notification in (1) before the previous *accounting reference date*.
- (3) When a *firm* shortens its accounting period, it must make the notification in (1) before the new *accounting reference date*.
- (4) ■ SUP 16.10.4A R to ■ SUP 16.10.4C G (Requirement to check the accuracy of standing data and to report changes to the *FCA*) apply to any notification made under (1).

**16.3.18** G ■ SUP 16.2.1 G emphasises the importance to the *FCA* of timely and accurate information. The extension of a *firm's* accounting period to more than 15 months may hinder the timely provision of relevant and important information to the *FCA*. This is because many due dates for reporting to the *FCA* are linked to *firms'* *accounting reference dates*. Indeed, for some categories of *firm*, the only reports required by the *FCA* have due dates for submission which are linked to the *firm's* *accounting reference date*. If the extension of a *firm's* accounting period appears likely to impair the effectiveness of the *FCA* supervisory work, the *FCA* may take action to ensure that it continues to receive the information it requires on a timely basis.

**16.3.19** **G** If more than one *firm* in a *group* intends to change its *accounting reference date* at the same time, a single notification may be given to the *FCA*, as described in ■ SUP 15.7.8 G.

**16.3.19A** **R** [deleted]

**16.3.19B** **R** [deleted]

**16.3.20** **R** (1) [deleted]

(2) [deleted]

**16.3.21** **G** [deleted]

## Service of Notices Regulations

**16.3.22** **G** The Financial Services and Markets Act 2000 (Service of Notices) Regulations 2001 (SI 2001/1420) contain provisions relating to the service of documents on the *FCA*. They do not apply to reports required under ■ SUP 16, because of the specific *rules* in this section.

## Confidentiality and sharing of information

**16.3.23** **G** When the *FCA* receives a report which contains confidential information and whose submission is required under this chapter, it is obliged under Part 23 of the *Act* (Public Record, Disclosure of Information and Co-operation) to treat that information as confidential (see ■ SUP 2.2.4G).

**16.3.24** **G** ■ SUP 2.3.12AG states that the *FCA* may pass to other regulators information which it has in its possession. Such information includes information contained in reports submitted under this chapter. The *FCA*'s disclosure of information to other regulators is subject to ■ SUP 2.2.4G (Confidentiality of information). Also, some value measures data in ■ SUP 16.27 is used by the *FCA* to create published guidance. This public disclosure is to assist the *FCA* to discharge its public functions.

## Reports from groups

**16.3.25** **G** If this chapter requires the submission of a report or *data item* covering a *group*, a single report or *data item* may be submitted, and so satisfy the requirements of all *firms* in the *group*. Such a report or *data item* should contain the information required from all of them, meet all relevant due dates and indicate all the *firms* on whose behalf it is submitted; if necessary a separate covering sheet should list the *firms* on whose behalf a report or *data item* is submitted. Nevertheless, the requirement to provide a report or *data item*, and the responsibility for the report or *data item*, remains with each *firm* in the *group*. However, reporting requirements that apply to a *firm*, by reason of the *firm* being a member of a *financial conglomerate*, are imposed on only one member of the *financial conglomerate* (see, for example, ■ SUP 16.12.32 R).

## 16.3.26



Examples of reports covering a *group* are:

- (1) the compliance reports required from *banks* under ■ SUP 16.6.4 R;
- (2) annual controllers reports required under ■ SUP 16.4.5 R;
- (3) annual close links reports required under ■ SUP 16.5.4 R;
- (4) consolidated financial reports required from *banks* under ■ SUP 16.12.5 R;
- (5) consolidated reporting statements required from *securities and futures firms* under ■ SUP 16.12.11 R.



16.4 Annual controllers report

Application

- 16.4.1
- G
- This section applies to every *firm* except those *firms* excluded from its operation by ■ SUP 16.1.1 R and ■ SUP 16.1.3 R.
- 16.4.2
- G
- This section may be of relevance to a *directive friendly society*:  
  
(1) if it has 10 members or less;  
  
(2) if it has a delegate voting system and has 10 delegates or less; or  
  
(3) if it has 20 members or less and effects or carries out group insurance contracts where one person may exercise one vote on behalf of the members of a group and one vote in their private capacity; or  
  
where a member or delegate, whether alone or acting in concert, is entitled to exercise, or control the exercise of, 10% or more of the total voting power.  
  
16.4.2A
- G
- This section may be of relevance to *non-directive firms*.
- 16.4.3
- G
- Requirements for notifications of a change in *control* can be found in ■ SUP 11 (Controllers and close links).

Purpose

- 16.4.4
- G
- A *firm* and its *controllers* are required to notify certain changes in *control* (see ■ SUP 11 (Controllers and close links)). The purpose of the *rules* and *guidance* in this section is:  
  
(1) to ensure that, in addition to such notifications, the *FCA* receives regular and comprehensive information about the identities of all of the *controllers* of a *firm*, which is relevant to a *firm's* continuing to satisfy the effective supervision *threshold conditions*;  
  
(2) to implement certain requirements relating to annual reporting of *controllers* which must be imposed on *firms* under the *Investment Services Directive*, the *Banking Consolidation Directive* and the *Solvency II Directive*; and

		(3) to support the regulatory functions under Part 12 of the Act (Notices of acquisitions of control over UK authorised persons) (see ■ SUP 11 (Controllers and close links)).
		<b>Reporting requirement</b>
16.4.5	R	<p>(1) [deleted]</p> <p>(2) [deleted]</p> <p>(3) [deleted]</p> <p>(4) [deleted]</p> <p>(4A) [deleted]</p> <p>(4B) [deleted]</p> <p>(5) [deleted]</p> <p>(6) A <i>firm</i> must submit annually by electronic means to the FCA the Controllers Report which contains the information specified in the form in ■ SUP 16 Annex 37A, within four months of the <i>firm's</i> accounting reference date.</p>
16.4.6	G	[deleted]
16.4.7	G	If a <i>group</i> includes more than one <i>firm</i> , a single annual controllers report may be submitted, and so satisfy the requirements of all <i>firms</i> in the <i>group</i> . Such a report should contain the information required from all of them, meet all relevant due dates, indicate all the <i>firms</i> on whose behalf it is submitted and give their firm reference numbers. Nevertheless, the requirement to provide a report, and the responsibility for the report, remain with each <i>firm</i> in the <i>group</i> .
16.4.8	G	[deleted]
16.4.9	G	<i>Firms</i> are reminded of the requirement in ■ SUP 11.4.10 R to take reasonable steps to keep themselves informed about the identity of their <i>controllers</i> .
		<b>Exceptions: mutuals and building societies</b>
16.4.10	R	If a <i>firm</i> is a <i>mutual</i> or a <i>building society</i> , then it is required to submit a report under ■ SUP 16.4.5 R only if it is aware that it has a <i>controller</i> .
16.4.11	R	In ■ SUP 16.4.5 R and ■ SUP 16.4.10 R, a <i>building society</i> may regard a <i>person</i> as not being a <i>controller</i> if that <i>person</i> is exempt from the obligation to notify a change in <i>control</i> under The Financial Services and Markets Act 2000 (Controllers) (Exemption) Order 2009 (SI 2009/774) (see ■ SUP 11.3.2A G (2)).

## Exception: insurers

16.4.12

**R**

An *insurer* need not submit a report under ■ SUP 16.4.5R to the extent that the information has already been provided to the *PRA* under requirements in the *PRA Rulebook*.



16.5 Annual Close Links Reports

Application

16.5.1 G This section applies to every *firm* listed in ■ SUP 11.1.1 R (1) to ■ SUP 11.1.1 R(8), except those *firms* excluded from its operation by ■ SUP 16.1.1 R and ■ SUP 16.1.3 R or which have elected to report on a monthly basis in accordance with ■ SUP 11.9.5 R.

Purpose

16.5.2 G A *firm* is required to notify the *appropriate regulator* of changes to its *close links* (see ■ SUP 11.9). The effective supervision *threshold conditions* provide that, if a *firm* has *close links* with another *person*, the matters which are relevant in determining whether a *firm* satisfies the condition of being capable of being effectively supervised include:

- (1) the nature of the relationship between the *firm* and that *person*;
- (2) whether those links or that relationship are likely to prevent the *appropriate regulator's* effective supervision of the *firm*; and
- (3) if the *person* is subject to the laws, regulations or administrative provisions of a territory which is not the *United Kingdom*, whether those foreign provisions, or any deficiency in their enforcement, would prevent the *appropriate regulator's* effective supervision of the *firm*.

16.5.3 G The purposes of the *rules* and *guidance* in this section are:

- (1) to ensure that, in addition to such notifications, the *appropriate regulator* receives regular and comprehensive information about the identities of all persons with whom a *firm* has *close links*, which is relevant to a *firm's* continuing to satisfy the effective supervision *threshold conditions* and to the protection of *consumers*; and
- (2) to implement certain requirements relating to the provision of information on *close links* which must be imposed on *firms* under the '*Post-BCCI Directive*'.

Report

16.5.4 R (1) [deleted]  
(2) [deleted]



		(3) [deleted]
		(4) [deleted]
		(5) [deleted]
		(6) A <i>firm</i> must submit a report to the <i>appropriate regulator</i> annually by completing the Close Links Annual Report in ■ SUP 16 Annex 36A which must be sent electronically to the <i>appropriate regulator</i> within four months of the <i>firm's accounting reference date</i> .
16.5.4A	R	If a <i>group</i> includes more than one <i>firm</i> , a single close links notification may be made by completing the Annual Close Links Report and so satisfy the notification requirement for all <i>firms</i> in the <i>group</i> . Nevertheless, the requirement to notify, and the responsibility for notifying, remains with each <i>firm</i> in the <i>group</i> .
16.5.5	G	[deleted]
16.5.6	G	If a <i>group</i> includes more than one <i>firm</i> , a single annual close links report may be submitted and so satisfy the requirements of all <i>firms</i> in the <i>group</i> . Such a report should contain the information required from all of them, meet all relevant due dates, indicate all the <i>firms</i> on whose behalf it is submitted and give their firm reference numbers. Nevertheless, the requirement to provide a report, and the responsibility for the report, remain with each <i>firm</i> in the <i>group</i> .
16.5.7	G	[deleted]
16.5.8	R	If a <i>firm</i> is an unincorporated <i>friendly society</i> , then it is only required to submit a report under ■ SUP 16.5.4 R if it is aware that it has <i>close links</i> .



16.6 Compliance reports

Application

16.6.1 G The effect of SUP 16.1.1 R is that this section applies to every *firm* within a category listed in the left hand column of the table in SUP 16.6.2 G.

16.6.2 G Applicable provisions of this section (see SUP 16.6.1 G)

Category of firm	Applicable provisions
Bank	SUP 16.6.4 R - SUP 16.6.5 R
Depository of an authorised fund	SUP 16.6.6 R - SUP 16.6.11R

Purpose

16.6.3 G [deleted]

16.6.3A G The FCA performs part of its supervision work by reviewing and analysing information about *firms'* records of compliance with the requirements and standards under the *regulatory system*. The type of report the FCA requires will vary, depending on the type of business a *firm* undertakes. This information helps the FCA to determine whether a *firm* is complying with the requirements applicable to its business, and what procedures it is operating to ensure its compliance.

16.6.3B G [deleted]

Banks

16.6.4 R A bank must submit compliance reports to the FCA.

16.6.5 R Compliance reports from a bank (see SUP 16.6.4 R)

Report	Frequency	Due date
List of all overseas regulators for each legal entity in the firm's group	Annually	6 months after the firm's accounting reference date
Organogram showing the authorised entities in the firm's group	Annually	6 months after the firm's accounting reference date

Depositories of authorised funds

16.6.6 R A *depository* of an *authorised fund* must submit compliance reports in accordance with ■ SUP 16.6.7 R.

16.6.7 R Compliance reports from depositories of authorised funds (see SUP 16.6.6R)

Report	Frequency	Due date
Breach report on the <i>authorised fund manager's</i> breaches as set out in SUP 16.6.8R(1A)	Monthly	30 <i>business days</i> after month end
Oversight report on the <i>depository's</i> oversight visits as set out in SUP 16.6.8R(1B)	Quarterly	30 <i>business days</i> after quarter end (Note)
<b>Note:</b> The quarter ends are 31 March, 30 June, 30 September and 31 December.		

16.6.8 R (1) [deleted]

- (1A) The breach report from a *depository* of an *authorised fund* to the *FCA* must include, for each *authorised fund* for which it is a *depository*:
- (a) details of all breaches of *COLL* or *FUND*, which came to the *depository's* attention or which were reported to the *depository* by the *authorised fund manager*, during the previous *month*;
  - (b) details of any changes to the reported details of an existing breach, whether reported under ■ SUP 16.6.8R(1A) or otherwise;
  - (c) details of all breaches that were reported, whether reported under ■ SUP 16.6.8R(1A) or otherwise, and that have been closed during the previous *month*; and
  - (d) whether the *authorised fund manager* has, in the opinion of the *depository*, adequate controls over:
    - (i) the *issue* and *cancellation* of *units* as detailed in ■ COLL 6.2 (Dealing); and
    - (ii) valuation and *pricing* as detailed in ■ COLL 6.3 (Valuation and pricing).
- (1B) The oversight report from the *depository* to the *FCA* must include:
- (a) details of each *authorised fund manager* visited during the previous quarter; and
  - (b) for each area reviewed:
    - (i) the findings and conclusions of the *depository*;
    - (ii) its recommendations; and
    - (iii) the *authorised fund manager's* response and comments, where available.
- (2) [deleted]

		(2A) [deleted]
		(3) [deleted]
16.6.9	G	[deleted]
16.6.10	G	<div><div>(1) A <i>depository</i> should report a breach only once under ■ SUP 16.6.8R(1A)(a) and once under ■ SUP 16.6.8R(1A)(c). When both reports are made in the same <i>month</i>, only a single entry in the form is required. Under ■ SUP 16.6.8R(1A)(b) a <i>depository</i> should report changes to the reported details of existing breaches.</div><div>(2) A separate line should be entered on the form for each <i>rule</i> breached. For example, a breach of the investment limits in ■ COLL 5.2.11R that results in incorrect <i>pricing</i> of the <i>scheme</i> contrary to ■ COLL 6.3.3R should be recorded as two entries, with the same reference.</div><div>(3) Under ■ SUP 16.6.8R(1A)(c) a <i>depository</i> should report all breaches that have been closed during the previous month. A breach can be closed in a number of ways. For example:<div><div>(a) A breach that does not involve changes to systems and controls may be considered closed when, in the opinion of the <i>depository</i>, the <i>authorised fund manager</i> has taken all necessary action to rectify the breach.</div><div>(b) A breach that requires changes to systems and controls that cannot be implemented promptly, may nevertheless be considered closed when, in the opinion of the <i>depository</i>, the <i>authorised fund manager</i> has implemented an effective temporary control to resolve the issue, taking into account the interests of <i>Unitholders</i>.</div></div></div><div>(4) A <i>depository</i> should not consider a breach closed until any applicable compensation has been paid to the <i>scheme</i> and/or to <i>Unitholders</i>.</div></div>
16.6.11	R	<div><div>(1) A <i>depository</i> must submit its breach report under ■ SUP 16.6.8R(1A) using the form REP011 in ■ SUP 16 Annex 12AR.</div><div>(2) A <i>depository</i> must submit its oversight report under ■ SUP 16.6.8R(1B) using the form REP012 in ■ SUP 16 Annex 12AR.</div><div>(3) A <i>depository</i> must submit the forms in ■ SUP 16 ■ Annex 12AR:<div><div>(a) online through the appropriate systems accessible from the <i>FCA</i>’s website; or</div><div>(b) if the appropriate systems are unavailable, via email to fundsupervision@fca.org.uk.</div></div></div></div>



16.7A Annual report and accounts

Application

16.7A.1 R

This section applies to every *firm* in the *regulatory activity group (RAG)* set out in column (1), which is a type of firm in column (2), of the tables in ■ SUP 16.7A.3 R and ■ SUP 16.7A.5 R, except:

- (1) [deleted]
- (2) [deleted]
- (3) an *oil market participant* that is not subject to the requirements of *IPRU(INV)* Chapter 3;
- (4) an *authorised professional firm* other than:
  - (a) a *firm* that must comply with *IPRU(INV)* 3, 5 or 13 in accordance with *IPRU(INV)* 2.1.4R; or
  - (b) a *CASS debt management firm*;
- (5) an *authorised professional firm* if the only *regulated activity* it carries on is *credit-related regulated activity* as a *non-mainstream regulated activity*;
- (6) a *financial conglomerate*; and
- (7) a local authority.

Purpose

16.7A.2 G

The purpose of this section is to require *firms* to submit their *annual report and accounts*, and the *annual report and accounts* of their *mixed activity holding companies*, to the *FCA* online through the appropriate systems accessible from the *FCA*'s website. This information is used in the monitoring of *firms* both individually and collectively.

Requirement to submit annual report and accounts

16.7A.3 R

A *firm* in the *RAG* in column (1) and which is a type of *firm* in column (2) must submit its *annual report and accounts* to the *FCA* annually on a single entity basis.

(1) RAG	(2) Firm type
------------	------------------

1	UK bank
	Dormant asset fund operator
	A non-UK bank.
2.2	The Society
3	MIFIDPRU investment firms
	All other firms subject to the following chapters in IPRU(INV):
	(1) Chapter 3
	(2) Chapter 5
	(3) [deleted]
4	MIFIDPRU investment firms
	Collective portfolio management firm
	All other firms subject to the following chapters in IPRU(INV):
	(1) Chapter 3
	(2) Chapter 5
	(3) [deleted]
	(4) Chapter 12
5	All firms
6	All firms other than firms subject to IPRU (INV) Chapter 13
7	MIFIDPRU investment firms
8	All firms other than firms subject to IPRU (INV) Chapter 13

Exceptions from the requirement to submit an annual report and accounts

16.7A.4 R

- (1) An adviser (as referred to in IPRU(INV) 3-60(4)R), is only required to submit the *annual report and accounts* if:
- (a) it is a *partnership* or *body corporate*; and
  - (b) the *annual report and accounts* were audited as a result of a statutory provision other than under the Act.
- (2) A *service company* is only required to submit the *annual report and accounts* if the reports and accounts were audited as a result of a statutory provision other than under the Act.

Requirement to submit annual report and accounts for mixed activity holding companies

16.7A.5 R

- A *firm* in the RAG group in column (1), which is a type of *firm* in column (2) and whose ultimate parent is a *mixed activity holding company* must:
- (1) submit the *annual report and accounts* of the *mixed activity holding company* to the FCA annually; and

(2) notify the *FCA* that it is covered by this reporting requirement by email using the email address specified in ■ SUP 16.3.10 G (3), by its *accounting reference date*.

	(1) RAG	(2) Firm type
1		<i>UK bank</i>
3		<i>MIFIDPRU investment firm</i>
4		<i>MIFIDPRU investment firm</i>
7		<i>MIFIDPRU investment firm</i>

16.7A.6 R Where a number of *firms* in the same group share the same *mixed activity holding company* parent, only one *firm* in the group is required to provide the report.

Method for submitting annual accounts and reports

16.7A.7 R *Firms* must submit the *annual report and accounts* to the *FCA* online through the appropriate systems accessible from the *FCA*'s website, using the form specified in ■ SUP 16 Annex 1A.

Time period for firms submitting their annual report and accounts

16.7A.8 R *Firms* must submit their *annual report and accounts* in accordance with ■ SUP 16.7A.3 R within the following deadlines:

- (1) for a *non-UK bank*, within 7 months of the *accounting reference date*;
- (2) for the *Society* or a *service company*, within 6 months of the *accounting reference date*; and
- (3) for all other *firms*, within 80 *business days* of the *accounting reference date*.

Time period for firms submitting annual report and accounts for mixed activity holding companies

16.7A.9 R *Firms* must submit the *annual report and accounts* of a *mixed activity holding company* in accordance with ■ SUP 16.7A.5 R within 7 months of their *accounting reference date*.



16.8 Persistency reports from insurers and data reports on stakeholder pensions

Application

- 16.8.1 **G** The effect of **SUP 16.1.1 R** is that this section applies to:
- (1) every *insurer with permission* to effect or carry out life policies, unless it is a *non-directive friendly society*; and
  - (2) every *firm with permission* to establish, operate or wind up a *stakeholder pension scheme*.

Purpose

- 16.8.2 **G** The purpose of this section is to enable information on the persistency of life policies and data on stakeholder pensions to be prepared and provided to the *FCA* in a standard format. This information is used in the monitoring of *firms* both individually and collectively.

Requirement to submit persistency and data reports

- 16.8.3 **R**
- (1) An *insurer with a permission* to effect or carry out *life policies* must submit to the *FCA* a persistency report in respect of *life policies* by 30 April each year in accordance with this section.
  - (2) A *firm with permission* to establish, operate or wind up a *stakeholder pension scheme* must submit to the *FCA*:
    - (a) a data report on stakeholder pensions by 30 April each year using the form specified in **SUP 16 Annex 6R**.
    - (b) [deleted]

Alternative year end date

- 16.8.3A **R**
- (1) A *firm* may submit persistency and a data report for a 12 month period ending within 4 months of its *accounting reference date* if:
    - (a) it has notified the *FCA* of this intention by email using the email address specified in **SUP 16.3.10 G (3)** no later than the *firm's accounting reference date*; and
    - (b) it either:



- (i) has an *accounting reference date* other than 31 December; or
- (ii) undertakes *industrial assurance policy* business.

How to submit persistency and data reports

16.8.3B R Firms required to submit reports as set out in ■ SUP 16.8.3 R (1) and ■ SUP 16.8.3 R (2) must do so online through the appropriate systems accessible from the FCA's website.

Interpretation of this section

16.8.4 R In this section, and in ■ SUP 16 Annex 6R:

- (1) '12 month report' means the part of a persistency report or data report reporting on *life policies* or stakeholder pensions effected in Y-2, '24 month report' means the part of a persistency report or data report reporting on *life policies* or stakeholder pensions effected in Y-3, and so on;
- (2) 'CC' means the number of *life policies* or stakeholder pensions which:
  - (a) were effected during the period to which the calculation relates; and
  - (b) are reported on in the persistency report or data report (see ■ SUP 16.8.8 R to ■ SUP 16.8.15 R);
- (3) 'CF' means the number of *life policies* or stakeholder pensions within 'CC' which are treated as in force at the end of Y-1 or, for a report under ■ SUP 16.8.3 R (2) (b), the relevant 12 month period (see ■ SUP 16.8.16 R to ■ SUP 16.8.18 R);
- (4) 'contract anniversary' means the anniversary of the date on which the *life policy* or stakeholder pension was effected falling within Y-1;
- (5) 'data report' means a report in respect of stakeholder pensions complying with ■ SUP 16.8.19 R to ■ SUP 16.8.21 R;
- (6) [deleted]
- (7) 'group personal pension policy' means a *life policy* which is not a separate *pension scheme*, effected under a collecting arrangement made for the *employees* of a particular employer to participate in a personal pension arrangement on a group basis;
- (8) [deleted]
- (9) 'mortgage endowment' means an *endowment assurance effected* or believed to be effected for the purposes of paying off a loan on land;
- (10) 'new', in relation to a stakeholder pension, has the meaning given in ■ SUP 16.8.11 R (2);
- (11) 'ordinary assurance policy' means a *life policy* which is not an *industrial assurance policy*;

- (12) 'other life assurance' means a *life policy* other than a *pension policy*, *endowment assurance* or *whole life assurance*;
- (13) 'other pension policy' means a *pension policy* other than a *personal pension policy*;
- (14) 'persistency rate' means a rate calculated using this formula:  $CF \times 100 / CC$  (see the example in ■ SUP 16.8.5G);
- (15) 'persistency report' means a report in respect of life policies and stakeholder pensions complying with ■ SUP 16.8.19A R and ■ SUP 16.8.21 R;
- (16) 'regular premium life policy' means a *life policy* where there is (or could be, or has been) a commitment by the policyholder to make a regular stream of contributions (for example by means of a direct debit mandate);
- (17) 'regular premium stakeholder pension' means a stakeholder pension where there is (or could be, or has been) a commitment by the policyholder to make a regular stream of contributions;
- (18) 'single premium life policy' means a *life policy* that is not a regular premium *life policy*, except that a recurrent single premium *life policy* must be treated as a regular premium *life policy*;
- (19) 'single premium stakeholder pension' means a stakeholder pension which is not a regular premium stakeholder pension, except that a recurrent single premium stakeholder pension must be treated as a regular premium stakeholder pension;
- (20) 'stakeholder pension' means an individual's rights under a *stakeholder pension scheme*;
- (21) 'substitute', in relation to stakeholder pension, has the meaning given in ■ SUP 16.8.11 R (2);
- (22) 'Y' means the year in which the report must be submitted, 'Y-1' means the preceding year, 'Y-2' means the next earlier year and so on; and
- (23) 'year' means calendar year, unless ■ SUP 16.8.3AR (1) applies in which case it means the 12 month period notified to the FCA.

16.8.5



Example of calculation of persistency rate for life policies that commenced during 1996 (see ■ SUP 16.8.3 R)

Y (year of reporting)	Number of <i>life policies</i> which commenced during 1996	Number of 1996 <i>policies</i> that cease to be in force during Y-1	Deaths and re-tire-ments (not included in CC and CF)	CF	CC
1998	1000	143	2	1000 - 143 - 2 = 855	1000 - 2 = 998
1999	1000	25	1	1000 - 143 - 25 - 2 - 1 = 829	1000 - 2 - 1 = 997

Report submitted in 1998 Persistency rate for *life policies* that commenced during Y-2 (that is 1996)

Report submitted in 1999 Persistency rate for *life policies* that commenced during Y-3 (that is 1996)

**16.8.6** G *Firms* are reminded that annuity contracts other than deferred annuity contracts are not within the definition of '*life policy*'.

**16.8.7** R [deleted]

### Life policies and stakeholder pensions to be reported on in the persistency or data reports

**16.8.8** R A persistency report or data report must report on a *life policy* or stakeholder pension if:

- (1) it is not of a type listed in ■ SUP 16.8.13 R or ■ SUP 16.8.14 R;
- (2) it was effected by:
  - (a) the *firm* submitting the report; or
  - (b) an unauthorised member of the *group* of the *firm* submitting the report and in circumstances in which that *firm* was responsible for the promotion of that *life policy* or stakeholder pension; or
  - (c) another *firm*, but is being carried out by the *firm* submitting the report; and
- (3) the *person* who sold it or who was responsible for its promotion was, in so doing, subject to *rules* in COBS.

**16.8.9** G *Life policies* and stakeholder pensions falling within ■ SUP 16.8.8 R (2) (c) are those which have been transferred from another *firm*, for example under an insurance business transfer scheme under Part 7 of the Act (Control of Business Transfers).

- 16.8.10** **R** *Life policies* falling within **■ SUP 16.8.8 R**, which were sold subject to the conduct of business rules of a *previous regulator*, need to be reported only if they were required to be reported on by the rules of the *previous regulator* of the *firm* submitting the report.
- 16.8.11** **R**
- (1) A *life policy* or stakeholder pension which was issued in substitution for a similar contract may be treated as being effected on the inception date of the previous *life policy* or stakeholder pension, provided that the *firm* is satisfied that no loss to the *policyholder* is attributable to the substitution.
  - (2) A stakeholder pension which is treated as in (1) is a "substitute" stakeholder pension. A "new" stakeholder pension is any other stakeholder pension.
- 16.8.12** **G** Examples of loss to the *policyholder* under **■ SUP 16.8.11 R** are losses resulting from higher charges and more restrictive benefits and options.
- 16.8.13** **R** A persistency or data report must not report on any of the following:
- (1) a *life policy* or stakeholder pension that was cancelled from inception whether or not this was as a result of service of a notice under the *rules* on cancellation (**■ COBS 15**);
  - (2) [deleted]
  - (3) a *life policy* (excluding *income withdrawal*) or stakeholder pension which has terminated as a result of death, critical illness, retirement, maturity or other completion of the contract term;
  - (4) *income withdrawals* that have ceased as a result of the death of the *policyholder*;
  - (5) in the case of a persistency report only, a *life policy* which is a stakeholder pension;
  - (6) a *life policy* purchased by the trustees of an *occupational pension scheme* which is a *defined benefits pension scheme*;
  - (7) a *life policy* purchased by the trustees of an executive money purchase occupational pension scheme.
- 16.8.14** **R** A persistency report required by **■ SUP 16.8.3 R** need not contain information:
- (1) on a *life policy* if the number of *life policies* on substantially the same terms effected by the relevant *firm* (or member of the *firm's group*) in the relevant year did not exceed the higher of fifty and 1% of the total reportable *life policies* effected by the *person* in that year; and
  - (2) on *life policies* and stakeholder pensions if a *firm* has no *life policies* or stakeholder pensions to report on in **■ SUP 16 Annex 6R**.

16.8.14A	<b>R</b>	In circumstances where a <i>firm</i> has no data to report in one or both of the <i>life policies</i> and stakeholder pensions sections of ■ SUP 16 Annex 6R, a <i>firm</i> must submit a nil return using the relevant field(s) in the form.
16.8.15	<b>R</b>	If the term of an <i>endowment assurance</i> is less than five years, the <i>life policy</i> must only be included in a persistency report in respect of years up to and including the anniversary prior to maturity.
<b>Life policies and stakeholder pensions to be treated as in force</b>		
16.8.16	<b>R</b>	Subject to ■ SUP 16.8.17 R and ■ SUP 16.8.18 R, a <i>life policy</i> or stakeholder pension must be treated as in force at the end of Y-1 (that is, included in CF) if and only if: <ul style="list-style-type: none"> <li>(1) in the case of a regular premium life policy: <ul style="list-style-type: none"> <li>(a) in the case of an <i>industrial assurance policy</i> on which the <i>premiums</i> are paid at intervals of four weeks, the <i>premium</i> has been paid in respect of the four-week period in which the policy anniversary falls; or</li> <li>(b) in any other case, the <i>premium</i> has been paid in respect of the month in which the policy anniversary falls;</li> </ul> </li> <li>(2) in the case of a single premium life policy, the policy has not been surrendered as at the policy anniversary;</li> <li>(3) in the case of a regular premium stakeholder pension: <ul style="list-style-type: none"> <li>(a) for a report required by ■ SUP 16.8.3 R (2) (a), the premium has been paid in respect of the month in which the contract anniversary falls;</li> <li>(b) [deleted]</li> </ul> </li> <li>(4) in the case of a single premium stakeholder pension: <ul style="list-style-type: none"> <li>(a) for a report required by ■ SUP 16.8.3 R (2)(a), the contract has not been surrendered as at the contract anniversary.</li> <li>(b) [deleted]</li> </ul> </li> </ul>
16.8.17	<b>R</b>	A cluster <i>life policy</i> must be reported as a single <i>life policy</i> and must be treated as in force (that is included in CF) even if some of the constituent <i>life policies</i> have been terminated.
16.8.18	<b>R</b>	An <i>income withdrawal</i> that has terminated other than by death of the <i>policyholder</i> must be treated as not in force at the end of Y-1 (that is, not included in CF).
<b>Contents of the persistency or data report</b>		
16.8.19	<b>R</b>	<ul style="list-style-type: none"> <li>(1) [deleted]</li> <li>(2) [deleted]</li> <li>(3) [deleted]</li> </ul>

- 16.8.19A

R

A persistency report on *life policies* and stakeholder pensions must be in the format of ■ SUP 16 Annex 6R.
- 16.8.20

R

[deleted]
- 16.8.21

R

The *firm* must, if a persistency report reports on:

(1) an *endowment assurance* with a term of five years or less:

(a) [deleted]

(b) report on such a policy in the report in ■ SUP 16 Annex 6R;

(2) a group personal pension policy, include the policy as a personal pension policy in the report in ■ SUP 16 Annex 6R;

(3) a mortgage endowment, also include the policy as an endowment assurance in the report in ■ SUP 16 Annex 6R;

(4) an *income withdrawal*, not include the policy under any other relevant category in ■ SUP 16 Annex 6R.

- 16.8.22

G

(1) [deleted]

(2) [deleted]

Records

- 16.8.23

R

A *firm* must make and retain such records as will enable it to:

(1) monitor regularly the persistency of *life policies* and stakeholder pensions effected through each of its *representatives*; and

(2) make persistency reports or data reports to the *FCA* in accordance with ■ SUP 16.8.3R.

- 16.8.24

G

In order to comply with ■ SUP 16.8.23 R, a *firm* will as a minimum need to make and retain separate records for:

(1) *life policies* and stakeholder pensions originally promoted:

(a) by company representatives; or

(b) by intermediaries providing *independent advice* or *restricted advice*; or


(c) through the *firm's* own *direct offer financial promotions*;

(d) [deleted]

(2) *life policies* and stakeholder pensions not within (1), including those effected as *execution-only transactions*, for inclusion in the relevant form under 'Other';

(3) *life policies* and stakeholder pensions written assuming the payment of:

- (a) regular premiums;
  - (b) a single premium;
- (4) *life policies* written as:
  - (a) ordinary assurance policies;
  - (b) *industrial assurance policies*;
- (5) the categories of *life policies* and stakeholder pensions referred to in ■ SUP 16 Annex 6R.

	<div><div>16.9</div><div>Appointed representatives annual report</div></div>
<div>[deleted]</div>	<div>Readers should refer to the requirements set out in <a href="#">■ SUP 12.7</a> (Notification requirements).</div>





16.10 Verification of firm details

Application

- 16.10.1 **G** The effect of **SUP 16.1.1 R** is that this section applies to every *firm* except:
- (1) an *ICVC*; or
  - (2) a *UCITS qualifier*; or
  - (2A) an *AIFM qualifier*; or
  - (3) [deleted]
  - (4) a *dormant asset fund operator*.

Purpose

- 16.10.2 **G** *Firm details* are used by the *FCA* :
- (1) to ensure that a *firm* is presented with the correct regulatory return when it seeks to report electronically;
  - (2) in order to communicate with a *firm*;
  - (3) as the basis for some sections of the *Financial Services Register*; and
  - (4) in order to carry out thematic analysis across sectors and groups of *firms*.

- 16.10.3 **G** In view of the importance attached to *firm details*, and the consequences which may result if they are wrong, this section provides the framework for a *firm* to check and correct them.

Requirement to check the accuracy of firm details and to report changes to the FCA

- 16.10.4 **R**
- (1) Within 60 *business days* of its *accounting reference date*, a *firm* must check the accuracy of its *firm details* through the relevant section of the *FCA* website.
  - (2) [paragraph suspended by FSA 2004/79]
  - (3) If any *firm details* are incorrect, the *firm* must submit the corrected *firm details* to the *FCA* using:

- (a) the appropriate form set out in ■ SUP 15 Ann 3 and in accordance with ■ SUP 16.10.4AR; or
- where the relevant details relate to an *appointed representative* of the *firm*:
- (i) the form in ■ SUP 12 Ann 3 (Appointed representative appointment) if the *appointed representative* is not included on the *Financial Services Register*;
  - (ii) the form in ■ SUP 12 Ann 4 (Appointed representative or tied agent – change details) if the details about an *appointed representative* on the *Financial Services Register* are incorrect; or
  - (iii) the form in ■ SUP 12 Ann 5 (Appointed representative termination) if a relationship with an *appointed representative* has been terminated but this is not reflected on the *Financial Services Register*,
- in accordance with the applicable *rules* in ■ SUP 12.7 (Notification and reporting requirements) or ■ SUP 12.8 (Termination of a relationship with an appointed representative or FCA registered tied agent).
- set out in ■ SUP 15 Ann 3 and in accordance with ■ SUP 16.10.4A R.

16.10.4-A R [deleted]

- 16.10.4A R
- (1) A *firm* must submit any corrected *firm details* under ■ SUP 16.10.4R(3) using the appropriate online systems accessible through the *FCA's* website.
  - (2) [deleted]
    - (a) to [firm.details@fca.org.uk](mailto:firm.details@fca.org.uk) or via post or hand delivery to the *FCA* marked for the attention of the 'Supervision Hub'; or
    - (b) by using the appropriate online systems available from the *FCA's* website.
  - (3) Where a *firm* is obliged to submit corrected *firm details* online under (1), if the *FCA's* information technology systems fail and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored, a *firm* must submit its corrected *firm details* to [firm.details@fca.org.uk](mailto:firm.details@fca.org.uk).

**Frequency and timing of reports: confirming that firm details remain accurate**

- 16.10.4AA R
- (1) This *rule* applies where, in complying with ■ SUP 16.10.4R(1), a *firm* does not need to submit corrected *firm details* under ■ SUP 16.10.4R(3).
  - (2) Within 60 *business days* of its *accounting reference date*, a *firm* must submit a report to the *FCA* confirming that the *firm details* which it has checked under ■ SUP 16.10.4R(1) remain accurate, using the appropriate online systems accessible through the *FCA's* website.

- 16.10.4B

G

If the *FCA's* information technology systems fail and online submission is unavailable for 24 hours or more, the *FCA* will endeavour to publish a notice on its website confirming that online submission is unavailable and that the alternative methods of submission set out in ■ SUP 16.3.9 R should be used.
- 16.10.4C

G

Where ■ SUP 16.10.4AR (3) applies to a *firm*, ■ GEN 1.3.2 R (Emergency) does not apply.
- 16.10.5

G

The *firm details* are made available to the *firm* when the *firm* logs into the appropriate section of the *FCA's* website. The *firm* should check the *firm details* and send any corrections to the *FCA*. The *FCA's* preferred method of receiving corrections to *firm details* is by the online forms available at the *FCA's* website.
- 16.10.6

G

A *firm* may check, and submit corrections to, its *firm details* more frequently than annually.
- 16.10.7

G

[deleted]

## 16.11 Product Sales Data Reporting

### Application

16.11.1

R

This section applies:

- (1) in relation to sales data reports, to a *firm*:
  - (a) which is a *home finance provider*; or
  - (aa) which is a *P2P platform operator* which facilitates entry into a *regulated mortgage contract*, *home purchase plan*, *home reversion plan* or *regulated sale and rent back agreement* where the lender or provider does not require permission to enter into the transaction; or
  - (b) which has *permission to enter into a regulated credit agreement as lender* in respect of *high-cost short-term credit* or *home credit loan agreements*; or
  - (c) which is, in respect of sales to a *retail client* or a *consumer*:
    - (i) an *insurer*; or
    - (ii) the *manager* of an *authorised AIF* or a *UCITS scheme*; or
    - (iii) the *operator* of an *investment trust savings scheme*, or a *personal pension scheme*; or
    - (iv) a *person* who issues or manages the relevant assets of the issuer of a *structured capital-at-risk product*; unless the *firm* is a *managing agent*;
- (2) in relation to performance data reports:
  - (a) to the *firm* ("A") which entered into the *regulated mortgage contract*; or
  - (b) where the right of the lender to receive payments under the *regulated mortgage contract* has passed to another person ("B") by legal or equitable assignment or by operation of law:
    - (i) where B is a *firm* with *permission for administering a regulated mortgage contract*, *firm B* (and it is immaterial for this purpose whether B makes arrangements for A or another person to administer the mortgage or to exercise the lender's rights under it); or
    - (ii) where B is not a *firm* with *permission for administering a regulated mortgage contract* and B enters into an agreement with a *firm* ("C") to administer the contract, *firm C* (it is immaterial for this purpose whether *firm C* is *firm A*, or whether *firm C* enters into an arrangement with another

person to outsource or delegate the performance of some of those administration activities).

- 16.11.1A **G** Where a *regulated mortgage contract* has been sold or securitised, the *firm* responsible for the performance data report should be the 'principal administrator' submitting the *MLAR* (see section G of ■ SUP 16 Annex 19AR and the guidance notes on section G in ■ SUP 16 Annex 19BG).

**Purpose**

- 16.11.2 **G**
- (1) The purpose of this section is to set out the requirements for *firms* in the retail mortgage, investment, *consumer credit lending* and *pure protection contract* markets specified in ■ SUP 16.11.1 R to report individual product sales data, and to report individual performance data on *regulated mortgage contracts*, to the *FCA*. In the case of *firms* in the sale and rent back market, there is a requirement to record, but not to submit, sales data. These requirements apply whether the *regulated activity* has been carried out by the *firm*, or through an intermediary which has dealt directly with the *firm*.
  - (2) The purpose of collecting this data is to assist the *FCA* in the ongoing supervision of *firms* engaged in retail activities and to enable the *FCA* to gain a wider understanding of market trends in the interests of protecting *consumers*.
  - (3) Certain of the information is required under *PRA* rules: see ■ SUP 16.11.7R(2) to (5). This information is collected by the *FCA* for the *PRA*, but the *PRA* allows the *FCA* to retain the information for the *FCA's* purposes.

**Reporting requirement**

- 16.11.3 **R**
- (1) A *firm* must submit a report (a 'data report') containing the information required by:
    - (a) ■ SUP 16.11.5 R (a 'sales data report') within 20 *business days* of the end of the reporting period; and
    - (b) for *regulated mortgage contracts*, ■ SUP 16.11.5A R (a 'performance data report'), within 30 *business days* of the end of the reporting period;unless (3A) or (4) applies.
  - (2) The reporting periods are;
    - (a) for sales data reports, the four calendar quarters of each year beginning on 1 January; and
    - (b) for performance data reports, the six month periods beginning on 1 January and 1 July in each calendar year.
  - (3) [deleted]
  - (3A) A *firm* must submit a nil return if no relevant sales have occurred in the quarter.

- 16.11.4
- G
- (3B) A *firm* must submit a nil return in respect of performance data reports if it does not own any rights of a lender under a *regulated mortgage contract*, and only carries on the *regulated activity of administering a regulated mortgage contract* for *firms* which are themselves obliged to submit performance data reports under ■ SUP 16.11.1R(2).

(4) The following types of *firm* must compile, and keep for at least five years from the end of the relevant quarter, a data report containing the information required by ■ SUP 16.11.5 R, but are not subject to the requirement in (1) to submit a data report (or to the requirement in ■ SUP 16.11.9 R:

(a) a *SRB agreement provider*; and

(b) a *P2P platform operator* which facilitates entry into a *regulated sale and rent back agreement* where the provider does not require permission to enter into the transaction.

(1) A *firm* may submit a sales data report more frequently than required by ■ SUP 16.11.3 R if it wishes.

(2) If it is easier and more practical for a *firm* to submit additional data relating to products other than those specified in ■ SUP 16.11.5 R, it may submit that additional data to the *FCA* in a data report.

Content of the report

- 16.11.5
- R
- A sales data report must contain sales data in respect of the following products:

(1) *retail investments*;

(2) *pure protection contracts*;

(3) *regulated mortgage contracts* (including further advances (see ■ SUP 16.11.7R(3)) and internal product transfers and internal remortgages, irrespective of whether there is a new mortgage contract);

(4) *home purchase plans*;

(5) *home reversion plans*;

(6) *regulated sale and rent back agreements*;

(7) *high-cost short-term credit*; and

(8) *home credit loan agreements*.

- 16.11.5A
- R
- A performance data report must contain performance data in respect of *regulated mortgage contracts* other than *legacy CCA mortgage contracts*.

- 16.11.6
- G
- Guidance on the type of products covered by ■ SUP 16.11.5 R is contained in ■ SUP 16 Annex 20G.

- 16.11.7** **R** (1) A data report must comply with the provisions of ■ SUP 16 Annex 21R.
- (2) But (3) to (5) apply where a *firm* which is required to submit a sales data report under ■ SUP 16.11.3R(1)(a) is a *PRA-authorised person* which is also required to submit information to the *FCA* under chapter 23 (regulatory mortgage contract reporting) of the *PRA's* Regulatory Reporting rules.
- (3) Where the sales data report relates to a further advance, ■ SUP 16.11.3R(1)(a) and ■ SUP 16 Annex 21R apply to the *firm* only in relation to the format in which the *data elements* in the report are to be submitted to the *FCA*.
- (4) Where the sales data report does not relate to a further advance, ■ SUP 16.11.3R(1)(a) and ■ SUP 16 Annex 21R apply to the *firm* in respect of the *data elements* listed in (5) only in relation to the format in which the *data elements* are to be submitted to the *FCA*.
- (5) The *data elements* are:
- (a) the total amount owed by the borrower to the *firm* and secured on the property immediately prior to the new borrowing;
  - (b) for a *second charge regulated mortgage contract*, the total amount owed by the borrower to third parties secured on the property;
  - (c) rate to which stress test applied; and
  - (d) contractual reversion rate.
- 16.11.8** **R** A sales data report must relate both to transactions undertaken by the *firm* and to transactions undertaken by an intermediary which has dealt directly with the customer on the *firm's* behalf.
- 16.11.8-A** **R** Where a *P2P platform operator* facilitates an arrangement under which a number of *persons* provide home finance to a single *customer*, either individually under separate contracts, or jointly and severally under a single contract:
- (1) the sales data report and performance data report of the *P2P platform operator* must include data in respect of the arrangement taken as a whole, as though it comprised a single transaction; and
  - (2) the sales data report and performance data report of any *firm* which is the lender or provider under any separate contract forming part of the arrangement must include data in respect of that contract.
- 16.11.8A** **G** Where the *manager* of an *authorised AIF* or a *UCITS scheme* receives business from a *firm* which operates a nominee account, the sales data report in respect of those transactions submitted by the *manager* should treat those transactions as transactions undertaken by the *manager* with the *firm*.
- 16.11.9** **R** A *firm* must provide a data report to the *FCA* electronically in a standard format provided by the *FCA*.

- 16.11.10
- G
- A data report will have been provided to the *FCA* in accordance with  
■ SUP 16.11.9 R only if all mandatory data reporting fields (as set out in  
■ SUP 16 Annex 21R) have been completed correctly and the report has been  
accepted by the relevant *FCA* reporting system.

Use of reporting agents

- 16.11.11
- R
- (1) A *firm* may appoint another *person* to provide a data report on the *firm's* behalf if the *firm* has informed the *FCA* of that appointment in writing.

(2) Where (1) applies, the *firm* must ensure that the data report complies with the requirements of ■ SUP 16.11 and identifies the originator of the transaction.





16.12 Integrated Regulatory Reporting

Application

16.12.1

G

The effect of SUP 16.1.1 R is that this section applies to every *firm* carrying on business set out in column (1) of SUP 16.12.4 R except:

- (1) [deleted]
- (1A) [deleted]
- (2) an *oil market participant* that is not subject to the requirements of IPRU(INV) Chapter 3;
- (3) an *authorised professional firm* (other than one that must comply with IPRU(INV) 3, 5 or 13 in accordance with IPRU(INV) 2.1.4R, or that is a *CASS debt management firm*, where SUP 16.12.4 R will apply in respect of the business the firm undertakes), which must (unless it is within (3A)) comply with SUP 16.12.30 R SUP 16.12.31 R;
- (3A) an *authorised professional firm* if the only *regulated activity* it carries on is *credit-related regulated activity* as a *non-mainstream regulated activity*; and
- (4) a *financial conglomerate*, which must comply with SUP 16.12.32 R: *firms* that are members of a *financial conglomerate* will have their own reporting requirements under SUP 16.12.32 R.
- (5) *UK designated investment firms*, which must comply with the reporting requirements in the *PRA Rulebook*.

Purpose

16.12.2

G

- (1) *Principle 4* requires *firms* to maintain adequate financial resources. The prudential sourcebooks, which are contained in the Prudential Standards block in the *Handbook*, set out the FCA's detailed capital adequacy requirements. By submitting regular data, *firms* enable the FCA to monitor their compliance with *Principle 4* and their prudential requirements.
- (2) The *data items* submitted help the FCA analyse *firms'* financial and other conditions and performance and to understand their business. By means of further collation and review of the data which the *data items* provide, the FCA also uses the *data items* to identify developments across the financial services industry and its constituent sectors.

16.12.3 R

Reporting requirement

(3) The requirements in this section differ according to a *firm's regulated activity group (RAG)*, as different information is required to reflect different types of business. Standard formats are used for reporting, to assist compatibility between *firms* which carry on similar types of business. Timely submission is important to ensure the *FCA* has up-to-date information.

(1) Any *firm* permitted to carry on any of the activities within each of the *RAGs* set out in column (1) of the table in ■ SUP 16.12.4 R must:

- (a) (i) unless (ii) or (iii) applies, submit to the *FCA* the duly completed *data items* or other items applicable to the *firm* as set out in the provision referred to in column (2) of that table;
- (ii) unless (iii) applies, where a *firm* is required to submit completed *data items* for more than one *RAG*, that *firm* must only submit the *data item* of the same name and purpose in respect of the lowest numbered *RAG* applicable to it, *RAG* 1 being the lowest and *RAG* 12 the highest;
- (iii) where a *firm* is, but for this *rule*, required to submit *data items* for more than one *RAG* and this includes the submission of *data items* in respect of fees, the *FOS* or *FSCS* levy, or threshold conditions, that *firm* must only submit these *data items* if they belong to the lowest numbered of the *RAGs* applicable to it;
- (iv) in the case of a *non-EEA bank*, or an *EEA bank* (whether or not it has *permission for accepting deposits*) other than one with *permission for cross border services* only, any *data items* submitted should, unless indicated otherwise, only cover the activities of the branch operation in the *United Kingdom*;  
in the format specified as applicable to the *firm* in the provision referred to in column (2);
- (b) submit this information at the frequency and in respect of the periods set out in the provision referred to in column (3); and
- (c) submit this information by the due date referred to in the provision referred to in column (4).

(2) Unless (3) applies, any *data item* in (1) must be submitted by electronic means made available by the *FCA*;

(3) Paragraph (2) does not apply to:

- (a) [deleted]
- (aa) [deleted]
- (b) *firms* in *RAG* 2 in relation to the reporting requirements for *RAG* 2 activities (except the *funeral plan provision activities*); and
- (c) those *data items* specified as "No standard format", where ■ SUP 16.3.6 R to ■ SUP 16.3.10 G will apply.

(4) A *firm* that is a member of a *financial conglomerate* must also submit financial reports as required by ■ SUP 16.12.32 R.

- 16.12.3-A G [deleted]
- 16.12.3-B G [deleted]
- 16.12.3A G [deleted]
- 16.12.3B G Firms' attention is drawn to ■ SUP 16.3.25 G regarding a single submission for all firms in the group.

16.12.4 R Table of applicable rules containing data items, frequency and submission periods

(1)		(2)	(3)	(4)
RAG number	Regulated Activities	Provisions containing:		
		applicable data items	reporting frequency/period	due date
RAG 1	<ul style="list-style-type: none"><li>•accepting deposits</li><li>•meeting of repayment claims</li><li>• managing dormant asset funds (including the investment of such funds)</li></ul>	RAG 1 firms should complete their prudential reporting requirements as set out in the PRA Rulebook.		
RAG 2.1	<ul style="list-style-type: none"><li>• effecting contracts of insurance</li><li>• carrying out contracts of insurance</li><li>• entering as provider into a funeral plan contract</li><li>• carrying out a funeral plan contract as provider</li></ul>	RAG 2.1 firms should complete their prudential reporting requirements as set out in the PRA Rulebook except firms carrying out funeral plan provision activities in relation to which SUP 16.12.8AR applies.		
RAG 2.2	<ul style="list-style-type: none"><li>• managing the underwriting capacity of a Lloyds syn-</li></ul>	SUP 16.12.9 R	SUP 16.12.9 R	SUP 16.12.9 R

(1)		(2)	(3)	(4)
RAG number	Regulated Activities	Provisions containing:		
		applicable data items	reporting frequency/period	due date
RAG 3	dicate as a managing agent at Lloyds			
	• advising on syndicate participation at Lloyds			
	• arranging deals in contracts of insurance written at Lloyds			
	• dealing in investment as principal	SUP 16.12.10 R SUP 16.12.11 R	SUP 16.12.10 R SUP 16.12.12 R	SUP 16.12.10 R SUP 16.12.13 R
	• dealing in investments as agent			
	• advising on investments (except P2P agreements) (excluding retail investment activities)			
	• arranging (bringing about) deals in investments (excluding retail investment activities)			
	• advising on P2P agreements (when carried on exclusively with or for			

(1)		(2)	(3)	(4)
RAG number	Regulated Activities	Provisions containing:		
		applicable data items	reporting frequency/period	due date
RAG 4	professional clients)			
	• managing investments	SUP 16.12.14 R SUP 16.12.15 R	SUP 16.12.14 R SUP 16.12.16 R	SUP 16.12.14 R SUP 16.12.17 R
	• establishing, operating or winding up a collective investment scheme			
	• establishing, operating or winding up a stakeholder pension scheme			
	• establishing, operating or winding up a personal pension scheme			
	• managing an AIF			
	• managing a UK UCITS			
RAG 5	• operating an electronic system in relation to lending (FCA-authorised persons only)			
	• home finance administration or home finance providing activity	SUP 16.12.18BR and SUP 16.12.18C R	SUP 16.12.18BR and SUP 16.12.18C R	SUP 16.12.18BR and SUP 16.12.18C R
	• the activity of a P2P platform operator facilitating a home finance transaction, where the			

(1)		(2)	(3)	(4)
RAG number	Regulated Activities	Provisions containing:		
		applicable data items	reporting frequency/period	due date
RAG 6	<p>lender or provider does not require permission to enter into the transaction</p> <ul style="list-style-type: none"><li>• safe-guarding and administration of assets (without arranging)</li><li>• arranging safeguarding and administration of assets</li><li>• acting as trustee or depositary of an AIF</li><li>• acting as trustee or depositary of a UK UCITS</li></ul>	SUP 16.12.19A R	SUP 16.12.20 R	SUP 16.12.21 R
RAG 7	<ul style="list-style-type: none"><li>• retail investment activities</li><li>•advising on P2P agreements (except when carried on exclusively with or for professional clients)</li><li>• advising on pensions transfers &amp; opt-outs</li><li>• arranging (bringing about deals) in retail investments</li></ul>	SUP 16.12.22A R	SUP 16.12.23A R	SUP 16.12.24AR
RAG 8	<ul style="list-style-type: none"><li>• making arrangements with a view</li></ul>	SUP 16.12.25AR	SUP 16.12.26 R	SUP 16.12.27 R

(1)		(2)	(3)	(4)
RAG number	Regulated Activities	Provisions containing:		
		applicable data items	reporting frequency/period	due date
RAG 9	to transactions in investments			
	• operating a multilateral trading facility			
	• operating an organised trading facility			
	• home finance mediation activity	SUP 16.12.28A R	SUP 16.12.28A R	SUP 16.12.28A R
	• insurance distribution activity (non-investment insurance contracts)• funeral plan distribution			
RAG 10	• the activities of an RIE	SUP 16.12.29 G	SUP 16.12.29 G	SUP 16.12.29 G
RAG 11	bidding in emissions auctions	SUP 16.12.29AR	SUP 16.12.29AR	SUP 16.12.29AR
RAG 12	• credit-related regulated activity	SUP 16.12.29C R	SUP 16.12.29C R	SUP 16.12.29C R

16.12.4B G [deleted]

### Investment firm group reporting

16.12.4C G ■ MIFIDPRU 9 contains reporting requirements for:

- (1) UK parent entities of investment firm groups that are subject to consolidation under ■ MIFIDPRU 2.5; and
- (2) parent undertakings that are subject to the group capital test.

The reporting requirements apply even if the UK parent entity or parent undertaking is not an authorised person.

16.12.5 R [deleted]

16.12.6 R [deleted]

16.12.7 R [deleted]

Regulated Activity Group 2.1

16.12.8A R The applicable *data items*, reporting frequencies and submission deadlines referred to in ■ SUP 16.12.4R are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period.

Description of data item	Data item (note 1)	Frequency	Submission deadline
Funeral plan conduct return	FPR001	Quarterly (note 2)	15 business days after the quarter end
Funeral plan financials return: providers	FPR003a	Half yearly (note 3)	80 business days after the half year end
Note 1	When submitting the completed <i>data item</i> required, a firm must use the format of the <i>data item</i> set out in SUP 16 Annex 50A. Guidance notes for the completion of the <i>data items</i> are set out in SUP 16 Annex 50B.		
Note 2	Reporting frequencies and reporting periods for this <i>data item</i> are calculated on a calendar year basis and not from a <i>firm's accounting reference date</i> . Quarters end on 31 March, 30 June, 30 September and 31 December.		
Note 3	Reporting frequencies and reporting periods for this <i>data item</i> are calculated on a calendar year basis and not from a <i>firm's accounting reference date</i> . The relevant half year periods end on 30 June and 31 December.		

Regulated Activity Group 2.2

16.12.9 R The applicable *data items* referred to in ■ SUP 16.12.4 R are set out according to type of *firm* in the table below.

The applicable reporting frequencies for submission of *data items* and periods referred to in ■ SUP 16.12.4 R are set out in the table below and are calculated from a *firm's accounting reference date*, unless indicated otherwise.

The applicable due dates for submission referred to in ■ SUP 16.12.4 R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period.

Member's adviser			the Society (note 1)		
Description of data item	Frequency	Submission deadline	Description of data item	Frequency	Submission deadline



			Member's adviser			the Society (note 1)		
						Annual Lloyd's return	Annually	6 months after the Society's accounting reference date
						Syndicate accounts and re-ports (note 2)	Annually	6 months after the Society's accounting reference date
Quarterly reporting statement	Quarterly	15 business days after the quarter end						
Balance Sheet								
FSA001 (note 20) or	Quarterly or half yearly	(note 14)						
FSA029	Quarterly (note 14)	(note 14)						
Income Statement								
FSA002 (note 20), or	Quarterly or half yearly (note 14)	(note 14)						
FSA030	Quarterly	(note 14)						
Capital Adequacy								
FSA003 (notes 4, 20) or	Monthly, quarterly or half yearly (note 14)	(note 14)						
FSA033 (note 12) or	Quarterly	(note 14)						
FSA034 (note 13) or	Quarterly	(note 14)						
FSA035 (note 13)	Quarterly	(note 14)						
Credit Risk								
FSA004 (notes 5, 20)	Quarterly or half yearly (note 14)	(note 14)						
Market Risk								
FSA005 (notes 6, 20)	Quarterly or half yearly (note 14)	(note 14)						

	Member's adviser	the Society (note 1)
Large Exposures		
FSA008 (note 20)	Quarterly	20 <i>business days</i> (note 19)
Note 1	The <i>Society</i> must prepare its reports in the format specified in <i>IPRU(INS)</i> Appendix 9.11, unless Note 2 applies.	
Note 2	The <i>Society</i> must ensure that the annual syndicate accounts and reports are prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (S.I. 2008/1950).	
Note 3	[deleted]	
Note 4	Only <i>firms</i> subject to <i>IPRU(INV)</i> 4 report <i>data item</i> FSA003.	
Note 5	<p>This applies to a <i>firm</i> that is required to submit <i>data item</i> FSA003 and, at anytime within the 12 <i>months</i> up to its latest <i>accounting reference date</i> ("the relevant period"), was reporting <i>data item</i> FSA004 ("Firm A") or not reporting this item ("Firm B").</p> <p>In the case of Firm A it must report this <i>data item</i> if one or both of its last two submissions in the relevant period show that the threshold was exceeded.</p> <p>In the case of Firm B it must report this item if both the last two submissions in the relevant period show that the threshold has been exceeded.</p> <p>The threshold is exceeded where <i>data element</i> 77A in <i>data item</i> FSA003 is greater than £10 million, or its currency equivalent, at the relevant reporting date for the <i>firm</i>.</p>	
Note 6	<p>This applies to a <i>firm</i> that is required to submit <i>data item</i> FSA003 and, at anytime within the 12 <i>months</i> up to its latest <i>accounting reference date</i> ("the relevant period"), was reporting <i>data item</i> FSA005 ("Firm A") or not reporting this item ("Firm B").</p> <p>In the case of Firm A it must report this <i>data item</i> if one or both of its last two submissions in the relevant period show that the threshold was exceeded.</p> <p>In the case of Firm B it must report this item if both the last two submissions in the relevant period show that the threshold has been exceeded.</p> <p>The threshold is exceeded where <i>data element</i> 93A in <i>data item</i> FSA003 is greater than £50 million, or its currency equivalent, at the relevant reporting date for the <i>firm</i>.</p>	
Note 7	[deleted]	
Note 8	[deleted]	
Note 9	[deleted]	

	Member's adviser	the Society (note 1)
Note 10	[deleted]	
Note 11	[deleted]	
Note 12	FSA033 is only applicable to <i>firms</i> subject to <i>IPRU(INV)</i> 3.	
Note 13	Only applicable to <i>firms</i> subject to <i>IPRU(INV)</i> 5. FSA034 must be completed by a <i>firm</i> not subject to the exemption in <i>IPRU(INV)</i> 5.4.2R, unless it is a <i>firm</i> whose permitted business includes <i>establishing, operating or winding up a personal pension scheme</i> , in which case FIN071 must be completed.	
	FSA035 must be completed by a <i>firm</i> subject to the exemption in <i>IPRU(INV)</i> 5.4.2R.	
Note 14	All UK <i>consolidation group</i> reports report half yearly on 45 <i>business days</i> submission. All other <i>firms</i> report monthly on 20 <i>business days</i> submission.	
Note 15	[deleted]	
Note 16	[deleted]	
Note 17	[deleted]	
Note 18	[deleted]	
Note 19	UK <i>consolidation group</i> reports have 45 <i>business days</i> submission.	
Note 20	<i>Firms</i> that are members of a UK <i>consolidation group</i> are also required to submit FSA001, FSA002, FSA003, FSA004, FSA005 and FSA008 on a UK <i>consolidation group</i> basis.	
Note 21	[deleted]	

16.12.9A G A member's adviser that is also a MIFIDPRU investment firm will also fall under one of the higher number RAGs that apply to MIFIDPRU investment firms. That means it will have to report data items in addition to those that it has to supply under RAG 2.2.

Regulated Activity Group 3

- 16.12.10 R
- (1) ■ SUP 16.12.11 R to ■ SUP 16.12.13 R do not apply to:
    - (a) a lead regulated firm (except in relation to data items 47 to 55 (inclusive));
    - (b) an OPS firm;
    - (c) a local authority;
    - (d) a service company.
  - (2) A PRA lead regulated firm and an OPS firm must submit a copy of its annual report and audited accounts within 80 business days from its accounting reference date.
  - (3) A PRA service company must submit a copy of its annual audited financial statements within 6 months from its accounting reference date. However, the firm need only submit this if the report was audited as a result of a statutory provision other than the Act.

16.12.11 R

The applicable *data items* referred to in ■ SUP 16.12.4 R are set out according to *firm* type in the table below:

Description of data item	Firms' prudential category and applicable data items (note 1)			
	MIFIDPRU investment firms	Firms other than MIFIDPRU investment firms		
		IPRU(INV) Chapter 3	IPRU(INV) Chapter 5	IPRU(INV) Chapter 13
Solvency statement	No standard format (note 4)	No standard format (note 6)	No standard format (note 4)	
Balance sheet	FSA029 (note 2)	FSA029 (note 5)	FSA029	Section A RMAR
Income statement	FSA030 (note 2)	FSA030 (note 5)	FSA030	Section B RMAR
Capital adequacy	MIF001 (note 2 and 3)	FSA033 (note 5)	FSA034 or FSA035 or FIN071 (note 7)	Section D1 RMAR
Supplementary capital data for collective portfolio management investment firms	FIN067 (note 13)			
ICARA assessment questionnaire	MIF007 (note 3)			
Threshold conditions				Section F RMAR
Client money and client assets	FSA039	FSA039	FSA039	Section C RMAR
CFTC	FSA040 (note 8)	FSA040 (note 8)	FSA040 (note 8)	FSA040 (note 8)
Liquidity	MIF002 (notes 2, 3 and 10)			
Metrics reporting	MIF003 (notes 2 and 3)			
Concentration risk (non-K-COM)	MIF004 (notes 2, 3 and 11)			
Concen	MIF005			

Description of data item	Firms' prudential category and applicable data items (note 1)			
	MIFIDPRU investment firms	Firms other than MIFIDPRU investment firms		
		IPRU(INV) Chapter 3	IPRU(INV) Chapter 5	IPRU(INV) Chapter 13
tration risk (K-COM)	(notes 2, 3 and 11)			
Group capital test	MIF006 (notes 3 and 12)			
Liquidity Questionnaire	MLA-M (note 9)	MLA-M (note 9)	MLA-M (note 9)	MLA-M (note 9)
Note 1	All firms (except MIFIDPRU investment firms in relation to items reported under MIFIDPRU 9) must, when submitting the completed data item required, use the format of the data item set out in SUP 16 Annex 24R. Guidance notes for completion of the data items are contained in SUP 16 Annex 25G.			
Note 2	A UK parent entity of an investment firm group to which consolidation applies under MIFIDPRU 2.5 must also submit this report on the basis of the consolidated situation.			
Note 3	Data items MIF001 – MIF007 must be reported in accordance with the rules in MIFIDPRU 9.			
Note 4	Only applicable to a firm that is a sole trader or partnership. Where the firm is a partnership, this report must be submitted by each partner.			
Note 5	Except if the firm is an adviser (as referred to in IPRU-INV (3)-60(4)R).			
Note 6	Only required in the case of an adviser (as referred to in IPRU-INV (3)-60(4)R) that is a sole trader.			
Note 7	FSA034 must be completed by a firm not subject to the exemption in IPRU(INV) 5.4.2R, unless it is a firm whose permitted business includes establishing, operating or winding up a personal pension scheme, in which case FIN071 must be completed.  FSA035 must be completed by a firm subject to the exemption in IPRU(INV) 5.4.2R.			
Note 8	Only applicable to firms granted a Part 30 exemption order and operating an arrangement to cover forward profits on the London Metals Exchange.			
Note 9	Only applicable to RAG 3 firms carrying on home financing or home finance administration connected to regulated mortgage contracts, unless as at 26 April 2014 the firm's Part 4A permission was and remains subject to a restriction preventing it from undertaking new home financing or home finance administration connected to regulated mortgage contracts.			
Note 10	Does not apply to an SNI MIFIDPRU investment firm which has been granted an exemption from the liquidity requirements in MIFIDPRU 6.			
Note 11	Only applicable to a non-SNI MIFIDPRU investment firm.			
Note 12	Only applicable to a parent undertaking to which the group capital test applies.			

## 16.12.11B R

[deleted]

## 16.12.12 R

The applicable reporting frequencies for *data items* referred to in ■ SUP 16.12.4 R are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

Description of data item	Firms' prudential category and applicable data items (note 1)			
	MIFIDPRU investment firms	Firms other than MIFIDPRU investment firms		
		IPRU(INV) Chapter 3	IPRU(INV) Chapter 5	IPRU(INV) Chapter 13
Note 13	Only applicable to <i>firms</i> that are <i>collective portfolio management investment firms</i> .			
Data item	Non-SNI MIFIDPRU investment firm	SNI MIFIDPRU investment firm	Investment firm group	Firm other than a MIFIDPRU investment firm
Solvency statement	Annually	Annually		Annually
FSA029	Quarterly	Quarterly	Quarterly	Quarterly
FSA030	Quarterly	Quarterly	Quarterly	Quarterly
[deleted]				[deleted]
FSA033				Quarterly
FSA034				Quarterly
FSA035				Quarterly
FSA039	Half yearly	Half yearly		Half yearly
FSA040	Quarterly	Quarterly		Quarterly
FIN067	Quarterly (note 3)	Quarterly (note 3)		
FIN071				Quarterly
MIF001	Quarterly (note 3)	Quarterly (note 3)	Quarterly (note 3)	
MIF002	Quarterly (note 3)	Quarterly (note 3)	Quarterly (note 3)	

Data item	Non-SNI MIF-IDPRU investment firm	SNI MIFIDPRU investment firm	Investment firm group	Firm other than a MIFID-PRU investment firm
MIF003	Quarterly (note 3)	Quarterly (note 3)	Quarterly (note 3)	
MIF004	Quarterly (note 3)		Quarterly (note 3)	
MIF005	Quarterly		Quarterly	
MIF006	Quarterly (note 3)	Quarterly (note 3)		
MIF007	Annually (note 4)	Annually (note 4)		
Section A RMAR				Half yearly (note 1) Quarterly (note 2)
Section B RMAR				Half yearly (note 1) Quarterly (note 2)
Section C RMAR				Half yearly (note 1) Quarterly (note 2)
Section D1 RMAR				Half yearly (note 1) Quarterly (note 2)
Section F RMAR				Half yearly
MLA-M	Quarterly	Quarterly	Quarterly	Quarterly
Note 1	Annual regulated business revenue up to and including £5 million.			
Note 2	Annual regulated business revenue over £5 million.			
Note 3	Reporting frequencies and reporting periods for this <i>data item</i> are calculated on a calendar year basis and not by reference to the <i>firm's accounting reference date</i> . The relevant quarters end on the last <i>business day</i> of March, June, September and December.			
Note 4	The reporting period for MIF007 is determined by the date on which the <i>firm</i> reviews its <i>ICARA process</i> under MIFID-PRU 7.8.2R and the submission date that applies under MIFID-PRU 7.8.4R.			

16.12.12A R

16.12.13 R

The applicable due dates for submission referred to in SUP 16.12.4 R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in SUP 16.12.12 R, unless indicated otherwise.

Data item	Quarterly	Half yearly	Annual
Solvency statement			3 months
FSA029	20 business days (note 1) 30 business days (note 2)		
FSA030	20 business days (note 1) 30 business days (note 2)		
[deleted]	[deleted]		
FSA033	20 business days		
FSA034	20 business days		
FSA035	20 business days		
FSA039		30 business days	
FSA040	15 business days		
FIN067	20 business days		
FIN071	20 business days		
MIF001	20 business days (note 1) 30 business days (note 2)		
MIF002	20 business days (note 1) 30 business days (note 2)		
MIF003	20 business days (note 1) 30 business days (note 2)		
MIF004	20 business days (note 1) 30 business days		



Data item	Quarterly	Half yearly	Annual
MIF005	(note 2) 20 business days (note 1) 30 business days		
MIF006	(note 2) 20 business days		
MIF007	The submission date that applies under MIFIDPRU 7.8.4R		
Section A RMAR	30 business days	30 business days	
Section B RMAR	30 business days	30 business days	
Section C RMAR	30 business days	30 business days	
Section D1 RMAR	30 business days	30 business days	
Section F RMAR		30 business days	
MLA-M	20 business days		
Note 1	For reports relating to the position of an individual firm.		
Note 2	For reports relating to the consolidated situation of an investment firm group.		

16.12.13A R [deleted]

Regulated Activity Group 4

- 16.12.14 R
- (1) ■ SUP 16.12.15 R to ■ SUP 16.12.17 R do not apply to:
- (a) a lead regulated firm (except in relation to data items 47 to 55 (inclusive));
  - (b) an OPS firm;
  - (c) a local authority.
- (2) [deleted]

16.12.15 R The applicable data items referred to in ■ SUP 16.12.4 R are set out according to firm type in the table below:

Firms' prudential category and applicable data items (note 1)						
Description of data item	MIFID-PRU investment firms	Firms other than MIFIDPRU investment firms				
		IPRU(INV)		IPRU(INV)	IPRU(INV)	IPRU(INV)
		Chapter 3	Chapter 5	Chapter 11 (collective portfolio management firms only)	Chapter 12	Chapter 13
Solvency statement (note 2)	No standard format		No standard format	No standard format		
Balance sheet	FSA029 (note 3)	FSA029	FSA029	FSA029	FSA029	Section A RMAR
Income statement	FSA030 (note 3)	FSA030	FSA030	FSA030	FSA030	Section B RMAR
Capital adequacy	MIF001 (note 3 and 4)	FSA033	FSA034 or FSA035 or FIN071 (note 5)	FIN066	FIN069	Section D1 RMAR
ICARA assessment questionnaire	MIF007 (note 4)					
Supplementary capital data for collective portfolio management invest	FIN067 (note 9)					

Firms' prudential category and applicable data items (note 1)						
Description of data item	MIFID-PRU investment firms	Firms other than MIFIDPRU investment firms				
		IPRU(INV)	IPRU(INV)	IPRU(INV)	IPRU(INV)	IPRU(INV)
		Chapter 3	Chapter 5	Chapter 11 (collective portfolio management firms only)	Chapter 12	Chapter 13
Investment firms						
Threshold conditions						Section F RMAR
Volumes and types of business	FSA038	FSA038	FSA038	FSA038		FSA038
Client money and client assets	FSA039	FSA039	FSA039	FSA039	FSA039	Section C RMAR
Liquidity	MIF002 (notes 3, 4 and 6)					
Metrics monitoring	MIF003 (notes 3 and 4)					
Concentration risk (non-K-COM)	MIF004 (notes 3, 4 and 7)					
Concentration risk (K-COM)	MIF005 (notes 3, 4 and 7)					
Group	MIF006					

Firms' prudential category and applicable data items (note 1)					
Description of data item	MIFID-PRU investment firms	Firms other than MIFIDPRU investment firms			
		IPRU(INV)	IPRU(INV)	IPRU(INV)	IPRU(INV)
		Chapter 3	Chapter 5	Chapter 11 (collective portfolio management firms only)	Chapter 12 Chapter 13
capital test	(notes 4 and 8)				
Information on P2P agreements					FIN070
Note 1	All firms, except MIFIDPRU investment firms in relation to items reported under MIFIDPRU 9, must, when submitting the completed data item required, use the format of the data item set out in SUP 16 Annex 24. Guidance notes for completion of the data items are contained in SUP 16 Annex 25.				
Note 2	Only applicable to a firm that is a sole trader or partnership. Where the firm is a partnership, this report must be submitted by each partner.				
Note 3	A UK parent entity of an investment firm group to which consolidation applies under MIFIDPRU 2.5 must also submit this report on the basis of the consolidated situation.				
Note 4	Data items MIF001 – MIF007 must be reported in accordance with the rules in MIFIDPRU 9.				
Note 5	FSA034 must be completed by a firm not subject to the exemption in IPRU(INV) 5.4.2R, unless it is a firm whose permitted business includes establishing, operating or winding up a personal pension scheme, in which case FIN071 must be completed.  FSA035 must be completed by a firm subject to the exemption in IPRU(INV) 5.4.2R.				
Note 6	Does not apply to an SNI MIFIDPRU investment firm which has been granted an exemption from the liquidity requirements in MIFIDPRU [6].				
Note 7	Only applicable to a non-SNI MIFIDPRU investment firm.				
Note 8	Only applicable to a parent undertaking to which the group capital test applies.				
Note 9	Only applicable to firms that are collective portfolio management investment firms.				

16.12.15A **G** [deleted]

16.12.15B **R** [deleted]

16.12.16 **R** The applicable reporting frequencies for *data items* referred to in **SUP 16.12.15 R** are set out in the table below according to *firm type*. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<i>Data item</i>	<i>Non-SNI MIF-IDPRU investment firm</i>	<i>SNI MIFIDPRU investment firm</i>	<i>Investment firm group</i>	<i>Firm other than a MIFID-PRU investment firm</i>
Solvency statement	Annually	Annually		Annually
FSA029	Quarterly	Quarterly	Quarterly	Quarterly
FSA030	Quarterly	Quarterly	Quarterly	Quarterly
[deleted]				[deleted]
FSA033				Quarterly
FSA034				Quarterly
FSA035				Quarterly
FSA038	Half yearly	Half yearly		Half yearly
FSA039	Half yearly	Half yearly		Half yearly
FIN067	Quarterly (note 3)	Quarterly (note 3)		
FIN071				Quarterly
MIF001	Quarterly (note 3)	Quarterly (note 3)	Quarterly (note 3)	
MIF002	Quarterly (note 3)	Quarterly (note 3)	Quarterly (note 3)	
MIF003	Quarterly (note 3)	Quarterly (note 3)	Quarterly (note 3)	
MIF004	Quarterly (note 3)		Quarterly (note 3)	
MIF005	Quarterly		Quarterly	
MIF006	Quarterly (note 3)	Quarterly (note 3)		
MIF007	Annually (note 4)	Annually (note 4)		
Section A RMAR				Half yearly (note 1) Quarterly

<i>Data item</i>	<i>Non-SNI MIF-IDPRU investment firm</i>	<i>SNI MIFIDPRU investment firm</i>	<i>Investment firm group</i>	<i>Firm other than a MIFID-PRU investment firm</i>
Section B RMAR				(note 2) Half yearly (note 1) Quarterly
Section C RMAR				(note 2) Half yearly (note 1) Quarterly
Section D1 RMAR				(note 2) Half yearly (note 1) Quarterly
Section F RMAR				(note 2) Half yearly
Note 1	Annual regulated business revenue up to and including £5 million.			
Note 2	Annual regulated business revenue over £5 million.			
Note 3	Reporting frequencies and reporting periods for this <i>data item</i> are calculated on a calendar year basis and not by reference to the <i>firm's accounting reference date</i> . The relevant quarters end on the last <i>business day</i> of March, June, September and December.			
Note 4	The reporting period for MIF007 is determined by the date on which the <i>firm</i> reviews its <i>ICARA process</i> under MIFID-PRU 7.8.2R and the submission date that applies under MIFID-PRU 7.8.4R.			

16.12.16A R [deleted]

16.12.17 R The applicable due dates for submission referred to in ■ SUP 16.12.4 R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in ■ SUP 16.12.16 R, unless indicated otherwise.

<i>Data item</i>	Quarterly	Half yearly	Annual
Solvency statement			3 months
FSA029	20 business days (note 1)		
	30 business days		

<i>Data item</i>	<i>Quarterly</i>	<i>Half yearly</i>	<i>Annual</i>
	(note 2)		
FSA030	20 <i>business days</i>		
[deleted]	[deleted]		
FSA033	20 <i>business days</i>		
FSA034	20 <i>business days</i>		
FSA035	20 <i>business days</i>		
FSA038		30 <i>business days</i>	
FSA039		30 <i>business days</i>	
FIN067	20 <i>business days</i>		
FIN071	20 <i>business days</i>		
MIF001	20 <i>business days</i>		
	(note 1)		
	30 <i>business days</i>		
	(note 2)		
MIF002	20 <i>business days</i>		
	(note 1)		
	30 <i>business days</i>		
	(note 2)		
MIF003	20 <i>business days</i>		
	(note 1)		
	30 <i>business days</i>		
	(note 2)		
MIF004	20 <i>business days</i>		
	(note 1)		
	30 <i>business days</i>		
	(note 2)		
MIF005	20 <i>business days</i>		
	(note 1)		
	30 <i>business days</i>		
	(note 2)		
MIF006	20 <i>business days</i>		
MIF007	The submission date that applies under <a href="#">MIFIDPRU 7.8.4R</a>		
Section A RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section B RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section C RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section D1 RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section F RMAR		30 <i>business days</i>	

16.12.17A R

[deleted]

Regulated Activity Group 5

16.12.18 R

16.12.18A R

[deleted]

- 16.12.18AA R
- (1) ■ SUP 16.12.18B R and ■ SUP 16.12.18C R do not apply to:

(a) a *lead regulated firm*;

(b) an *OPS firm*;

(c) a local authority.

(2) A *lead regulated firm* and an *OPS firm* must submit a copy of its annual report and audited accounts within 80 *business days* from its *accounting reference date*.

16.12.18B R

The applicable *data items*, reporting frequencies and submission deadlines referred to in ■ SUP 16.12.4 R are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period.

Description of <i>data item</i>	<i>Data item</i> (note 1)	Frequency	Submission deadline
Balance Sheet	Sections A.1 and A.2 MLAR	Quarterly	20 <i>business days</i>
Income Statement	Sections B.0 and B.1 MLAR	Quarterly	20 <i>business days</i>
Capital Adequacy (notes 4 and 5)	Section C MLAR	Quarterly	20 <i>business days</i>
Lending - Business flow and rates	Section D MLAR	Quarterly	20 <i>business days</i>
Residential Lending to individuals - New business profile	Section E MLAR	Quarterly	20 <i>business days</i>
Lending - arrears analysis	Section F MLAR	Quarterly	20 <i>business days</i>
Mortgage Administration - Business Profile	Section G MLAR	Quarterly	20 <i>business days</i>



Description of <i>data item</i>	<i>Data item</i> (note 1)	Frequency	Submission deadline
Mortgage Administration - Ar-rears analysis	Section H MLAR	Quarterly	20 <i>business days</i>
Analysis of loans to customers	Section A3 MLAR	Quarterly	20 <i>business days</i>
Provisions analysis	Section B2 MLAR	Quarterly	20 <i>business days</i>
Fees and Levies	Section J MLAR	Annually	30 <i>business days</i>
Sale and rent back	Section K MLAR	Annually	30 <i>business days</i>
Credit Risk (notes 2 and 4)	Section L MLAR	Quarterly	20 <i>business days</i>
Liquidity (notes 3 and 4)	Section M MLAR	Quarterly	20 <i>business days</i>
Note 1	When submitting the completed <i>data item</i> required, a <i>firm</i> must use the format of the <i>data item</i> set out in SUP 16 Annex 19A. Guidance notes for the completion of the <i>data items</i> are set out in SUP 16 Annex 19B.		
Note 2	<p>Only applicable to a <i>firm</i> that has one or more exposures that satisfy the conditions set out in MIPRU 4.2A.4 R, and:</p> <ul style="list-style-type: none"> <li>- has permission to carry on any <i>home financing</i> which is connected to <i>regulated mortgage contracts</i>; or</li> <li>- has permission to carry on <i>home financing</i> and <i>home finance administration</i> which is connected to <i>regulated mortgage contracts</i> (and no other activity); or</li> <li>- has permission to carry on <i>home finance administration</i> which is connected to <i>regulated mortgage contracts</i> and has all or part of the <i>home finance transactions</i> that it administers on its balance sheet.</li> </ul>		
Note 3	<p>Only applicable to a <i>firm</i> that:</p> <ul style="list-style-type: none"> <li>- is subject to MIPRU 4.2D;</li> <li>- has no restriction to its <i>Part 4A permission</i> preventing it from undertaking new <i>home financing</i> or <i>home finance administration</i> connected to <i>regulated mortgage contracts</i>; and</li> <li>- has permission to carry on any <i>home financing</i> or <i>home finance administration</i> connected to <i>regulated mortgage contracts</i>.</li> </ul>		
Note 4	<p>Not applicable if the <i>firm</i> exclusively carries on <i>home finance administration</i> or <i>home finance providing activities</i> in relation to <i>second charge regulated mortgage contracts</i> or <i>legacy CCA mortgage contracts</i> (or both).</p> <p>Also not applicable if the <i>firm</i> is a <i>P2P platform operator</i> facilitating <i>home finance transactions</i>.</p>		
Note 5	Only applicable to a <i>firm</i> that is subject to MIPRU 4.2 (Capital resources requirements).		

16.12.18C R

Additional applicable *data items*, reporting frequencies and submission deadlines referred to in ■ SUP 16.12.4 R are set out in the table below for a *firm* carrying on *home finance administration* or *home finance providing activities* in relation to *second charge regulated mortgage contracts*. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period.

Description of <i>data item</i>	<i>Data item</i> (note 1)	Frequency	Submission deadline
Analysis of second charge loans to customers	Section A4 MLAR	Quarterly	20 <i>business days</i>
Second charge business flow and rates	Section D1 MLAR	Quarterly	20 <i>business days</i>
Second charge lending to individuals	Section E1 MLAR	Quarterly	20 <i>business days</i>
Second charge lending - arrears analysis	Section F1 MLAR	Quarterly	20 <i>business days</i>
Second charge mortgage administration – business profile	Section G1 MLAR	Quarterly	20 <i>business days</i>
Second charge mortgage administration - arrears analysis	Section H1 MLAR	Quarterly	20 <i>business days</i>
Note 1	When submitting the completed <i>data item</i> required, a <i>firm</i> must use the format of the <i>data item</i> set out in SUP 16 Annex 19AA R. Guidance notes for the completion of the <i>data items</i> are set out in SUP 16 Annex 19B.		

Regulated Activity Group 6

16.12.19 R

- (1) ■ SUP 16.12.19A R to ■ SUP 16.12.21 R do not apply to:
- (a) a *lead regulated firm*;
  - (b) an *OPS firm*;
  - (c) a local authority.
- (2) [deleted]

16.12.19A R

The applicable *data items* referred to in ■ SUP 16.12.4 R are set out according to type of *firm* in the table below:

Description of data item	Firms' prudential category and applicable data items (note 1)				
	IPRU(INV) Chapter 3	IPRU(INV) Chapter 5		IPRU(INV) Chapter 13	
Solvency statement (note 6)		No standard format			
Balance sheet	FSA029	FSA029		Section A RMAR	
Income statement	FSA030	FSA030		Section B RMAR	
Capital adequacy	FSA033	FSA034 or FSA035 or FIN071 or FIN072 (note 4)		Section D1 RMAR	
Threshold conditions				Section F RMAR	
Client money and client assets	FSA039	FSA039		Section C RMAR	
Pillar 2 questionnaire		FSA019 (note 8)			
Note 1	When submitting the completed <i>data item</i> required, a <i>firm</i> must use the format of the <i>data item</i> set out in SUP 16 Annex 24. Guidance notes for completion of the data items are contained in SUP 16 Annex 25.				
Note 2	[deleted]				
Note 3	[deleted]				
Note 4	FSA034 must be completed by a <i>firm</i> not subject to the exemption in IPRU(INV) 5.4.2R, unless it is a <i>firm</i> whose permitted business includes <i>establishing, operating or winding up a personal pension scheme</i> , in which case FIN071 must be completed.  FSA035 must be completed by a <i>firm</i> subject to the exemption in IPRU(INV) 5.4.2R, unless the <i>firm</i> is the depositary of a UCITS scheme in which case, FIN072 must be completed.				
Note 5	[deleted]				
Note 6	Only applicable to a <i>firm</i> that is a <i>partnership</i> , when the report must be submitted by each <i>partner</i> .				
Note 7	[deleted]				
Note 8	Only applicable to a <i>firm</i> that is the <i>depositary</i> of a UCITS scheme.				

**16.12.20 R**

The applicable reporting frequencies for submission of *data items* referred to in ■ SUP 16.12.4 R are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

Solvency statement	Annually
FSA019	Annually
FSA029	Quarterly

FSA030	Quarterly
[deleted]	[deleted]
FSA032	Quarterly
FSA033	Quarterly
FSA034	Quarterly
FSA035	Quarterly
FSA039	Half yearly
FIN071	Quarterly
FIN072	Quarterly
Section A RMAR	Half yearly (note 2)
	Quarterly (note 3)
Section B RMAR	Half yearly (note 2)
	Quarterly (note 3)
Section C RMAR	Half yearly (note 2)
	Quarterly (note 3)
Sections D1 and D2 RMAR	Half yearly (note 2)
	Quarterly (note 3)
Section F RMAR	Half yearly
Note 1	[deleted]
Note 2	Annual regulated business revenue up to and including £5 million.
Note 3	Annual regulated business revenue over £5 million.

**16.12.21 R**

The applicable due dates for submission referred to in ■ SUP 16.12.4 R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in ■ SUP 16.12.20 R.

<i>Data item</i>	Quarterly	Half yearly	Annual
Solvency statement			3 months
FSA019			2 months
FSA029	20 business days		
FSA030	20 business days		
[deleted]	[deleted]		
FSA032	20 business days		
FSA033	20 business days		
FSA034	20 business days		
FSA035	20 business days		
FSA039		30 business days	
FSA040	15 business days		
FIN071	20 business days		
FIN072	20 business days		

<i>Data item</i>	Quarterly	Half yearly	Annual
Section A RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section B RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section C RMAR	30 <i>business days</i>	30 <i>business days</i>	
Sections D1 and D2 RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section F RMAR		30 <i>business days</i>	

Regulated Activity Group 7

- 16.12.22 R
- (1) ■ SUP 16.12.22A R to ■ SUP 16.12.24 R do not apply to:

(a) a *lead regulated firm* (except in relation to *data items* 47 to 55 (inclusive));

(b) an *OPS firm*;

(c) a local authority.

(2) [deleted]

16.12.22A R

The applicable *data items* referred to in ■ SUP 16.12.4 R are set out according to type of *firm* in the table below:

<i>Firms' prudential category and applicable data item (note 1)</i>			
<i>Description of data item</i>	<i>MIFIDPRU investment firms</i>	<i>Firms subject to IPRU(INV) Chapter 13</i>	<i>Firms that are also in one or more of RAGs 2 to 6 and not subject to IPRU(INV) Chapter 13</i>
Solvency statement	No standard format (note 2)		
Balance sheet	FSA029 (note 3)	Section A RMAR	
Income statement	FSA030 (note 3)	Section B RMAR	

<i>Firms' prudential category and applicable data item (note 1)</i>			
<i>Description of data item</i>	<i>MIFIDPRU investment firms</i>	<i>Firms subject to IPRU(INV) Chapter 13</i>	<i>Firms that are also in one or more of RAGs 2 to 6 and not subject to IPRU(INV) Chapter 13</i>
Capital adequacy	MIF001 (notes 3 and 6)	Section D1 RMAR (note 9)	
Liquidity	MIF002 (notes 3, 4 and 6)		
Metrics monitoring	MIF003 (notes 3 and 6)		
Concentration risk (non-K-CON)	MIF004 (notes 3, 5 and 6)		
Concentration risk (K-CON)	MIF005 (notes 3, 5 and 6)		
Group capital test	MIF006 (notes 6 and 8)		
ICARA assessment questionnaire	MIF007 (note 6)		
Supplementary capital data for collective portfolio management investment firms	FIN067 (note 10)		
Professional indemnity insurance (note 11)	Section E RMAR	Section E RMAR	Section E RMAR
Threshold conditions		Section F RMAR	
Training and competence	Section G RMAR	Section G RMAR	Section G RMAR
COBS data	Section H RMAR	Section H RMAR	Section H RMAR
Client money and client assets	Section C RMAR	Section C RMAR	
Fees and levies	Section J RMAR	Section J RMAR	
Adviser charges	Section K RMAR (note 7)	Section K RMAR (note 7)	Section K RMAR (note 7)
Note 1	When submitting the completed <i>data item</i> required, a <i>firm</i> (except a <i>MIFIDPRU investment firm</i> in relation to an item reported under MIFIDPRU 9) must use the format of the data item set out in SUP 16 Annex 24R, or SUP 16 Annex 18AR in the case of the RMAR. Guidance notes for completion of the <i>data items</i> are contained in SUP 16 Annex 25, or SUP 16 Annex 18BG in the case of the RMAR.		

		Firms' prudential category and applicable data item (note 1)		
		Description of data item	MIFIDPRU investment firms	<div> <div>Firms subject to IPRU(INV) Chapter 13</div> <div>Firms that are also in one or more of RAGs 2 to 6 and not subject to IPRU(INV) Chapter 13</div> </div>
	Note 2	Only applicable to a <i>firm</i> that is a <i>sole trader</i> or <i>partnership</i> . Where the <i>firm</i> is a <i>partnership</i> , this report must be submitted by each <i>partner</i> .		
	Note 3	A <i>UK parent entity</i> of an <i>investment firm group</i> to which consolidation applies under MIFIDPRU 2.5 must also submit this report on the basis of the <i>consolidated situation</i> .		
	Note 4	Does not apply to an <i>SNI MIFIDPRU investment firm</i> which has been granted an exemption from the liquidity requirements in MIFIDPRU 6.		
	Note 5	Only applicable to a <i>non-SNI MIFIDPRU investment firm</i> .		
	Note 6	Data items MIF001 – MIF007 must be reported in accordance with the <i>rules</i> in MIFIDPRU 9.		
	Note 7	This item only applies to <i>firms</i> that provide advice on <i>retail investment products</i> and <i>P2P agreements</i> .		
	Note 8	Only applicable to a <i>parent undertaking</i> to which the <i>group capital test</i> applies.		
	Note 9	Where a <i>firm</i> submits <i>data items</i> for both RAG 7 and RAG 9, the <i>firm</i> must complete Section D1.		
	Note 10	Only applicable to <i>firms</i> that are <i>collective portfolio management investment firms</i> .		
	Note 11	This item only applies to <i>firms</i> that are subject to an <i>FCA</i> requirement to hold professional indemnity insurance.		
16.12.22B	G	[deleted]		
16.12.22C	R	[deleted]		
16.12.23	R	[deleted]		
16.12.23A	R	The applicable reporting frequencies for <i>data items</i> referred to in ■ SUP 16.12.22A R are set out in the table below. Reporting frequencies are calculated from a <i>firm's accounting reference date</i> , unless indicated otherwise.		

<i>Data item</i>	Frequency			Annual regulated business revenue up to and including £5 million	Annual regulated business revenue over £5 million
	<i>Non-SNI MIFIDPRU investment firm</i>	<i>SNI MIFID-PRU investment firm</i>	<i>Investment firm group</i>		
Solvency statement	Annually	Annually			
FSA029	Quarterly	Quarterly	Quarterly		
FSA030	Quarterly	Quarterly	Quarterly		
FIN067	Quarterly	Quarterly			
MIF001	Quarterly	Quarterly	Quarterly		
	(note 1)	(note 1)	(note 1)		
MIF002	Quarterly	Quarterly	Quarterly		
	(note 1)	(note 1)	(note 1)		
MIF003	Quarterly	Quarterly	Quarterly		
	(note 1)	(note 1)	(note 1)		
MIF004	Quarterly		Quarterly		
	(note 1)		(note 1)		
MIF005	Quarterly		Quarterly		
MIF006	Quarterly	Quarterly			
	(note 1)	(note 1)			
MIF007	Annually	Annually			
	(note 2)	(note 2)			
Section A RMAR				Half yearly	Quarterly
Section B RMAR				Half yearly	Quarterly
Section C RMAR				Half yearly	Quarterly
Section D1 RMAR				Half yearly	Quarterly
Section E RMAR	Half yearly	Half yearly	Half yearly	Half yearly	Quarterly
Section F RMAR	Half yearly	Half yearly	Half yearly	Half yearly	Half yearly
Section G RMAR	Half yearly	Half yearly	Half yearly	Half yearly	Half yearly
Section H RMAR	Half yearly	Half yearly	Half yearly	Half yearly	Half yearly
Section J RMAR	Annually	Annually	Annually	Annually	Annually
Section K RMAR	Annually	Annually	Annually	Annually	Annually
Note 1	Reporting frequencies and reporting periods for this <i>data item</i> are calculated on a calendar year basis and not by reference to the <i>firm's accounting reference date</i> . The relevant				



Data item	Frequency			Annual regulated business revenue up to and including £5 million	Annual regulated business revenue over £5 million
	Non-SNI MIFIDPRU investment firm	SNI MIFID-PRU investment firm	Investment firm group		
Note 2	quarters end on the last <i>business day</i> of March, June, September and December.  The reporting period for MIF007 is determined by the date on which the <i>firm</i> reviews its <i>ICARA process</i> under MIFIDPRU 7.8.2R and the submission date that applies under MIFIDPRU 7.8.4R.				

16.12.24 **R** [deleted]

16.12.24A **R** The applicable due dates for submission referred to in **SUP 16.12.4 R** are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in **SUP 16.12.23A R**, unless indicated otherwise.

Data item	Quarterly	Half yearly	Annual
Solvency statement			3 months
FSA029	20 business days (note 1) 30 business days (note 2)		
FSA030	20 business days (note 1) 30 business days (note 2)		
FIN067	20 business days		
MIF001	20 business days (note 1) 30 business days (note 2)		
MIF002	20 business days (note 1) 30 business days (note 2)		
MIF003	20 business days (note 1) 30 business days		

<i>Data item</i>	<i>Quarterly</i>	<i>Half yearly</i>	<i>Annual</i>
MIF004	(note 2) 20 <i>business days</i>		
	(note 1) 30 <i>business days</i>		
MIF005	(note 2) 20 <i>business days</i>		
	(note 1) 30 <i>business days</i>		
MIF006	(note 2) 20 <i>business days</i>		
MIF007	The submission date that applies under MIFIDPRU 7.8.4R		
Section A RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section B RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section C RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section D1 RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section E RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section F RMAR		30 <i>business days</i>	
Section G RMAR		30 <i>business days</i>	
Section H RMAR		30 <i>business days</i>	
Section J RMAR			30 <i>business days</i>
Section K RMAR		30 <i>business days</i>	
Note 1	For reports relating to the position of an individual <i>firm</i> .		
Note 2	For reports relating to the <i>consolidated situation</i> of an <i>investment firm group</i> .		

### Regulated Activity Group 8

16.12.25 **R**

- (1) ■ SUP 16.12.25A R does not apply to:
- (a) a *lead regulated firm* (except in relation to *data items* 47 to 55 (inclusive));
  - (b) an *OPS firm*;
  - (c) a local authority;
  - (d) a *service company*.
- (2) [deleted]
- (3) [deleted]

**16.12.25A R** The applicable *data items* referred to in ■ SUP 16.12.4 R are set out according to type of *firm* in the table below:

<i>Firms' prudential category and applicable data items (note 1)</i>				
Description of data item	<i>Firms other than MIFIDPRU investment firms</i>			
	<i>MIFIDPRU investment firms</i>	<i>IPRU(INV) Chapter 3</i>	<i>IPRU(INV) Chapter 5</i>	<i>IPRU(INV) Chapter 13</i>
Solvency statement (note 2)	No standard format			
Balance sheet	FSA029 (note 3)	FSA029	FSA029	Section A RMAR
Income statement	FSA030 (note 3)	FSA030	FSA030	Section B RMAR
Capital adequacy	MIF001 (notes 3 and 5)	FSA033	FSA034 or FSA035 or FIN071 (note 4)	Section D1 RMAR
Liquidity	MIF002 (notes 3 and 5)			
Metrics monitoring	MIF003 (notes 3 and 5)			
Concentration risk (non-K-CON)	MIF004 (notes 3, 5 and 7)			
Concentration risk (K-CON)	MIF005 (notes 3, 5 and 7)			
Group capital test	MIF006 (notes 5 and 6)			
ICARA assessment questionnaire	MIF007 (note 5)			
Threshold conditions				Section F RMAR (note 17)
Client money and client assets	FSA039	FSA039	FSA039	Section C RMAR (note 13) or FSA039
Note 1	All <i>firms</i> (except <i>MIFIDPRU investment firms</i> in relation to items reported under MIFIDPRU 9) when submitting the completed <i>data item</i> required, must use the format of the <i>data item</i> set out in SUP 16 Annex 24. Guidance notes for completion of the <i>data items</i> are contained in SUP 16 Annex 25.			

Firms' prudential category and applicable data items (note 1)				
Firms other than MIFIDPRU investment firms				
Description of data item	MIFIDPRU investment firms	IPRU(INV) Chapter 3	IPRU(INV) Chapter 5	IPRU(INV) Chapter 13
Note 2	Only applicable to a <i>firm</i> that is a <i>sole trader</i> or <i>partnership</i> . Where the <i>firm</i> is a <i>partnership</i> , this report must be submitted by each <i>partner</i> .			
Note 3	A <i>UK parent entity</i> of an <i>investment firm group</i> to which consolidation applies under MIFIDPRU 2.5 must also submit this report on the basis of the <i>consolidated situation</i> .			
Note 4	FSA034 must be completed by a <i>firm</i> not subject to the exemption in IPRU(INV) 5.4.2R, unless it is a <i>firm</i> whose permitted business includes <i>establishing, operating or winding up a personal pension scheme</i> , in which case FIN071 must be completed.			
	FSA035 must be completed by a <i>firm</i> subject to the exemption in IPRU(INV) 5.4.2R.			
Note 5	Data items MIF001 – MIF007 must be reported in accordance with the <i>rules</i> in MIFIDPRU 9.			
Note 6	Only applicable to a <i>parent undertaking</i> to which the <i>group capital test</i> applies.			
Note 7	Only applicable to a <i>non-SNI MIFIDPRU investment firm</i> .			

16.12.25B G [deleted]16.12.25C R [deleted]

16.12.26 R The applicable reporting frequencies for *data items* referred to in ■ SUP 16.12.25A R are set out according to the type of *firm* in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

Data item	Non-SNI MIFIDPRU investment firm	SNI MIFIDPRU investment firm	Investment firm group	Firm other than a MIFIDPRU investment firm
Solvency statement	Annually	Annually		Annually
FSA029	Quarterly	Quarterly	Quarterly	Quarterly
FSA030	Quarterly	Quarterly	Quarterly	Quarterly
[deleted]				[deleted]
FSA033				Quarterly
FSA034				Quarterly
FSA035				Quarterly
FSA039	Half yearly	Half yearly		Half yearly
FIN071				Quarterly

<i>Data item</i>	<i>Non-SNI MIF-IDPRU investment firm</i>	<i>SNI MIFIDPRU investment firm</i>	<i>Investment firm group</i>	<i>Firm other than a MIFID-PRU investment firm</i>
MIF001	Quarterly (note 3)	Quarterly (note 3)	Quarterly (note 3)	
MIF002	Quarterly (note 3)	Quarterly (note 3)	Quarterly (note 3)	
MIF003	Quarterly (note 3)	Quarterly (note 3)	Quarterly (note 3)	
MIF004	Quarterly (note 3)		Quarterly (note 3)	
MIF005	Quarterly		Quarterly	
MIF006	Quarterly	Quarterly		
MIF007	Annually (note 4)	Annually (note 4)		
Section A RMAR				Half yearly (note 1) Quarterly (note 2)
Section B RMAR				Half yearly (note 1) Quarterly (note 2)
Section C RMAR				Half yearly (note 1) Quarterly (note 2)
Section D1 RMAR				Half yearly (note 1) Quarterly (note 2)
Section F RMAR				Half yearly
Note 1	Annual regulated business revenue up to and including £5 million.			
Note 2	Annual regulated business revenue over £5 million.			
Note 3	Reporting frequencies and reporting periods for this <i>data item</i> are calculated on a calendar year basis and not by reference to the <i>firm's accounting reference date</i> . The relevant quarters end on the last <i>business day</i> of March, June, September and December.			
Note 4	The reporting period for MIF007 is determined by the date on which the <i>firm</i> reviews its <i>ICARA process</i> under MIFID-PRU 7.8.2R and the submission date that applies under MIFID-PRU 7.8.4R.			

16.12.26A R [deleted]

16.12.27 R The applicable due dates for submission referred to in ■ SUP 16.12.4 R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in ■ SUP 16.12.26 R, unless indicated otherwise.

<i>Data item</i>	Quarterly	Half yearly	Annual
Solvency statement			3 months
FSA029	20 business days (note 1) 30 business days (note 2)		
FSA030	20 business days (note 1) 30 business days (note 2)		
[deleted]	[deleted]		
FSA033	20 business days		
FSA034	20 business days		
FSA035	20 business days		
FSA039		30 business days	
FIN071	20 business days		
MIF001	20 business days (note 1) 30 business days (note 2)		
MIF002	20 business days (note 1) 30 business days (note 2)		
MIF003	20 business days (note 1) 30 business days (note 2)		
MIF004	20 business days (note 1) 30 business days (note 2)		
MIF005	20 business days (note 1) 30 business days		

<i>Data item</i>	<i>Quarterly</i>	<i>Half yearly</i>	<i>Annual</i>
	(note 2)		
MIF006	20 <i>business days</i>		
MIF007	The submission date that applies under MIFIDPRU 7.8.4R		
Section A RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section B RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section C RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section D1 RMAR	30 <i>business days</i>	30 <i>business days</i>	
Section F RMAR	30 <i>business days</i>	30 <i>business days</i>	
Note 1	For reports relating to the position of an individual <i>firm</i> .		
Note 2	For reports relating to the <i>consolidated situation</i> of an <i>investment firm group</i> .		

16.12.27A R [deleted]

Regulated Activity Group 9.....

- 16.12.28 R
- (1) ■ SUP 16.12.28A R does not apply to:

(a) a *lead regulated firm*;

(b) an *OPS firm*;

(c) a local authority;

(d) a *third party processor* in respect of any *home finance activity*.

(2) A *lead regulated firm* and an *OPS firm* must submit a copy of its annual report and audited accounts within 80 *business days* from its *accounting reference date*.

16.12.28A R

The applicable *data items*, reporting frequencies and submission deadlines referred to in ■ SUP 16.12.4 R are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period.

Description of data item	Data item (note 1)	Frequency		Submission deadline
		Annual regulated business revenue up to and including £5 million	Annual regulated business revenue over £5 million	
Home finance mediation activity and insurance distribution activity				
Balance Sheet	Section A RMAR	Half yearly	Quarterly	30 <i>business days</i>
Income Statement	Section B RMAR	Half yearly	Quarterly	30 <i>business days</i>
Capital Adequacy (note 3)	Section D1 RMAR	Half yearly	Quarterly	30 <i>business days</i>
Professional indemnity insurance (note 2)	Section E RMAR	Half yearly	Quarterly	30 <i>business days</i>
Threshold Conditions	Section F RMAR	Half yearly	Half yearly	30 <i>business days</i>
Training and Competence	Section G RMAR	Half yearly	Half yearly	30 <i>business days</i>
COBS data	Section H RMAR	Half yearly	Half yearly	30 <i>business days</i>
Supplementary product sales data	Section I RMAR	Half yearly	Annually	30 <i>business days</i>
Client money and client assets (note 3)	Section C RMAR	Half yearly	Quarterly	30 <i>business days</i>
Fees and levies	Section J RMAR	Annually	Annually	30 <i>business days</i>
Funeral plan distribution activity				
Funeral plan financials return: distributors (note 4)]	FPR003b	Half yearly (note 5)		80 <i>business days</i>
Note 1	When submitting the completed <i>data item</i> required, a <i>firm</i> must use the format of the <i>data item</i> set out in <a href="#">SUP 16 Annex 18A</a> . Guidance notes for the completion of the data items is set out in <a href="#">SUP 16 Annex 18B</a> .			
Note 2	This item only applies to <i>firms</i> that may be subject to an <i>FCA</i> requirement to hold professional indemnity insurance.			
Note 3	This item does not apply to <i>firms</i> who only carry on <i>home finance mediation activities</i> exclusively in relation to <i>second charge regulated mortgage contracts</i> or <i>legacy CCA mortgage contracts</i> (or both) and who are not otherwise expected to complete it by virtue of carrying out other regulated activities.			



Description of data item	Data item (note 1)	Frequency		Submission deadline
		Annual regulated business revenue up to and including £5 million	Annual regulated business revenue over £5 million	
Home finance mediation activity and insurance distribution activity				
Note 4	This item also does not apply if the <i>firm</i> is a <i>P2P platform operator</i> facilitating <i>home finance transactions</i> and is not required to submit it by virtue of carrying out other <i>regulated activities</i> . When submitting the completed <i>data item</i> required, a <i>firm</i> must use the format of the <i>data item</i> set out in SUP 16 Annex 50B. Guidance notes for the completion of the <i>data item</i> are set out in SUP 16 Annex 50B.			
Note 5	Reporting frequencies and reporting periods for this <i>data item</i> are calculated on a calendar year basis and not from a <i>firm's accounting reference date</i> . The relevant half year periods end on 30 June and 31 December.			

Regulated Activity Group 10

16.12.29 G RIEs have separate reporting as set out in REC.

Regulated Activity Group 11

16.12.29A R A *firm* must submit the form contained in ■ SUP 16 Annex 32R (Bidding in emissions auctions return) annually within 30 *business days* from its *accounting reference date* unless it is an *exempt MiFID commodities firm* that did not carry on any *auction regulation bidding* during the year to which that form relates.

Regulated Activity Group 12

16.12.29B R ■ SUP 16.12.29C R does not apply:

- (1) to a *credit firm* if the only *credit-related regulated activity* it carries on is *providing credit references*;
- (2) [deleted]
- (2A) to a *firm* if the only *credit-related regulated activity* it carries on is *advising on regulated credit agreements for the acquisition of land*;
- (3) with respect to *credit-related regulated activity* to the extent that it relates to *credit agreements* secured by a *legal or equitable mortgage on land*.

16.12.29C R The applicable *data items*, reporting frequencies and submission deadlines referred to in ■ SUP 16.12.4 R are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period.

Description of data item	Data item (note 1)	Frequency		Submission deadline
		Annual revenue from <i>credit-related regulated activities</i> up to and including £5 million (note 2)	Annual revenue from <i>credit-related regulated activities</i> over £5 million	
Financial data (note 3)	CCR001	Annually	Half yearly	30 business days
Volumes (note 4)	CCR002	Annually	Half yearly	30 business days
Lenders (note 5)	CCR003	Annually	Half yearly	30 business days
Debt management (note 6)	CCR004	Annually	Half yearly	30 business days
Client Money & Assets (note 7)	CCR005	Annually	Half yearly	30 business days
Debt collection (note 8)	CCR006	Annually	Half yearly	30 business days
Key data (note 9)	CCR007	Annually	Annually	30 business days
Credit broking websites (note 10)				[deleted]
Note 1	When submitting the required <i>data item</i> , a <i>firm</i> must use the format of the <i>data item</i> set out in SUP 16 Annex 38A. Guidance notes for the completion of the data items is set out in SUP 16 Annex 38B.			
Note 2	References to revenue in SUP 16.12.29C R in relation to any <i>firm</i> do not include the amount of any repayment of any <i>credit</i> provided by that <i>firm</i> as <i>lender</i> .			
Note 3	<p>(a) Subject to (b) to (d) below, this <i>data item</i> applies to all <i>credit firms</i>.</p> <p>(b) This <i>data item</i> does not apply to a <i>firm</i> if the only <i>credit-related regulated activity</i> for which it has <i>permission</i> is operating an electronic system in relation to lending.</p> <p>(c) This <i>data item</i> does not apply to a <i>firm</i> required to submit a Balance Sheet, Income Statement or Capital Adequacy <i>data item</i> from a RAG other than RAG 12.</p> <p>(d) This <i>data item</i> does not apply to a <i>firm</i> with <i>limited permission</i> unless it is a <i>not-for-profit debt advice body</i> and at any point in the last 12 months has held £1 million or more in <i>client money</i> or as the case may be, projects that it will hold £1million or more in <i>client money</i> in the next 12 months.</p>			
Note 4	<p>(a) Subject to (b) below, this <i>data item</i> applies to all <i>credit firms</i>.</p> <p>(b) This <i>data item</i> does not apply to a <i>firm</i> with <i>limited permission</i> unless it is a <i>not-for-profit debt advice body</i> and at</p>			

Description of data item	Data item (note 1)	Frequency	Submission deadline
	any point in the last 12 months has held £1 million or more in <i>client money</i> or as the case may be, projects that it will hold £1million or more in <i>client money</i> in the next 12 months.		
Note 5	This data item applies to all <i>firms</i> with <i>permission</i> for <i>entering into a regulated credit agreement as lender</i> or exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement.		
Note 6	(a) Subject to (b) to (d) below, this <i>data item</i> applies to a <i>debt management firm</i> and to a <i>not-for-profit debt advice body</i> that at any point in the last 12 months has held £1 million or more in <i>client money</i> or, as the case may be, projects that it will hold £1million or more in <i>client money</i> in the next 12 months.  (b) This <i>data item</i> does not apply to a <i>firm</i> with <i>limited permission</i> other than a <i>not-for-profit debt advice body</i> within (a).  (c) This <i>data item</i> does not apply to a <i>firm</i> required to submit a Capital Adequacy <i>data item</i> from a RAG other than RAG 12, or under SUP 16.13, unless (d) applies  (d) Where a <i>firm</i> is required to submit a Capital Adequacy data item from a RAG other than RAG 12 or under SUP 16.13 but the <i>firm's</i> highest capital requirement derives from its activity under RAG 12, the <i>firm</i> should submit both CCR004 and the Capital Adequacy <i>data item</i> required from the RAG other than RAG 12 or SUP 16.13.		
Note 7	This <i>data item</i> applies to a CASS <i>debt management firm</i> , unless the firm is subject to a requirement imposed under section 55L of the Act stating that it must not hold <i>client money</i> , or such a <i>requirement</i> to the same effect.		
Note 8	This <i>data item</i> applies to a <i>firm</i> with <i>permission</i> to carry on <i>debt collecting</i> or <i>operating an electronic system in relation to lending</i> .		
Note 9	(a) Subject to (b) and (c) below, this <i>data item</i> applies to a <i>firm</i> that has <i>limited permission</i> .  (b) This <i>data item</i> does not apply to an <i>authorised professional firm</i> that is a CASS <i>debt management firm</i> . Such a <i>firm</i> is instead required to submit the other <i>data items</i> in SUP 16.12.29C R as appropriate.  (c) This <i>data item</i> does not apply to a <i>not-for-profit debt advice body</i> that at any point in the last 12 months has held £1 million or more in <i>client money</i> or, as the case may be, projects that it will hold £1million or more in <i>client money</i> in the next 12 months. Such a <i>not-for-profit debt advice body</i> is instead required to submit <i>data items</i> CCR001, CCR002, CCR004 and CCR005.		
Note 10	[deleted]		
Note 11	[deleted]		

Authorised professional firms

16.12.30 R

(1) An *authorised professional firm*, other than one that must comply with IPRU(INV) 3, 5 or 13 in accordance with IPRU(INV) 2.1.4R, or one

- that is a *CASS debt management firm* or one that carries on only *credit-related regulated activity* as a *non-mainstream regulated activity*, must submit an annual questionnaire, contained in ■ SUP 16 Annex 9R, unless:
- (a) its only *regulated activities* are one or more of:
    - (i) *insurance distribution*;
    - (ii) *mortgage mediation*;
    - (iii) *retail investment*;
    - (iv) *mortgage lending*;
    - (v) *mortgage administration*;
    - (vi) *funeral plan distribution*; or
  - (b) its "main business" as determined by *IPRU(INV)* 2.1.2R(3) is *advising on, or arranging deals in, packaged products, or managing investments for private customers*;
- in which case the *authorised professional firm* must complete the appropriate report specified in ■ SUP 16.12.31 R.
- (2) The due date for submission of the annual questionnaire is four months after the *firm's accounting reference date*.
- (2A) Guidance on the completion of the annual questionnaire contained in ■ SUP 16 Annex 9R is set out in ■ SUP 16 Annex 9AG.
- (3) An *authorised professional firm* must also, where applicable, submit the other report to the *FCA* in accordance with ■ SUP 16.12.31 R in respect of the other *regulated activities* it undertakes under (1)(a).

**16.12.30A R** An *authorised professional firm* that must comply with *IPRU(INV)* 3, 5, 10 or 13 in accordance with *IPRU(INV)* 2.1.4R must submit the relevant reports in ■ SUP 16.12.4 R to ■ SUP 16.12.29 G, according to the *regulated activity groups* that its business falls into.

**16.12.30B R** An *authorised professional firm* that is a *CASS debt management firm* and is not within ■ SUP 16.12.1G (3A) must complete the appropriate reports specified in ■ SUP 16.12.4 R and ■ SUP 16.12.29C R.

**16.12.31 R** Table of data items from an *authorised professional firm*

Report	Return (note 1)	Frequency (Note 4)	Due date
Adequate information relating to the following activities: (1) <i>insurance distribution activity</i> ; (2) <i>mortgage mediation activity</i> ; (3) <i>retail investment activity</i> ;	RMAR (Note 3)	Half yearly (quarterly for sections A to E for larger firms, subject to Note 3 exemptions) (note 2)	For half yearly report: 30 <i>business days</i> after period end For quarterly report: 30 <i>business days</i> after quarter end

Report	Return (note 1)	Frequency (Note 4)	Due date
(4) advising on, or arranging deals in, packaged products, or managing investments for private customers where these activities are the authorised professional firm's "main business" as determined by IPRU(INV) 2.1.2 R (3)			
Adequate information relating to mortgage lending and mortgage administration.	MLAR	Quarterly	20 business days after quarter end
Note 1	When giving the report required, a firm must use the return indicated. The RMAR and MLAR are located at SUP 16 Annex 18A and SUP 16 Annex 19A respectively. Guidance on the completion of the data items are located at SUP 16 Annex 18B and SUP 16 Annex 19B respectively.		
Note 2	For the purposes of RMAR reporting, a larger firm is a firm whose annual regulated business revenue in its previous financial year was greater than £5m. Annual regulated business revenue for these purposes is a firm's total revenue relating to insurance distribution activity, mortgage mediation activity and retail investment activity.		
Note 3	A firm which submits an MLAR is not required to submit sections A and B of the RMAR.		
Note 4	Reporting dates are calculated from a firm's accounting reference date.		

Financial conglomerates

16.12.32 R

- (1) A firm that is a member of a financial conglomerate must submit financial reports to the FCA in accordance with the table in ■ SUP 16.12.33 R if:
  - (a) it is at the head of a financial conglomerate; or
  - (b) its Part 4A permission contains a relevant requirement.
- (2) In (1)(b), a relevant requirement is one which:
  - (a) applies ■ SUP 16.12.33 R to the firm; or
  - (b) applies ■ SUP 16.12.33 R to the firm unless the mixed financial holding company of the financial conglomerate to which the firm belongs submits the report required under this rule (as if the rule applied to it).

16.12.33 R

Financial reports from a member of a financial conglomerate (see ■ SUP 16.12.32 R)

Content of Report	Form (Note 1)	Frequency	Due Date
Calculation of supplementary capital adequacy requirements in accordance with one of the three technical calculation methods	Note 2	Note 5 Yearly	Note 5
Identification of significant <i>risk concentration</i> levels	Note 3	Yearly	4 months after year end
Identification of significant <i>intra-group transactions</i>	Note 4	Yearly	4 months after year end
Report on compliance with GEN-PRU 3.1.35 R where it applies	Note 6	Note 5	Note 5
Note 1	When giving the report required, a <i>firm</i> must use the form indicated, if any.		
Note 2	In respect of <i>FCA-authorised persons</i> , if Part 1 of GEN-PRU3 Annex 1 (method 1), or Part 2 of GENPRU 3 Annex 1 (method 2), or Part 3 of GENPRU 3 Annex 1 (method 3) applies, there is no specific form. Adequate information must be provided, specifying the calculation method used and each <i>financial conglomerate</i> for which the <i>FCA</i> is the <i>co-ordinator</i> must discuss with the <i>FCA</i> the form which this reporting will take and the extent to which verification by an auditor will be required.		
Note 3	Rather than specifying a standard format for each <i>financial conglomerate</i> to use, each <i>financial conglomerate</i> for which the <i>FCA</i> is the <i>co-ordinator</i> must discuss with the <i>FCA</i> the form of the information to be reported. This should mean that usual information management systems of the <i>financial conglomerate</i> can be used to the extent possible to generate and analyse the information required.  When reviewing the <i>risk concentration</i> levels, the <i>FCA</i> will in particular monitor the possible risk of contagion in the <i>financial conglomerate</i> , the risk of a conflict of interests, the risk of circumvention of <i>sectoral rules</i> , and the level or volume of risks.		
Note 4	For the purposes of this reporting requirement, an <i>intra-group transaction</i> will be presumed to be significant if its amount exceeds 5% of the total amount of capital adequacy requirements at the level of the <i>financial conglomerate</i> .  Rather than specifying a standard format for each <i>financial conglomerate</i> to use, each <i>financial conglomerate</i>		

Content of Report	Form (Note 1)	Frequency	Due Date
	ate for which the FCA is the co-ordinator must discuss with the FCA the form of the information to be re-reported. This should mean that the usual information management systems of the financial conglomerate can be used to the extent possible to generate and analyse the information required.		
Note 5	When reviewing the intra-group transactions, the FCA will in particular monitor the possible risk of contagion in the financial conglomerate, the risk of a conflict of interest, the risk of circumvention of sectoral rules, and the level or volume of risks.		
	The frequency and due date will be as follows: (1) banking and investment services conglomerate; frequency is yearly with due date 45 business days after period end; and (2) insurance conglomerate: frequency is yearly with due date four months after period end for the capital adequacy return and three months after period end for the report on compliance with GENPRU 3.1.35 R where it applies.		
Note 6	Adequate information must be added as a separate item to the relevant form for sectoral reporting.		





16.13 Reporting under the Payment Services Regulations

Application

16.13.1 G This section applies to a *payment service provider* as set out in this section (see ■ SUP 16.1.1A D).

Purpose

- 16.13.2 G The purpose of this section is to:
- (1) give directions to *authorised payment institutions, small payment institutions and registered account information service providers* under regulation 109(1) (Reporting requirements) of the *Payment Services Regulations* in relation to:
    - (a) the information in respect of their provision of *payment services* and their compliance with requirements imposed by or under Parts 2 to 7 of the *Payment Services Regulations* that they must provide to the *FCA*; and
    - (b) the time at which and the form in which they must provide that information and the manner in which it must be verified;
  - (2) give directions to *payment service providers* under regulation 109(5) (Reporting requirements) of the *Payment Services Regulations* in relation to the form of the statistical data on fraud relating to different means of payment that must be provided to the *FCA* under regulation 109(4) of the *Payment Services Regulations* at least once per year;
  - (3) give directions to *payment service providers* under regulation 98(3) (Management of operational and security risks) of the *Payment Services Regulations* in relation to:
    - (a) the information that must be contained in the assessment of operational and security risks and the adequacy of mitigation measures and control mechanisms that must be provided to the *FCA*;
    - (b) the intervals at which that assessment must be provided to the *FCA* (if the assessment is required to be provided more frequently than once a year); and
    - (c) the form and manner in which that assessment must be provided; and
  - (4) [deleted]



		(5) give directions to <i>payment service providers</i> referred to at SUP 16.13.3-BD under regulation 109(1) (Reporting requirements) of the <i>Payment Services Regulations</i> in relation to annual financial crime reporting to the FCA.
16.13.2-A	G	The purpose for which this section requires information to be provided to the FCA under regulation 109 of the <i>Payment Services Regulations</i> is to assist the FCA in the discharge of its functions under regulation 106 (Functions of the FCA), regulation 108 (Monitoring and enforcement) and regulation 109(6) (Reporting requirements) of the <i>Payment Services Regulations</i> .
16.13.2A	G	The purpose of this section is also to set out the rules applicable to <i>payment service providers</i> in relation to complete and timely reporting and failure to submit reports.
16.13.2B	G	<i>Authorised payment institutions</i> and <i>small payment institutions</i> should refer to the transitional provisions in ■ SUP TP 1.11 (Payment services and electronic money returns).
		<b>Reporting requirement</b>
16.13.3	D	<p>(1) An <i>authorised payment institution</i>, a <i>small payment institution</i> or a <i>registered account information service provider</i> must submit to the FCA the duly completed return applicable to it as set out in column (2) of the table in ■ SUP 16.13.4D.</p> <p>(2) An <i>authorised payment institution</i>, a <i>small payment institution</i> or a <i>registered account information service provider</i> must submit the return referred to in (1):</p> <ul style="list-style-type: none"> <li>(a) in the format specified as applicable in column (3) of the table in ■ SUP 16.13.4D;</li> <li>(b) at the frequency and in respect of the periods specified in column (4) of that table;</li> <li>(c) by the due date specified in column (5) of that table; and</li> <li>(d) by electronic means made available by the FCA.</li> </ul>
16.13.3-A	D	■ SUP 16.4.5R (Annual controllers report) and ■ SUP 16.5.4R (Annual Close Links Reports) apply to an <i>authorised payment institution</i> as if a reference to <i>firm</i> in these <i>rules</i> were a reference to an <i>authorised payment institution</i> .
16.13.3-AA	D	<p>■ SUP 16.23.4R to ■ SUP 16.23.7R (Annual Financial Crime Report) apply to a <i>payment institution</i> as if a reference to <i>firm</i> in these <i>rules</i> and <i>guidance</i> were a reference to a <i>payment institution</i> and the reference to <i>group</i> is read accordingly, other than:</p> <p>(1) a <i>payment institution</i> where its authorisation or registration permits it to provide only one or more of the following <i>payment services</i> and it is not permitted to carry on any <i>regulated activities</i>:</p> <ul style="list-style-type: none"> <li>(a) <i>account information services</i>;</li> </ul>

- (b) *payment initiation services*; or
- (c) *money remittance*, or

(2) a person with *temporary PI authorisation* that immediately before *IP completion day* was providing *payment services* other than through a branch in the UK or a UK-based agent.

**16.13.3A** D ■ SUP 16.3.11 R (Complete reporting) and ■ SUP 16.3.13 R (Timely reporting) also apply to *authorised payment institutions*, *small payment institutions* and *registered account information service providers* as if a reference to *firm* in these *rules* were a reference to these categories of *payment service provider*.

**16.13.3B** R ■ SUP 16.3.14 R (Failure to submit reports) also applies to *payment service providers* that are required to submit reports or assessments in accordance with this section and the *Payment Services Regulations* as if a reference to *firm* in this *rule* were a reference to the relevant category of *payment service provider*.

**16.13.3C** G *Authorised payment institutions*, *small payment institutions* and *registered account information service providers* are reminded that they should give the *FCA* reasonable advance notice of changes to their *accounting reference date* (among other things) under regulation 37 of the *Payment Services Regulations*. The *accounting reference date* is important because many frequencies and due dates for reporting to the *FCA* are linked to the *accounting reference date*.

**16.13.4** D The table below sets out the format, reporting frequency and due date for submission in relation to regulatory returns that apply to *authorised payment institutions*, *small payment institutions* and *registered account information service providers*.

(1)	(2)	(3)	(4)	(5)
Type of pay-ment service provider	Return	Format	Reporting Frequency	Due date
<i>authorised payment in-stitution</i>	Authorised Payment In-stitution Capital Ad-equacy Return	FSA056 (Note 1)	Annual (Note 2)	30 <i>business days</i> (Note 3)
<i>registered ac-count in-formation service provider</i>	Authorised Payment In-stitution Capital Ad-equacy Return	FSA056 (Note 1)	Annual (Note 2)	30 <i>business days</i> (Note 3)
<i>small pay-ment in-stitution</i>	Payment Ser-vices Direct-ive Transactions	FSA057 (Note 4)	Annual (Note 5)	1 <i>month</i> (Note 3)

(1)	(2)	(3)	(4)	(5)
Note 1	When submitting the completed return required, the <i>authorised payment institution</i> or <i>registered account information service provider</i> must use the format of the return set out in SUP 16 Annex 27CD. Guidance notes for the completion of the return are set out in SUP 16 Annex 27DG.			
Note 2	This reporting frequency is calculated from an <i>authorised payment institution's</i> or <i>registered account information service provider's</i> accounting reference date.			
Note 3	The due dates are the last day of the periods given in column (5) of the table above following the relevant reporting frequency period set out in column (4) of the table above.			
Note 4	When submitting the completed return required, the <i>small payment institution</i> must use the format of the return set out in SUP 16 Annex 28CD. Guidance notes for the completion of the return are set out in SUP 16 Annex 28DG.			
Note 5	This reporting frequency is calculated from 31 December each calendar year.			

## Statistical data on fraud

- 16.13.5** G Regulation 109(4) of the *Payment Services Regulations* requires *payment service providers* to provide to the FCA statistical data on fraud relating to different means of payment.
- 16.13.6** G This requirement applies to:
- (1) *authorised payment institutions*;
  - (2) *small payment institutions*;
  - (3) *registered account information service providers*;
  - (4) *electronic money institutions*;
  - (5) *credit institutions* with permission to accept deposits under Part 4a of FSMA.
- 16.13.7** D This statistical data on fraud must be submitted to the FCA by electronic means made available by the FCA using the format of the return set out in ■ SUP 16 Annex 27ED. Guidance notes for the completion of the return are set out in ■ SUP 16 Annex 27FG.
- 16.13.8** D
- (1) In the case of an *authorised payment institution*, an *authorised electronic money institution* or a *credit institution* with permission to accept deposits under Part 4a of FSMA:
    - (a) the return set out in ■ SUP 16 Annex 27ED must be provided to the FCA every six *months*;
    - (b) returns must cover the reporting periods 1 January to 30 June and 1 July to 31 December; and
    - (c) returns must be submitted within two *months* of the end of each reporting period.

- (2) In the case of a *small payment institution*, a *registered account information service provider* or a *small electronic money institution*:
- (a) two returns set out in ■ SUP 16 Annex 27ED must be provided to the FCA every twelve *months*. Each return must cover a *six-month* period;
  - (b) one return must cover the period 1 January to 30 June and the other return must cover the period 1 July to 31 December; and
  - (c) both returns must be submitted within two *months* of the end of the calendar year.

16.13.8A

G

The return in ■ SUP 16 Annex 27ED reflects the EBA’s Guidelines on fraud reporting under the Payment Services Directive 2 (PSD2), published on 18 July 2018 (EBA/GL/2018/05). The return also includes fraud reporting for *registered account information service providers*, as required by regulation 109 of the *Payment Services Regulations*.

**Operational and Security Risk assessments**

16.13.9

G

Regulation 98(1) of the *Payment Services Regulations* provides that each *payment service provider* must establish a framework with appropriate mitigation measures and control mechanisms to manage the operational and security risks relating to the *payment services* it provides.

16.13.10

G

Regulation 98(2) of the *Payment Services Regulations* provides that each *payment service provider* must provide to the FCA an updated and comprehensive assessment:

(1) of the operational and security risks relating to the *payment services* it provides; and

(2) on the adequacy of the mitigation measures and control mechanisms implemented in response to those risks.

The purpose of ■ SUP 16.13.11G to ■ 16.13.17G is to direct the form and manner of the assessment and the information that the assessment must contain.

16.13.11

G

The EBA issued Guidelines on 12 December 2017 on the security measures for operational and security risks of payment services under the *Payment Services Directive* (EBA/GL/2017/17). The Guidelines specify requirements for the establishment, implementation and monitoring of the security measures that *payment service providers* must take to manage operational and security risks relating to the *payment services* they provide.

[Note: see EBA guidelines: Guidelines on the security measures for operational and security risks of payment services, 12 December 2017/EBA/GL/2017/17.]

16.13.12

D

*Payment service providers* must comply with the EBA’s Guidelines the on security measures for operational and security risks of payment services (EBA/GL/2017/17) as issued on 12 December 2017 where they are addressed to *payment service providers*.

- 16.13.13** D The assessments required by regulation 98(2) of the *Payment Services Regulations* must be submitted (except *payment service providers* mentioned in paragraph (1) (c) and (ca) of the *Glossary* definition of *payment service provider* and paragraph (1)(c) of the *Glossary* definition of *electronic money issuer*) to the FCA:
- (1) at least once every calendar year;
  - (2) in writing, in the form specified in ■ SUP 16 Annex 27GD, and attaching the documents described in that form; and
  - (3) by electronic means made available by the FCA.
- In the case of *credit institutions*, this provision applies only to those with permission to accept deposits under Part 4a of FSMA.
- 16.13.14** G *Payment service providers* (except *payment service providers* mentioned in paragraph (1) (c) and (ca) of the *Glossary* definition of *payment service provider* and paragraph (1)(c) of the *Glossary* definition of *electronic money issuer*) should submit the form and the assessments to the FCA in accordance with ■ SUP 16.13.13D(2) as soon as practicable after the assessments have been completed. In the case of *credit institutions*, this paragraph applies only to those with permission to accept deposits under Part 4a of FSMA.
- 16.13.15** G *Payment service providers* (except *payment service providers* mentioned in paragraphs (1) (c) and (ca) of the *Glossary* definition of *payment service provider* and paragraph (1)(c) of the *Glossary* definition of *electronic money issuer*) may provide operational and security risk assessments to the FCA on a more frequent basis than once every calendar year if they so wish. *Payment service providers* (except *payment service providers* mentioned in paragraph (1) (c) and (ca) of the *Glossary* definition of *payment service provider* and paragraph (1)(c) of the *Glossary* definition of *electronic money issuer*) should not, however, submit such assessments more frequently than once every quarter. In the case of *credit institutions*, this paragraph applies only to those with permission to accept deposits under Part 4a of FSMA.
- 16.13.16** G Subject to the requirements in ■ SUP 16.13.13D, *payment service providers* (except *payment service providers* mentioned in paragraph (1) (c) and (ca) of the *Glossary* definition of *payment service provider* and paragraph (1)(c) of the *Glossary* definition of *electronic money issuer*) should submit a nil return for each quarter in which they do not make a submission to the FCA. In the case of *credit institutions*, this paragraph applies only to those with permission to accept deposits under Part 4a of FSMA.
- 16.13.17** G [deleted]
- 16.13.17A** G ■ SYSC 15A (Operational resilience) sets out further provisions which are relevant to a *payment service provider's* Operational and Security Risk assessment.
- 16.13.18** G Article 17 of the SCA RTS permits *payment service providers* not to apply strong customer authentication in respect of legal persons initiating

electronic *payment transactions* through the use of dedicated payment processes or protocols that are only made available to *payers* who are not consumers, where the *FCA* is satisfied that those processes and protocols guarantee at least equivalent levels of security to those provided for by the *Payment Services Regulations*.

16.13.19

D

Payment service providers intending to make use of the exemption in article 17 of the *SCA RTS* must include in the operational and security risk assessment submitted in accordance with ■ SUP 16.13.13D:

- (1) a description of the *payment services* that the *payment service provider* intends to provide in reliance on this exemption; and
- (2) an explanation of how the *payment service provider's* processes and protocols achieve at least equivalent levels of security to those provided for by the *Payment Services Regulations*.

16.13.20

D

Payment service providers should comply with ■ SUP 16.13.19D at least three months before making use of the exemption in article 17 of the *SCA RTS*, and subsequently each time they prepare and submit the operational and security risk assessment required by regulation 98(2) of the *Payment Services Regulations* in respect of a period in which they have made use of the article 17 exemption.

16.13.21

G

Payment service providers that follow the guidance in paragraphs 20.55 to 20.60 of the *FCA's* Approach Document and comply with ■ SUP 16.13.19D and ■ 16.13.20D may make use of the article 17 exemption on the basis that the *FCA* is satisfied with the levels of security of their processes and protocols, unless informed otherwise by the *FCA*.

[Note: see <https://www.fca.org.uk/publication/finalised-guidance/fca-approach-payment-services-electronic-money-2017.pdf>.]

Reporting statistics on the availability and performance of a dedicated interface

16.13.22

G

Article 32(4) of the *SCA RTS* requires *account servicing payment service providers* that opt to provide a dedicated interface under article 31 of the *SCA RTS* to monitor the availability and performance of that interface. They must also publish on their website quarterly statistics on the availability and performance of the dedicated interface and of the interface used by its *payment services users*.

16.13.23

D

Account servicing payment service providers shall submit to the *FCA* the quarterly statistics on the availability and performance of a dedicated interface that they are required by article 32(4) of the *SCA RTS* to publish on their website:

(1) within 1 month of the quarter to which the statistics relate;

(2) using the form set out in ■ SUP 16 Annex 46AD; and

(3) by electronic means made available by the *FCA*.

- 16.13.24** **G** The quarterly statistics should cover the periods January to March, April to June, July to September and October to December.
- An *account servicing payment service provider* becoming subject to the obligation in **■ SUP 16.13.23D** part way through a quarter should submit the first statistics only in relation to the part of the quarter when this obligation applied.
- Guidance notes for completing the form set out in **■ SUP 16 Annex 46AD** are in **■ SUP 16 Annex 46BG**.



## 16.14 Client money and asset return

### Application

- 16.14.1 **R** This section applies to a *CASS large firm* and a *CASS medium firm*.

### Purpose

- 16.14.2 **G** The purpose of the *rules* and *guidance* in this section is to ensure that the *FCA* receives regular and comprehensive information from a *firm* which is able to hold *client money* and *safe custody assets* on behalf of its *clients*.

### Report

- 16.14.3 **R**
- (1) Subject to (3), a *firm* must submit a completed *CMAR* to the *FCA* within 15 *business days* of the end of each month.
  - (2) In this *rule* month means a calendar month and **■ SUP 16.3.13 R (4)** does not apply.
  - (3) A *firm* which changes its 'CASS firm type' and notifies the *FCA* that it is a *CASS medium firm* or a *CASS large firm* in accordance with **■ CASS 1A.2.9 R** is not required to submit a *CMAR* in respect of the month in which the change to its 'CASS firm type' takes effect in accordance with **■ CASS 1A.2.12 R**, unless it was a *firm* to which the requirement in (1) applied immediately prior to that change taking effect.
- 16.14.4 **R** For the purposes of the *CMAR*:
- (1) *client money* is that to which the *client money rules* in **■ CASS 7** apply; and
  - (2) *safe custody assets* are those to which the *custody rules* in **■ CASS 6** apply but only in relation to:
    - (a) the holding of *financial instruments* (in the course of *MiFID business*);
    - (b) the *safeguarding and administration of assets* (without *arranging*) (in the course of business that is not *MiFID business*);
    - (c) *acting as trustee or depositary of an AIF*, and in this case also include any *safe custody investments* to which the *firm*, when acting for an *authorised AIF*, is required by **■ CASS 6.1.16IAR (2)** to apply the *custody rules* under **■ CASS 6.1.1BR (2)**;



- (d) *acting as trustee or depositary of a UK UCITS* and in this case also include any *safe custody investments* to which the *firm* is required by ■ CASS 6.1.16IDR to apply the *custody rules* under ■ CASS 6.1.1BR(3); and
- (e) those *excluded custody activities* carried on by a *firm* acting as a *small AIFM*, that would amount to the *safeguarding and administration of assets (without arranging)* but for the exclusion in article 72AA of the RAO.

**16.14.5** G For the avoidance of doubt, the effect of ■ SUP 16.14.4 R is that the following are to be excluded from any calculations which the CMAR requires:

- (1) any *client money* held by the *firm* in accordance with ■ CASS 5;
- (2) any *safe custody assets* in respect of which the *firm* is merely *arranging safeguarding and administration of assets* in accordance with ■ CASS 6;
- (2A) any *safe custody assets* for which a *small AIFM* is:
  - (a) carrying on those *excluded custody activities* that would merely amount to *arranging safeguarding and administration of assets* but for the exclusion in article 72AA of the RAO; and
  - (b) is doing so in accordance with ■ CASS 6; and
- (3) any *client money* or *safe custody assets* in respect of which the *firm* merely has a *mandate* in accordance with ■ CASS 8.

#### Method of submission

**16.14.6** R A CMAR must be submitted by electronic means made available by the FCA.

#### Reporting of 'unbreakable' client money deposits

- 16.14.7** R
- (1) This *rule* applies to a *firm* in respect of a CMAR required under ■ SUP 16.14.3R where, at the end of the reporting period for the CMAR:
    - (a) the *firm* holds *client money* using a *client bank account* under ■ CASS 7.13.13R(3A)(b) (Segregation of client money); and
    - (b) the *firm* is unable to make a withdrawal from that *client bank account* until the expiry of a period lasting between 31 and 95 days.
  - (2) A *firm* must use a separate row in data field 13 of its CMAR to report on any aggregate positive balance of *client money* held with a particular bank which, as at the end of the reporting period for the CMAR:
    - (a) the *firm* is able to withdraw within a period of up to 30 days;
    - (b) the *firm* is unable to withdraw for a period of 31 to 60 days; and
    - (c) the *firm* is unable to withdraw for a period of 61 to 95 days.

### 16.14.8

G

- (3)
  - (a) A *firm* must denote a balance falling under (2)(b) by using the words “unbreakable 31-60” in data field 13B of the *CMAR*.
  - (b) A *firm* must denote a balance falling under (2)(c) by using the words “unbreakable 61-95” in data field 13B of the *CMAR*.
- (1) Because of ■ SUP 16.14.7R(1)(b), ■ SUP 16.14.7R would not apply to a *firm* where, for example:
  - (a) it was using a *client bank account* under ■ CASS 7.13.13R(3A)(b) that had a fixed term of over 30 *days*, but by the end of the reporting period for the *CMAR* there were fewer than 31 *days* remaining before the *firm* could withdraw all the *money* in that account; or
  - (b) it was using a *client bank account* under ■ CASS 7.13.13R(3A)(b) that had a notice period of over 30 *days* for withdrawals, but by the end of the reporting period for the *CMAR* the *firm* had already served notice for withdrawal for all the *money* in that account and there were fewer than 31 *days* remaining before the end of the notice period.
- (2) Further *guidance* is available in ■ SUP 16 Annex 29AG on completing data field 13 of the *CMAR* in cases where ■ SUP 16.14.7R applies.

		<div>16.15</div> <div>Reporting under the Electronic Money Regulations</div>
		<div>Application</div>
16.15.1	G	This section applies to <i>electronic money issuers</i> that are not <i>credit institutions</i> (see ■ SUP 16.1.1B D).
		<div>Purpose</div>
16.15.2	G	<p>The purpose of this section is to give directions to the <i>electronic money issuers</i> referred to in ■ SUP 16.1.1B D under regulation 49 (Reporting requirements) of the <i>Electronic Money Regulations</i> in relation to:</p> <div><div>(1)</div><div>the information in respect of their issuance of <i>electronic money</i> and provision of <i>payment services</i> and their compliance with requirements imposed by or under Parts 2 to 5 of the <i>Electronic Money Regulations</i> that they must provide to the <i>FCA</i>; and</div></div> <div><div>(2)</div><div>the time at which and the form in which they must provide that information.</div></div>
16.15.3	G	The purpose of this section is also to set out the rules applicable to these types of <i>electronic money issuers</i> in relation to complete and timely reporting and, where relevant, the failure to submit reports.
16.15.3A	G	<i>Electronic money institutions</i> should refer to the transitional provisions in ■ SUP TP 1.11 (Payment services and electronic money returns).
		<div>Reporting requirement</div>
16.15.4	D	<p>An <i>electronic money issuer</i> that is not a <i>credit institution</i> must submit to the <i>FCA</i>:</p> <div><div>(1)</div><div>the duly completed return applicable to it as set out in column (2) of the table in ■ SUP 16.15.8 D; and</div></div> <div><div>(2)</div><div>the return referred to in (1):</div><div><div>(a)</div><div>in the format specified as applicable in column (3) of the table in ■ SUP 16.15.8 D;</div></div><div><div>(b)</div><div>at the frequency and in respect of the periods specified in column (4) of that table;</div></div></div>

- (c) by the due date specified in column (5) of that table; and
- (d) by electronic means made available by the FCA where necessary.

**16.15.5** D ■ SUP 16.4.5 R (Annual Controllers Report) and ■ SUP 16.5.4 R (Annual Close Links Reports) apply to an *authorised electronic money institution* as if a reference to *firm* in these rules were a reference to an *authorised electronic money institution*.

**16.15.5A** D ■ SUP 16.23.4R to ■ SUP 16.23.7R (Annual Financial Crime Report) apply to an *electronic money institution* as if a reference to *firm* in these rules and guidance were a reference to an *electronic money institution* and the reference to *group* is read accordingly.

**16.15.6** D ■ SUP 16.3.11 R (Complete reporting) and ■ SUP 16.3.13 R (Timely reporting) apply to an *authorised electronic money institution* and a *small electronic money institution* as if a reference to *firm* in these rules were a reference to an *authorised electronic money institution* and a *small electronic money institution*.

**16.15.7** R ■ SUP 16.3.14 R (Failure to submit reports) also applies to an *authorised electronic money institution* and a *small electronic money institution* as if a reference to *firm* in these rules were a reference to an *authorised electronic money institution* and a *small electronic money institution*.

**16.15.8** D The table below sets out the format, reporting frequency and due date for submission in relation to regulatory returns that apply to *electronic money issuers* that are not *credit institutions*.

(1) Type of <i>elec- tronic money issuer</i>	(2) Return	(3) Format	(4) Reporting Frequency	(5) Due date (Note 4)
<i>Authorised electronic money insti- tution</i> (Note 1)	EMI and SEMI Ques- tionnaire	FIN060	Annual (Note 3)	30 <i>business days</i>
<i>Small elec- tronic money institutions</i> (Note 2)	EMI and SEMI Ques- tionnaire	FIN060	Annual (Note 5)	30 <i>business days</i>
	Total elec- tronic money outstanding @ 31st December	FSA065	Annual (Note 5)	1 <i>month</i>

(1) Type of <i>elec- tronic money issuer</i>	(2) Return	(3) Format	(4) Reporting Frequency	(5) Due date (Note 4)
(a) the Post Office Limited	<i>Average out- standing electronic money</i>	No standard format	Annual (Note 6)	30 <i>business days</i>
(b) the Bank of England				
(c) Govern- ment de- partments and local au- thorities				
(d) <i>credit unions</i>				
(e) municipal banks				
(f) the Na- tional Sav- ings Bank				
Note 1	When submitting the completed returns required, the <i>au- thorised electronic money institution</i> must use the format of the returns set out in SUP 16 Annex 30HD. Guidance notes for the completion of the return are set out in SUP 16 Annex 30IG.			
Note 2	When submitting the completed returns required, the <i>small electronic money institution</i> must use the format of the re- turns set out in SUP 16 Annex 30JD (FIN060) and SUP 16 Annex 30GD (FSA065). Guidance notes for the completion of the FIN060 return are set out in SUP 16 Annex 30KG.			
Note 3	This field is calculated from the <i>authorised electronic money institution's accounting reference date</i> .			
Note 4	The due dates for returns are the last day of the periods given in column (5) of the table above following the relevant reporting frequency period set out in column (4) of the table above.			
Note 5	The reporting frequency in relation to FSA065 is calculated from 31 December each calendar year. In relation to FIN060, this field is calculated from the <i>small electronic money institution's accounting reference date</i> .			
Note 6	This is calculated from 31 December each calendar year.			



16.16 Prudent valuation reporting [deleted]

16.16.1 R



16.18 AIFMD reporting

Application

16.18.1

G

This section applies to the following types of *AIFM* in line with **SUP 16.18.2 G**:

- (1) a *full-scope UK AIFM*;
- (2) a *small authorised UK AIFM*;
- (3) a *small registered UK AIFM*;
- (4) an *above-threshold non-UK AIFM marketing in the UK*; and
- (5) a *small non-UK AIFM marketing in the UK*.

16.18.2

G

Type of AIFM	Rules	Directions	Guidance	AIFMD level 2 regulation
<i>full-scope UK AIFM</i>	<b>FUND 3.4</b> (Re-reporting obligation to the FCA) and <b>SUP 16.18.5 R</b>			Article 110 (Reporting to competent authorities) (as replicated in <b>SUP 16.18.4UK</b> )
<i>small authorised UK AIFM</i>	<b>SUP 16.18.6 R</b>			Article 110 (Reporting to competent authorities) (as replicated in <b>SUP 16.18.4UK</b> )
<i>small registered UK AIFM</i>		<b>SUP 16.18.7 D</b>		Article 110 (Reporting to competent authorities) (as replicated in <b>SUP 16.18.4UK</b> )
<i>above-threshold non-UK AIFM</i>			<b>SUP 16.18.8 G</b>	Article 110 (Reporting to competent

Type of AIFM	Rules	Directions	Guidance	AIFMD level 2 regulation
<i>marketing in the UK</i>				authorities) (as replicated in SUP 16.18.4UK)
<i>small non-UK AIFM marketing in the UK</i>		SUP 16.18.9 D		Article 110 (Reporting to competent authorities) (as replicated in SUP 16.18.4UK)

Purpose

16.18.3 G

This section specifies the end dates for reporting periods for *AIFMs* and the reporting period for *small AIFMs* for the types of *AIFM* to whom this section applies. Although article 110 of the *AIFMD level 2 regulations* (Reporting to competent authorities) (as replicated in ■ SUP 16.18.4UK) applies certain reporting requirements directly to *AIFMs*, it does not specify the end dates for reporting periods for an *AIFM* and, for *small AIFMs*, it does not specify the reporting period. Therefore, *competent authorities* are required to specify these requirements.

Article 110 of the AIFMD level 2 regulation

16.18.4 UK

Reporting to the FCA	
1.	<p>In order to comply with the requirements of [FUND 3.4.2R] and directions given by the FCA under regulation 21(2) of the AIFM Regulations 2013, an AIFM shall provide the following information when reporting to the FCA:</p> <ul style="list-style-type: none"><li>(a) the main instruments in which it is trading, including a break-down of financial instruments and other assets, including the AIF's investment strategies and their geographical and sectoral investment focus;</li><li>(b) the markets of which it is a member or where it actively trades;</li><li>(c) the diversification of the AIF's portfolio, including, but not limited to, its principal exposures and most important concentrations.</li></ul> <p>The information shall be provided as soon as possible and not later than one month after the end of the period referred to in paragraph 3. Where the AIF is a fund of funds this period may be extended by the AIFM by 15 days.</p>
2.	<p>For each of the EU AIFs they manage and for each of the AIFs they market in the United Kingdom or the Union, AIFMs shall provide to the FCA the following information in accordance with [FUND 3.4.3R]:</p> <ul style="list-style-type: none"><li>(a) the percentage of the AIF's assets which are subject to special arrangements as defined in Article 1(5) of this Regulation arising from their illiquid nature as referred to in [FUND 3.2.5R(1)];</li><li>(b) any new arrangements for managing the liquidity of the AIF;</li></ul>



**Reporting to the FCA**

- (c) the risk management systems employed by the AIFM to manage the market risk, liquidity risk, counterparty risk and other risks including operational risk;
  - (d) the current risk profile of the AIF, including:
    - (i) the market risk profile of the investments of the AIF, including the expected return and volatility of the AIF in normal market conditions;
    - (ii) the liquidity profile of the investments of the AIF, including the liquidity profile of the AIF's assets, the profile of redemption terms and the terms of financing provided by counterparties to the AIF;
  - (e) information on the main categories of assets in which the AIF invested including the corresponding short market value and long market value, the turnover and performance during the reporting period; and
  - (f) the results of periodic stress tests, under normal and exceptional circumstances, performed in accordance with [FUND 3.6.3R(2) and 3.7.5R(2)(b)].
3. The information referred to in paragraphs 1 and 2 shall be reported as follows:
- (a) on a half-yearly basis by AIFMs managing portfolios of AIFs whose assets under management calculated in accordance with Article 2 in total exceed the threshold of either EUR 100 million or EUR 500 million laid down in sub-paragraphs (b) and (a) respectively of regulation 9(1) of the AIFM Regulations 2013 but do not exceed EUR 1 billion, for each of the UK and EU AIFs they manage and for each of the AIFs they market in the United Kingdom or the Union;
  - (b) on a quarterly basis by AIFMs managing portfolios of AIFs whose assets under management calculated in accordance with Article 2 in total exceed EUR 1 billion, for each of the UK and EU AIFs they manage, and for each of the AIFs they market in the United Kingdom or in the Union;
  - (c) on a quarterly basis by AIFMs which are subject to the requirements referred to in point (a) of this paragraph, for each AIF whose assets under management, including any assets acquired through use of leverage, in total exceed EUR 500 million, in respect of that AIF;
  - (d) on an annual basis by AIFMs in respect of each unleveraged AIF under their management which, in accordance with its core investment policy, invests in non-listed companies and issuers in order to acquire control.
4. By way of derogation from paragraph 3, the FCA may deem it appropriate and necessary for the exercise of its function to require all or part of the information to be reported on a more frequent basis.
5. AIFMs managing one or more AIFs which they have assessed to be employing leverage on a substantial basis in accordance with Article 111 of this Regulation shall provide the information required under [FUND 3.4.5R] at the same time as that required under paragraph 2 of this Article.
6. AIFMs shall provide the information specified under paragraphs 1, 2 and 5 in accordance with the pro-forma reporting template set out in the Annex IV.
7. [deleted]

Reporting to the FCA

[Note: Article 110 of the *AIFMD level 2 regulation*]

Reporting periods and end dates

- 16.18.5

R

The reporting period of a *full-scope UK AIFM* must end on the following dates:  
  
(1) for *AIFMs* that are required to report annually, on 31 December in each calendar year;  
  
(2) for *AIFMs* that are required to report half-yearly, on 30 June and 31 December in each calendar year; and  
  
(3) for *AIFMs* that are required to report quarterly, on 31 March, 30 June, 30 September and 31 December in each calendar year.
- 16.18.6

R

A *small authorised UK AIFM* must report annually and its reporting period must end on 31 December in each calendar year.
- 16.18.7

D

A *small registered UK AIFM* must report annually and its reporting period must end on 31 December in each calendar year.
- 16.18.8

G

In accordance with regulation 59(3)(a) of the *AIFMD UK regulation*, an *above-threshold non-EEA AIFM* that is *marketing* in the *UK* is required to comply with the implementing provisions of the *AIFMD UK regulation* that apply to a *full-scope UK AIFM* and relate to articles 22 to 24 *AIFMD* in so far as such provisions are relevant to the *AIFM* and the *AIF*. Therefore, such an *AIFM* should comply with the provisions in ■ SUP 16.18.5 R that are applicable to a *full-scope UK AIFM*.
- 16.18.9

D

A *small non-EEA AIFM marketing* in the *UK* must report annually and its reporting period must end on 31 December in each calendar year.
- 16.18.10

G

All periods in this section should be calculated by reference to London time.
- 16.18.11

G

**Guidelines**  
*ESMA's guidelines on reporting obligations under articles 3(3)(d) and 24(1), (2) and (4) of the AIFMD, 8 August 2014 (ESMA/2014/869EN), provide further details in relation to the requirements in this section.*



16.19 Immigration Act compliance reporting

Application

- 16.19.1 D (1) This section applies to a *firm* which is subject to any of the following provisions of the Immigration Act 2014:
- (a) the prohibition on opening a current account for a disqualified person in section 40;
  - (b) the requirement to carry out immigration checks in relation to current accounts in section 40A;
  - (c) the requirement to notify the existence of current accounts for disqualified persons in section 40B; and
  - (d) the requirement to close an account in accordance with section 40G.
- (2) This section does not apply to a *branch* of a *firm* where the *branch* is established outside the *United Kingdom*.

[**Note:** A *firm* is subject to the prohibition in section 40 and the requirements in sections 40A, 40B and 40G of the Immigration Act 2014 if it is a “bank” or “building society” for the purposes of section 42 of the Immigration Act 2014.]

Annual compliance reporting

- 16.19.2 D A *firm* must report its compliance with sections 40, 40A, 40B and 40G of the Immigration Act 2014 to the *FCA* annually.

Method for submitting compliance reports

- 16.19.3 D A *firm* must report its compliance in the form specified in ■ SUP 16 Annex 1AR using the appropriate online systems accessible from the *FCA*’s website.

Time period for submitting compliance reports

- 16.19.4 D A *firm* which is subject to ■ SUP 16.7A (Annual reports and accounts) must report its compliance at the same time that it submits its *annual reports and accounts* to the *FCA*.
- 16.19.5 D A *firm* which is not subject to ■ SUP 16.7A (Annual reports and accounts) must report its compliance within four months after its *accounting reference date*.



**16.20**      **Submission of recovery plans and information for resolution plans [deleted]**

16.20.1      **R**



16.21 Reporting under the MCD Order for CBTL firms

Application

16.21.1 D This section applies to a *CBTL firm* that enters into or promises to enter into a *CBTL credit agreement* as lender, or a *CBTL firm* in which the rights and obligations of the lender under a *CBTL credit agreement* are vested.

Purpose

16.21.2 G The purpose of this section is to direct *CBTL firms* in relation to:

the information that they must provide to the *FCA* on their *CBTL business* and their compliance with requirements imposed by Schedule 2 to the *MCD Order*; and

the time at which, and the manner and form in which, they must provide that information.

[Note: article 18(1)(c) of the *MCD Order*]

16.21.3 G The purpose of this section is also to make provision for *CBTL firms* in relation to the failure to submit reports.

Reporting requirement

- 16.21.4 D
- (1) A *CBTL firm* must submit a duly completed consumer buy-to-let return to the *FCA*.
  - (2) The return referred to in (1) must be submitted:
    - (a) in the format set out in ■ SUP 16 Annex 39AD; guidance notes for the completion of the return are set out in ■ SUP 16 Annex 39BG;
    - (b) online through the appropriate systems accessible from the *FCA*’s website; and
    - (c) within 30 *business days* following the end of the reporting period.
  - (3) The reporting period is the four calendar quarters beginning on 1 April.

- 16.21.5

D

■ SUP 16.3.11R (Complete reporting) and ■ SUP 16.3.13R (Timely reporting) apply as directions to a *CBTL firm* in relation to *CBTL business* as if a reference to *firm* in these provisions were a reference to a *CBTL firm*.
- 16.21.6

R

■ SUP 16.3.14R (Failure to submit reports) applies to a *CBTL firm* in relation to *CBTL business* as if a reference to *firm* in that *rule* were a reference to a *CBTL firm*.
- 16.21.7

D

(1) A *CBTL firm* may appoint another *person* to provide a report on the *CBTL firm's* behalf if the *CBTL firm* has informed the *FCA* of that appointment in writing.

(2) Where (1) applies, the *CBTL firm* must ensure that the report complies with the requirements of ■ SUP 16.21.



16.22 Reporting under the Payment Accounts Regulations

Application

- 16.22.1
- G
- This section applies to a *payment service provider* located in the *UK* other than:
  - (1) a *credit union*;
  - (2) National Savings and Investment; and
  - (3) the Bank of England.

[Note: see ■ SUP 16.1.1ED]

Purpose

- 16.22.2
- G
- The purpose of this section is to give directions to *payment service providers* under regulation 29 (Reporting requirements) of the *Payment Accounts Regulations* about:
  - (1) the information concerning their compliance with the requirements imposed on them under Part 3 (Switching) and Part 4 (Access to payment accounts) of the *Payment Accounts Regulations*; and
  - (2) the time at which and the form in which they must provide that information.

Reporting requirement

- 16.22.3
- D
- A *payment service provider* that offers a payment account within the meaning of the *Payment Accounts Regulations* must submit a duly completed report (referred to in this section as a “payment accounts report”) to the *FCA*.
- 16.22.4
- R
- A *payment service provider* to which ■ SUP 16.22.3D applies and which is a *credit institution* is required to complete every row in the payment accounts report, including rows 4 and 5, in accordance with ■ SUP 16.22.5D to ■ SUP 16.22.10R, even if it has not been designated under regulation 21 of the *Payment Accounts Regulations*.

Frequency and timing of report

- 16.22.5

D

The payment accounts report required by ■ SUP 16.22.3D and ■ SUP 16.22.4R must be submitted:

  - (1) by electronic means made available by the *FCA*;
  - (2) in the format set out in ■ SUP 16 Annex 41AD; notes for the completion of the report are set out in ■ SUP 16 Annex 41BG; and
  - (3) within two *months* of the end of the relevant reporting period.
- 16.22.6

D

The first reporting period is the period commencing on 18 September 2016 and ending on 28 February 2018.
- 16.22.7

D

Subsequent reporting periods are consecutive periods of two years commencing on 1 March 2018 and on 1 March every other year thereafter.
- 16.22.8

G

For example, the second reporting period commences on 1 March 2018 and ends on 29 February 2020 and the third reporting period commences on 1 March 2020 and ends on 28 February 2022.
- 16.22.9

D

■ SUP 16.3.11R (Complete reporting) and ■ SUP 16.3.13R (Timely reporting) apply to the submission of payment accounts reports under this section as if a reference to *firm* in those *rules* were a reference to *payment service provider*.
- 16.22.10

R

■ SUP 16.3.14R (Failure to submit reports) applies to the submission of payment accounts reports under this section as if a reference to *firm* in that rule were a reference to *payment service provider*.





16.23 Annual Financial Crime Report

Application

16.23.1

R

This section applies to all *firms* (a) subject to the *Money Laundering Regulations* and (b) listed in the table below, except for:

- (1) a *credit union*;
- (2) a *P2P platform operator*;
- (3) an *authorised professional firm*; or
- (4) a *firm* with *limited permissions* only.
- (5) [deleted]

16.23.2

R

Table: Firms to which SUP 16.23.1R applies (subject to the exclusions in SUP 16.23.1R).

a <i>UK bank</i> ;
a <i>building society</i> ;
a <i>non-UK bank</i> ;
a <i>mortgage lender</i> ;
a <i>mortgage administrator</i> ; or
a <i>firm</i> offering <i>life and annuity</i> insurance products.
a <i>firm</i> that has permission to carry on one or more of the following activities:
advising on investments, provided that during the relevant financial year the <i>firm</i> :
(i) held <i>client money</i> under CASS 5 (Client money: insurance distribution activity) and/or CASS 7 (Client money rules); and/or
(ii) held <i>safe custody assets</i> under CASS 6 (Custody rules);
arranging (bringing about deals) in investments, provided that during the relevant financial year the <i>firm</i> :
(i) arranging (bringing about deals) in investments, provided that during the relevant financial year the <i>firm</i> :
(ii) held <i>safe custody assets</i> under CASS 6 (Custody rules);
dealing in investments as agent;
dealing in investments as principal;

*assisting in the administration and performance of a contract of insurance in relation to non-investment insurance contracts;*  
*managing investments;*  
*establishing, operating or winding up a collective investment scheme;*  
*establishing, operating or winding up a personal pension scheme;*  
*establishing, operating or winding up a stakeholder pension scheme;*  
*managing a UK UCITS;*  
*managing an AIF;*  
*safeguarding and administering investments;*  
*acting as trustee or depositary of a UK UCITS;*  
*acting as trustee or depositary of an AIF;*  
*operating a multilateral trading facility; and/or*  
*operating an organised trading facility.*

a *firm* that has reported total revenue of £5 million or more as at its last accounting reference date and has permission to carry on one or more of the following activities:

*advising on investments;*  
*arranging (bringing about deals) in investments;*  
*advising on pension transfers and pension opt-outs; and*  
*credit-related regulated activity.*

**Purpose**

16.23.3 G

- (1) The purpose of this section is to ensure that the *FCA* receives regular and comprehensive information about the *firm's* systems and controls in preventing *financial crime*.
- (2) The purpose of collecting the data in the Annual Financial Crime Report is to assist the *FCA* in assessing the nature of *financial crime* risks within the financial services industry.

**Requirement to submit the Annual Financial Crime Report**

16.23.4 R

A *firm* must submit the Annual Financial Crime Report to the *FCA* annually in respect of its financial year ending on its latest accounting reference date.

A *firm* is only required to submit data that relates to the parts of its business subject to the *Money Laundering Regulations*.

16.23.5 G

- (1) If a *group* includes more than one *firm*, a single Annual Financial Crime Report may be submitted, and so satisfy the requirements of all *firms* in the *group*.
- (2) Such a report should contain the information required from all the relevant *firms*, meet all relevant due dates, indicate all the *firms* on whose behalf it is submitted and give their firm reference numbers

(FRNs). The obligation to report under ■ SUP 16.23.4R remains with the individual *firm*.

**Method for submitting the Annual Financial Crime Report**

16.23.6 R A *firm* must submit the Annual Financial Crime Report in the form specified in ■ SUP 16 Annex 42AR using the appropriate online systems accessible from the FCA’s website.

**Time period for firms submitting their Annual Financial Crime Report**

16.23.7 R A *firm* must submit the Annual Financial Crime Report within 60 *business days* of the *firm’s accounting reference date*.

## 16.23A Employers' Liability Register compliance reporting

### Application

#### 16.23A.1 R

This section applies to any *firm* required to produce an employers' liability register in compliance with the requirements in ■ ICBS 8.4.4R, which is a *firm carrying out contracts of insurance*, or a *managing agent* managing *insurance business*, including in either case business accepted under *reinsurance to close*, which includes UK commercial lines *employers' liability insurance*.

(2) In this section:

- (a) a "*director's certificate*" refers to a statement complying with the requirements in ■ SUP 16.23A.5R(1);
- (b) "*employers' liability insurance*" includes business accepted under *reinsurance to close* covering *employers' liability insurance* (including business that is only included as *employers' liability insurance* for the purposes of this section);
- (c) a "*qualified director's certificate*" refers to the statement complying with the requirements in ■ SUP 16.23A.5R(1)(b);
- (d) "*materially compliant*" has the meaning in ■ SUP 16.23A.5R;
- (e) the "*register*" is the employers' liability register complying with the requirements in ■ ICBS 8.4.4R and ■ ICBS 8 Annex 1;
- (f) the "*return*" is the employers' liability register compliance return at ■ SUP 16 Annex 44AR; and
- (g) "*supporting documents*" are the *director's certificate* and auditor's report specified in ■ SUP 16.23A.5R and ■ SUP 16.23A.6R.

### Purpose

#### 16.23A.2 G

■ ICBS 8.4.4R requires a *firm* to produce the register. The register must be produced in compliance with the updating requirements in ■ ICBS 8.4.11R(2). ■ SUP 16.23A sets out further requirements on the *firm* to obtain and submit to the FCA a statement that the *firm's* production of the register complies with the requirements in ■ ICBS 8.4.4R, including supporting documents from a *director* and an auditor. It specifies the time, form and method of providing that information.

### Reporting requirement

16.23A.3 **R**

- (1) A *firm* must submit the return annually to the *FCA*.
- (2) The return must be in relation to the register as at 31 March, covering the period of production of the register from 1 April to 31 March.
- (3) The return must be submitted online through the appropriate systems made available by the *FCA*:
  - (a) between the 1 and 31 August each year;
  - (b) in the format set out in ■ SUP 16 Annex 44AR; and
  - (c) any supporting documents must be provided in pdf format.

### Content of return and supporting documents

16.23A.4 **R**

The return consists of the information required in the form at ■ SUP 16 Annex 44AR and the supporting documents specified in ■ SUP 16.23A.5R and ■ SUP 16.23A.6R.

### Director's certificate

16.23A.5 **R**

- (1) A *firm* must obtain and submit to the *FCA* a written statement, by a *director* of the *firm* responsible for the production of the register, that, to the best of the *director's* knowledge, during the reporting period the *firm* in its production of the register is either:
  - (a) materially compliant with the requirements of ■ ICOBS 8.4.4R(2) and ■ ICOBS 8 Annex 1, including (where necessary) how the firm has used and continues to use its best endeavours in accordance with ■ ICOBS 8 Annex 1.1.1CR; or
  - (b) not materially compliant with the provisions referred to in ■ SUP 16.23A.5R(1)(a), in which case the statement must also set out, to the best of the *director's* knowledge, the information required by ■ SUP 16.23A.5R(3).
- (2) For the purposes of ■ SUP 16.23A.5R and ■ SUP 16.23A.6R, "materially compliant" means that in relation to at least ninety-nine percent of *policies* for which information is required to be included, the information in the register does not contain any inaccuracy or lack faithful reproduction (as relevant) that would affect the outcome of a search when compared to a search carried out with fully accurate and/or faithfully reproduced information.
- (3) The information referred to in ■ SUP 16.23A.5R(1)(b) is:
  - (a) a description of the ways in which the *firm*, in its production of the register, is not materially compliant;
  - (b) the number of *policies*, in relation to which, either:
    - (i) the *firm* is not able to include any information in the register; and/or
    - (ii) information is included in the register but information may be incorrect or incomplete,
 in each case as a proportion of the total number of *policies* required to be included in the register;

16.23A.5A **G**

- (c) where the *firm* is only practicably able to provide an estimate of the numbers in ■ SUP 16.23A.5R(3)(b), the basis of each estimate; and
  - (d) a description of the systems and controls used in the production of the register and of the steps, together with relevant timescales, that the *firm* is taking to ensure that it will be materially compliant as soon as practicable.
- (4) The *firm* must ensure that the *director's* certificate includes the description of "materially compliant" referred to in ■ SUP 16.23A.5R(2).
- (1) In relation to the written statement referred to in ■ SUP 16.23A.5R(1):
- (a) ■ SUP 16.23A.5R(1) does not preclude the relevant *director* from, in addition, including in the *director's* statement any of the following as relevant:
    - (i) if a *firm's* employers' liability register is more than materially compliant, a statement to this effect, and/or a statement of the extent to which the *director* considers, to the best of their knowledge, the *firm* to be compliant in its production of the register;
    - (ii) reasons for the level of any non-compliance; and/or
    - (iii) information relating to policies which are not required to be included in the register;
  - (b) the statement regarding the *firm's* level of compliance with the requirements in ■ ICOBS 8.4.4R(2) and ■ ICOBS 8 Annex 1, and, in relevant cases, the steps the *firm* is undertaking to ensure material compliance as soon as practicable, does not alter the underlying requirement that the *firm* has to comply fully with the relevant requirements in ■ ICOBS 8.4.4R(2) and ■ ICOBS 8 Annex 1 (that is, not just to a material extent). So, it is possible that a *firm* will be able to comply with ■ SUP 16.23A.5R(1) but continue to not fully comply with the underlying requirements, for example in respect of the *policies* falling outside the ninety-nine percent threshold. In relation to these *policies*, as well as those identified in any qualified *director's* certificate, the *firm* will need to remedy errors or omissions as soon as practicable, and have systems and controls in place to give effect to these on an ongoing basis.

**Auditor's report**

16.23A.6 **R**

- (1) A *firm* must obtain and submit to the FCA a report satisfying the requirements of ■ SUP 16.23A.6R(2), prepared by an auditor satisfying the requirements of ■ SUP 3.4 and ■ SUP 3.8.5R to ■ 3.8.6R, and addressed to the directors of the *firm*.
- (2) The report referred to in ■ SUP 16.23A.6R(1) must:
  - (a) be prepared on the basis of providing an opinion under a *limited assurance engagement* confirming whether the auditor has found no reason to believe that the *firm*, solely in relation to the *firm's* extraction of information from its underlying records, has not materially complied with the requirements in ■ ICOBS 8.4.4R(2) and ■ ICOBS 8 Annex 1 in the production of its employer's liability register during the reporting period, having regard in particular

to the possible errors and omissions referred to in  
■ SUP 16.23A.6R(2)(c) below;

- (b) use the description of "material compliance" as referred to in  
■ SUP 16.23A.5R(2), adapted as necessary to apply solely to the  
*firm's* extraction of information from its underlying records;
- (c) address, in particular, the following risks:
  - (i) information relating to certain *policies* issued or renewed on or after 1 April 2011 is entirely omitted from the register even though some relevant policy details are included in the *firm's* underlying records;
  - (ii) information relating to certain *policies* in respect of which claims were made on or after 1 April 2011 is entirely omitted from the register even though some relevant policy details are included in the *firm's* underlying records;
  - (iii) relevant information required to be included in the register, and which is included in the *firm's* underlying records, is omitted from, or is inaccurately entered on to, the register; and
  - (iv) information relating to *policies* which do not provide *employers' liability insurance* are included in the register.

**16.23A.7** **R** For the purposes of ■ SUP 16.23A.5R(1) and ■ SUP 16.23A.6R(1) the *director's* certificate and report prepared by an auditor must be obtained and submitted to the FCA within the timeframe set out in ■ SUP 16.23A.3R(3)(a) and in the format set out in ■ SUP 16 Annex 44AR.



16.24 Retirement income data reporting

Application

16.24.1 R

This section applies to:

- (1) (a) a *firm* with *permission* to establish, operate or wind up a personal pension scheme or a stakeholder pension scheme; and
- (b) a *firm* with *permission* to effect or carry out contracts of insurance in relation to life and annuity contracts of insurance.
- (2) [deleted]

Purpose

16.24.2 G

- (1) The purpose of this section is to set out the requirements for the *firms* specified in ■ SUP 16.24.1R to report retirement income data.
- (2) The purpose of collecting this data is to assist the *FCA* in the ongoing supervision of *firms* providing certain retirement income products and to enable the *FCA* to gain a wider understanding of market trends in the interests of protecting consumers.

Reporting requirement

16.24.3 R

- (1) A *firm* must submit:
  - (a) a retirement income flow data return half-yearly; and
  - (b) a retirement income stock data and withdrawals flow data return annually;within 45 *business days* of the end of the relevant reporting period.
- (2) The relevant reporting periods are as follows:
  - (a) for retirement income flow data returns, the six month periods ending on 31 March and 30 September in each calendar year;
  - for retirement income stock data and withdrawals flow data returns, the twelve month period ending on 31 March in each calendar year.
- (3) A *firm* must submit a nil return if there is no relevant data to report.



(4) A *firm* must submit its completed returns to the *FCA* online through the appropriate systems accessible from the *FCA*'s website using the forms set out in ■ SUP 16 Annex 43AR.

16.24.4 G Guidance for completion of the returns in ■ SUP 16.24.3R(1) is set out in ■ SUP 16 Annex 43BG.

16.24.5 G *Firms'* attention is drawn to ■ SUP 16.3.25G regarding reports from a group.



16.25 Claims management reporting

Application

16.25.1 G The effect of SUP 16.1.3R is that this section applies to a *firm* with *permission* to carry on *regulated claims management activities*.

Purpose

- 16.25.2 G
- (1) The purpose of this section is to ensure that the *FCA* receives, on a regular basis, comprehensive information about the activities of *firms* which carry on *regulated claims management activities*.
  - (2) The purpose of collecting this data is to monitor *firms'* compliance with applicable *rules* and to assess and identify any emerging risks within the claims management industry.

Requirement to submit Annual Claims Management Report

16.25.3 R A *firm* must submit an Annual Claims Management Report to the *FCA* annually in respect of the period of 12 *months* ending on the *firm's* *accounting reference date*.

16.25.4 G *Firms* are only required to disclose in Annual Claims Management Reports information relating to the part of their business which is involved in carrying on *regulated claims management activities* and *ancillary activities*, except for questions 13 to 15, 19 to 27 and 30 to 34, which relate to the *firm* as a whole.

Method for submitting Annual Claims Management Report

16.25.5 R A *firm* must submit an Annual Claims Management Report in the format as set out in SUP 16 Annex 45AR, using the appropriate online systems specified on the *FCA's* website.

16.25.6 G A *firm* submitting an Annual Claims Management Report should read the guidance notes available in SUP 16 Annex 45BG.

Time period for submitting Annual Claims Management Report

16.25.7 R A *firm* must submit the Annual Claims Management Report within 30 *business days* of the *firm's* *accounting reference date*.

Group reporting

16.25.8

R

If a *group* includes more than one *firm*, a single Annual Claims Management Report may be submitted, and so satisfy the requirements of all *firms* in the *group*. Such a report should contain the information required from all of the *firms* in the *group*, meet all relevant due dates, indicate all the *firms* on whose behalf it is submitted and give their firm reference numbers. Nevertheless, the requirement to provide a report and the responsibility for the report remain with each *firm* in the *group*.



16.26 Reporting of information about Directory persons

Application

- 16.26.1
- R
- This section of the *FCA Handbook* applies to an *SMCR firm* but it does not apply to a *pure benchmark SMCR firm*.
- 16.26.2
- G
- (1) This section requires an *SMCR firm* to report information about its *Directory persons* to the *FCA*.

(2) An *SMCR firm* will need to report information about all of its *Directory persons*. A *firm* may also need to report information if it is a *sole trader* or if it has appointed an *appointed representative*.

(3) This section is also relevant to a *Directory person* whose name is or will be included in the *Directory*.

Purpose

- 16.26.3
- G
- (1) Section 347(1) of the *Act* requires the *FCA* to maintain a record of various categories of *person*, such as *authorised persons* and *approved persons* as well as every *person* falling within such other classes as the *FCA* may determine (see section 347(1)(i)).

(2) The *FCA* has determined that individuals who are *Directory persons* should be included on the record required by section 347(1) of the *Act* (see section 347(1)(i) of the *Act*).

(3) The *FCA* is required to make the record available for inspection by members of the public in legible form at such times or places as the *FCA* may determine (see section 347(5) of the *Act*).
- 16.26.4
- G
- The *FCA* expects there to be a number of benefits from the *Directory* being available for public inspection. For example, a *client* will be able to verify information about a *Directory person* who it is proposed will be involved in the provision of a service to them. Or a *firm* might cross-check information about a *Directory person* before that individual is hired by the *firm*.
- 16.26.5
- G
- (1) This section contains *rules* which require an *SMCR firm* to report specified information to the *FCA* about its *Directory persons* for the purposes of that information being included in the *Directory*.

- (2) This section also contains *rules* which require reporting of additional information to the *FCA* about *Directory persons*. This includes a *Directory person's* date of birth, and, as the case may be, National Insurance number or passport number. The *FCA* needs this to ensure that information which is reported by a *firm* about a particular individual is as accurate as possible, for example, to prevent confusion between individuals with similar names. The information will also help the *FCA* in carrying out of its functions, for example, in its arrangements for supervising and enforcing compliance with relevant rules or requirements. However, this additional information will not be made available to the public through the *Directory*.

## Reporting requirements: complete and accurate information

- |         |          |   |
|---------|----------|---|
| 16.26.6 | <b>R</b> | <ol style="list-style-type: none"> <li>(1) An <i>SMCR firm</i> must submit a duly completed and accurate report to the <i>FCA</i> for each <i>Directory person</i> in accordance with the provisions of this section.</li> <li>(2) The report for each <i>Directory person</i> must contain the information set out in ■ SUP 16 Annex 47AR, and be:               <ol style="list-style-type: none"> <li>(a) submitted online through the appropriate system which is accessible from the <i>FCA</i> website; and</li> <li>(b) in the appropriate format.</li> </ol> </li> </ol>  |
| 16.26.7 | <b>R</b> | <ol style="list-style-type: none"> <li>(1) When submitting a report to the <i>FCA</i> in respect of a <i>Directory person</i> an <i>SMCR firm</i> must confirm that all the information being reported to the <i>FCA</i> in respect of that <i>Directory person</i> is complete and accurate.</li> <li>(2) That confirmation must be given online through the appropriate system which is accessible from the <i>FCA</i> website.</li> </ol>  |
| 16.26.8 | <b>G</b> | <ol style="list-style-type: none"> <li>(1) The information reported by the <i>firm</i> in respect of a <i>Directory person</i> which is to be included in the <i>Directory</i> will be uploaded onto the <i>Directory</i> shortly after the report is submitted.</li> <li>(2) It is the responsibility of a <i>firm</i> to ensure that any information that it reports about relevant <i>Directory persons</i> is accurate and complete.</li> <li>(3) The <i>FCA</i> will not verify the information about <i>Directory persons</i> which is reported by a <i>firm</i>.</li> <li>(4) If a <i>firm</i> becomes aware of any inaccuracies or errors in the information reported about a <i>Directory person</i> it must rectify that information in accordance with applicable <i>data protection legislation</i>.</li> </ol> |
| 16.26.9 | <b>G</b> | <p>There are notes which accompany ■ SUP 16 Annex 47AR (Directory persons report) which are intended to help <i>firms</i> report the required information. The notes are in ■ SUP 16 Annex 47BG (Guidance notes for Directory persons report in SUP 16 Annex 47AR).</p>   |

16.26.10	R	■ SUP 16.3.11R (Complete reporting) applies to the submission of <i>Directory persons</i> reports by an <i>SMCR firm</i> .
Reporting requirements: exceptional circumstances		
16.26.11	R	A <i>firm</i> may not report the information required in ■ SUP 16 Annex 47AR (15) where that <i>firm</i> has reason to believe that making public a <i>Directory person's</i> workplace location would put them at risk.
Frequency and timing of reports: general		
16.26.12	R	<p>(1) A <i>firm</i> must submit a report required by this section in the frequency, and so as to be received by the <i>FCA</i> no later than the due date, specified for such a report.</p> <p>(2) If a <i>firm</i> becomes aware of any inaccuracies or errors in the information reported about a <i>Directory person</i> it must rectify that information as soon as possible in accordance with applicable <i>data protection legislation</i> (see also ■ SUP 16.26.6R and ■ SUP 16.26.8G).</p>
Frequency and timing of reports: certification employees		
16.26.13	R	<p>In respect of a <i>certification employee</i>, an <i>SMCR firm</i> must submit a report within seven <i>business days</i> of:</p> <p>(1) the <i>certification employee</i> commencing performance of a <i>certification function</i>;</p> <p>(2) the <i>certification employee</i> ceasing performance of a <i>certification function</i>; or</p> <p>(3) the <i>firm</i> becoming aware of any other change to the information last reported to the <i>FCA</i> in respect of that <i>certification employee</i>.</p>
16.26.14	G	<p>An example of when an <i>SMCR firm</i> would need to submit a report to the <i>FCA</i> under ■ SUP 16.26.13R(3) is where the individual changes their name.</p> <p>Seven business days is intended to be the maximum length of time for making a notification. By reporting more quickly, firms can improve the accuracy of the information included in the Directory.</p>
Frequency and timing of reports: non-SMF director Directory person		
16.26.15	R	<p>In respect of a <i>non-SMF director Directory person</i>, an <i>SMCR firm</i> must submit a report within seven <i>business days</i> of:</p> <p>that <i>person</i> becoming a <i>non-SMF director Directory person</i> at the <i>firm</i>; or</p> <p>that <i>person</i> ceasing to be a <i>non-SMF director Directory person</i> at the <i>firm</i>; or</p> <p>the <i>firm</i> becoming aware of any other change to the information last reported to the <i>FCA</i> in respect of that individual.</p>

**Frequency and timing of reports: sole trader Directory person or appointed representative Directory person**

- 16.26.16** **R** In respect of an *appointed representative Directory person* or a *sole trader Directory person*, an *SMCR firm* must submit a report within seven *business days* of:
- (1) that *person* commencing performance of a function which requires a qualification under **TC App 1.1** (Activities and Products/Sectors to which TC applies subject to Appendices 2 and 3);
  - (2) that *person* ceasing to perform a function which requires a qualification under **TC App 1.1** (Activities and Products/Sectors to which TC applies subject to Appendices 2 and 3); or
  - (3) the *firm* becoming aware of any other change to the information last reported to the *FCA* in respect of that individual.

- 16.26.17** **R** If the *FCA's* information technology systems fail and online submission of the reports required under this section is not possible on the reporting day (see paragraph (3)), the time period for submission of reports is extended in accordance with paragraph (2).

If on the reporting day, the online submission of reports is not possible for more than one hour, the *firm* must submit the relevant report on the first *business day* on which the online submission of reports is next possible.

In this *rule*, the "reporting day" is the day on which the *firm* must submit a report under this section as determined in accordance with **SUP 16.26.13R** to **SUP 16.26.16R**.

**Frequency and timing of reports: reporting to the FCA at least once every twelve months**

- 16.26.18** **R**
- (1) Paragraph (2) applies where an *SMCR firm* has not submitted any reports to the *FCA* in respect of a *Directory person* in accordance with the provisions of this section within the relevant period (see **SUP 16.26.20R**).
  - (2) An *SMCR firm* must submit a report to the *FCA* confirming that the information previously reported by the *firm* in respect of its *Directory persons* remains accurate and up-to-date.
  - (3) The confirmation to be submitted to the *FCA* under paragraph (2) must be submitted no later than the first *business day* following the end of the relevant period (see **SUP 16.26.20R**).

- 16.26.19** **R** An *SMCR firm* may submit a confirmation of accuracy at any time.

- 16.26.20** **R**
- (1) For the purposes of **SUP 16.26.18R**, the "relevant period" is the period which:
    - (a) starts on the day on which the *SMCR firm* last:

- (i) submitted a report to the *FCA* in respect of any of its *Directory persons*; or
  - (ii) submitted a confirmation in accordance with ■ SUP 16.26.18R;
  - (iii) submitted a confirmation in accordance with ■ SUP 16.26.19R; and
- (b) subject to (2), ends 364 days after the day specified in (a).
- (2) If the relevant period includes the 29 February of a given year, the period ends 365 days after the day specified in paragraph (1)(a).

Failure to submit a report

- 16.26.21
- R
- SUP 16.3.14R (Failure to submit reports) applies to the failure by an *SMCR firm* to submit a complete report about its *Directory persons* in accordance with the *rules* set out in this section by the date on which it is due.
- 16.26.22
- G
- Failure to submit a report in accordance with the *rules* in, or referred to in, this chapter or the provisions of relevant legislation may also lead to the imposition of a financial penalty and other disciplinary sanctions.
- 16.26.23
- G
- The *firm* is responsible for ensuring delivery of the required report by the relevant due date. If a report is received by the *FCA* after the due date and the *firm* believes its delivery arrangements were adequate, it may be required to provide proof of those arrangements.



		<div>16.27</div> <div>General insurance value measures reporting</div>
		<div>Who?</div>
16.27.1	R	The effect of ■ SUP 16.1.1R is that this section applies to every <i>firm</i> of a type listed in column 1 of the table in ■ SUP 16.27.8R.
16.27.2	R	The <i>rules</i> in this section do not apply to a <i>TP firm</i> or a Gibraltar-based firm where the <i>state of the risk</i> is an <i>EEA State</i> or Gibraltar, to the extent that the <i>EEA State</i> in question or Gibraltar imposes measures of like effect.
		<div>What?</div>
16.27.3	R	<p>This section applies to a <i>firm</i> which has carried on the business described in column 2 of the table in ■ SUP 16.27.8R in relation to <i>general insurance contracts</i>:</p> <div><div>(1)</div> which are of a product type set out in ■ SUP 16 Annex 48R;</div> <div><div>(2)</div> excluding contracts set out in ■ SUP 16.27.4R; and</div> <div><div>(3)</div> excluding contracts entered into where the <i>customer</i> was habitually resident outside the <i>UK</i> at the time.</div>

value measures data in the pursuance of the *FCA*’s effective competition and consumer protection objectives.

- (2) The purpose of ■ SUP 16.27 is to provide the *FCA* with general insurance value measures data that it can use to publish guidance (and which may also assist with the *FCA*’s monitoring of *firms*’ compliance with ■ PROD 4.5). The purpose of that publication is to:
- (a) promote competition in relation to product value, by creating incentives for *firms* to make improvements to products and address poor product performance; and
  - (b) protect *consumers* by reducing the potential for harm caused by the sale or purchase of poor value products.

Definitions

16.27.6 R

In this section and ■ SUP 16 Annex 48R, ■ SUP 16 Annex 48AR and ■ SUP 16 Annex 48BG:

“add-on <i>policy</i> ” means	a <i>policy</i> that is sold in connection with, or alongside, another product.
“average claims pay-out” means	total claims pay-out cost divided by the number of claims where all or part of the claim has been accepted and a pay-out has been made and/or benefits provided and the claim is closed at the end of the reporting period.
“average number of <i>policies</i> in force” means	the average number of <i>policies</i> in force during the relevant reporting period, calculated by adding up the total <i>policies</i> in force at the end of each <i>month</i> and dividing by the total number of months in the reporting period.
“claim” means	any claim made by a potential beneficiary, including queries in respect of a potentially claimable event or loss (which has taken place).
“claims acceptance rate” means	(a)the number of claims registered; less  (b)the number of claims rejected; divided by  (c)the number of claims registered.
“claims accepted” means	claims where all or part of the claim has been accepted and a pay-out has been made and/or benefit provided, and the claim is closed or settled during the reporting period.
“claims complaints” means	complaints of a type that are reported in column O of the DISP 1 Annex 1R Table 4 or would have been reported if the threshold of 500 opened complaints was disregarded.

"claims complaints as a percentage of claims" means	<p>the percentage calculated using the formula:</p> $A/B \times 100$ <p>where:</p> <p>(a) A = claims complaints</p> <p>(b) B = claims registered</p>
"claims frequency" means	<p>the number of claims registered divided by the average number of <i>policies</i> in force.</p>
"claims pay-out cost" means	<p>the total costs of providing benefits to <i>policy</i> beneficiaries in relation to claims accepted during the re-reporting period including:</p> <p>(a) the total monetary value (£) of claim pay-outs;</p> <p>(b) the total cost incurred by the provider <i>firm</i> in providing non-monetary benefits; and</p> <p>(c) specific claims costs incurred by the provider <i>firm</i> in handling individual claims including claims investigation costs.</p>
"claims registered" means	<p>all claims during the reporting period less the number of:</p> <p>(a) claims walkaways;</p> <p>(b) claims in respect of which the potential beneficiary reports an event or loss giving rise to the claim but does not wish to make a claim;</p> <p>(c) claims rejected for insurance fraud; and</p> <p>(d) claim rejected because the <i>policy</i> has been lawfully voided by the <i>insurer</i>.</p>
"claims rejected" means	<p>claims by potential beneficiaries of the <i>policy</i>, declined or rejected in the reporting period, regardless of:</p> <p>(a) when the claim was registered;</p> <p>(b) whether or not the claim is rejected at the first notification of loss;</p> <p>(c) whether the claim is rejected for breach of a <i>policy</i> condition, pursuant to an applicable <i>policy</i> exclusion, due to the application of an excess or otherwise,</p> <p>but excluding claims rejected for insurance fraud or because the <i>policy</i> has been lawfully voided by the <i>insurer</i>.</p>

"claims walkaways" means	claims closed during the reporting period due to the potential beneficiary not pursuing the claim.
"distribution arrangement" means	in relation to the relevant product, each distribution arrangement through which the product is sold, as identified by the consumer facing <i>firm</i> or brand.
"no claims bonus protection" means	a <i>contract of insurance</i> which will, in the event of a claim, within certain limits, protect the purchaser's number of years during which a person is deemed not to have made a claim for the purposes of calculating the no claims bonus discount incorporated by a provider into the price of a motor insurance product.
"policy sales" means	<i>policies</i> sold in the reporting period, including renewals, and regardless of the period covered by the contracts.
"reporting period" means	(a)the period beginning on 1 January and ending on 31 December; or (b)any shorter period in accordance with SUP 16.27.12 (2).
"stand-alone <i>policy</i> " means	a <i>policy</i> that is not sold in connection with, or alongside, another product.
"total gross retail premiums (written)" means	the total amount of gross written premium, based on the premiums charged to the end consumer (excluding insurance premium tax) in relation to policies sold during the reporting period.
"value measures data" means	the data required to be included in a value measures report and set out in SUP 16.27.10R to 16.27.11R.
"value measures report" means	the report referred to in SUP 16.27.7R.

Requirement to submit a value measures report

- 16.27.7

R

Where a *firm* of a type set out in column 1 of the table in ■ SUP 16.27.8R has carried on the business in column 2 of the same row in relation to the products set out in ■ SUP 16 Annex 48R, it must:

(1) submit to the *FCA* a report containing the value measures data in relation to that business; and

(2) submit the report in accordance with ■ SUP 16.27.12R to ■ SUP 16.27.17R.
- 16.27.8

R

This is the table referred to in ■ SUP 16.27.7R.

(1) Type of firm	(2) Nature of business
An insurer other than a TP firm or Gibraltar-based firm	all contracts of insurance effected by the insurer.
A TP firm or Gibraltar-based firm	all contracts of insurance effected by the TP firm or Gibraltar-based firm from an establishment of the firm (or its appointed representative) in the UK.
A TP firm or Gibraltar-based firm	all contracts of insurance effected by the firm  (a) from an establishment outside the UK with a customer in the UK; and  (b) which were not manufactured by a firm operating from an establishment in the UK.
A firm manufacturing from an establishment in the UK	all contracts of insurance effected by a TP firm or Gibraltar based-firm from an establishment outside the UK with a customer in the UK.
A firm, a TP firm or a Gibraltar-based firm which, from an establishment in the UK, either: (1) manufactures; or, if not, (2) advises on or proposes contracts of insurance which it does not manufacture.	all contracts of insurance effected by a firm from an establishment outside the UK with a customer in the UK without carrying on a regulated activity in the UK.
An insurance intermediary	contracts of insurance in relation to which:  (a) the insurance intermediary carried on or was responsible for insurance distribution activities; and  (b) the provider entering into the contract as principal is not an authorised person in relation to that activity. References to firms in SUP 16 include references to these unauthorised providers, where the context requires.
A managing agent	any contracts of insurance written at the Society.

16.27.9 R

Firms must comply with the following in relation to the table in ■ SUP 16.27.8R:

- (1) where different insurers underwrite different elements of the cover that form part of the same policy, then the insurer underwriting the main part of the cover (and in the event of any doubt, the first part of the cover recorded in the policy) must report the value measures data for all elements of the cover (including optional extras and cover extensions);
- (2) the exception to (1) is in relation to policies which include a legal expenses product element (after the event or before the event legal

expenses, as described in ■ SUP 16 Annex 48R), where the *insurer* of the legal expenses element must separately report the value measures data for the legal expenses element; and

- (3) references to *manufacturing* are to *manufacturing* in whole or in part. Where there is more than one *firm* referred to in column 1 that *manufactures a contract of insurance*, then only one must report the value measures data and each *firm* must agree in writing with the others which *firm* is responsible.

### Content of the report and value measures data

#### 16.27.10 R

A value measures report must contain value measures data set out in ■ SUP 16.27.11R as follows:

- (1) the data must be completed in respect of each of the products set out in ■ SUP 16 Annex 48R; and
- (2) the data must only be included in relation to each product within the scope of ■ SUP 16.27 where both of the following criteria have been met in respect of that product in the relevant reporting period:
  - (a) total gross retail premiums (written) exceed £400,000; and
  - (b) more than 3,000 *policies* involving the *firm* in the manner set out in column 2 of ■ SUP 16.27.8R are in force.

#### 16.27.11 R

The value measures data is:

- (1) the number of policy sales;
- (2) total gross retail premiums (written);
- (3) the number of claims registered;
- (4) average number of policies in force;
- (5) claims frequency;
- (6) the number of claims accepted;
- (7) the number of claims rejected;
- (8) claims acceptance rate;
- (9) total claims pay-out cost;
- (10) average claims pay-out;
- (11) the amount that the top 2% of claim pay-outs are above;
- (12) the names of the five largest distribution arrangements;
- (13) the number of claims walkaways;

- (14) the number of claims complaints; and
- (15) claims complaints as a percentage of claims.

Annual submission date and reporting period

- 16.27.12 R
- (1) The value measures report must be submitted annually on or before 28 February and contain information in relation to the immediately preceding reporting period.
  - (2) Where a *firm* carried on business in relation to one or more of the products set out in SUP 16 Annex 48R for part of a reporting period, its value measures report should contain value measures data for the part of the reporting period that it operated.

Format and method of submission and format

- 16.27.13 R
- A value measures report must be completed using the form and format set out in SUP 16 Annex 48AR, using the notes for completion in SUP 16 Annex 48BG.

- 16.27.14 R
- The report must be submitted online through the appropriate systems accessible from the FCA’s website.

- 16.27.15 R
- A value measures report will not be considered as submitted to the FCA unless all the mandatory reporting fields set out in SUP 16 Annex 48AR have been completed correctly and the report has been accepted by the relevant FCA reporting system.

- 16.27.16 G
- If the FCA’s information technology systems fail and online submission is unavailable for 24 hours or more, the FCA will endeavour to publish a notice on its website confirming that online submission is unavailable and that the alternative methods of submission set out in SUP 16.3.9R (Method of submission of reports) should be used.

Value measures disclosure

- 16.27.17 R
- Any *firm* that submits a value measures report to the FCA must include a statement that:
- it understands that the FCA produces and publishes *guidance* that contains the value measures data that the *firm* submitted to the FCA; and/or
  - it has informed any other *firm* to whom the relevant value measures data relate that the FCA publishes the guidance referred to in (1).

Publication of value measures data by the FCA

- 16.27.18 G
- The FCA publishes *guidance* that contains the value measures data for the following purposes:

- (1) to promote competition in relation to product value, by creating incentives for *firms* to make improvements to products and address poor product performance; and
- (2) to protect consumers by reducing the potential for harm caused by the sale or purchase of poor value products.

**16.27.19** G The *FCA* publishes firm-level value measures data in bands. The *FCA* will only publish firm-level value measures data in bands for claims frequency, claims acceptance rate, average claims pay-outs and claims complaints as a percentage of claims where the value measures report shows that, in respect of the relevant product, both of the criteria in ■ SUP 16.27.10R(2)(a) and (b) have been met.





16.28 Home insurance and motor insurance pricing reporting

Who?

16.28.1 R The effect of ■ SUP 16.1.1R is that this section applies to every *firm* of a type listed in column 1 of the table in ■ SUP 16.28.8R.

What?

16.28.2 R This section applies to a *firm* which has carried on the business described in column 2 of the table in ■ SUP 16.28.8R in relation to any of the following types of *general insurance contracts*:

- (1) *home insurance*; or
- (2) *motor insurance*.

16.28.3 R This section does not apply in relation to the following types of products:

- (1) *policies* entered into by a *commercial customer*; or
- (2) *group policies*.

Purpose

16.28.4 G The purpose of this section is to require *firms* to submit information on their *home insurance* and *motor insurance* contracts, add on *policies* and *retail premium finance* in a standard format to the FCA. This information will assist the FCA in pursuing the purposes of ■ SUP 16.28 as set out in ■ SUP 16.2.1G.

Definitions

16.28.5 R In this section and ■ SUP 16 Annex 49AR and ■ SUP 16 Annex 49BG:

"add-on <i>policy</i> " means	An <i>additional product</i> which is a <i>general insurance contract</i> sold as a separate contract or <i>policy</i> in connection with, or alongside, a <i>motor insurance</i> or <i>home insurance policy</i> .
"average prior year gross <i>premium</i> " means	The average gross <i>premium</i> paid by a <i>customer</i> of <i>tenure T<sub>n</sub></i> for the product in the reporting category when that <i>customer's tenure</i> was <i>T<sub>n-1</sub></i> .

"buildings and contents" means	<i>Home insurance</i> cover for both the structure and contents of domestic properties, including any core related liability cover.
"buildings only" means	<i>Home insurance</i> cover for the structure of (but not the contents of) domestic properties, including any core related liability cover.
"claims-related reporting period" means	The period elected by a <i>firm</i> for the purposes of providing the additional claims-related information in SUP 16.28.12R for the core product which must be either (i) the reporting period or (ii) to the extent that it is different from the reporting period, the <i>firm's</i> own financial year.
"contents only" means	<i>Home insurance</i> cover for the contents of (but not the structure of) domestic properties, including any core related liability cover.
"core product" means	The <i>home insurance</i> or <i>motor insurance policy</i> , including any cover extension or optional extra which forms part of the same contract as that <i>policy</i> , irrespective of whether that cover extension or optional extra is an <i>additional product</i> .
"expected claims cost" means	The expected risk cost when calculating the <i>policy's premium</i> , excluding any loading for expenses (including claims handling) or profit and gross of <i>reinsurance</i> .
"expected claims ratio" means	The expected claims cost as a percentage of the gross written <i>premium</i> .
"fees" means	A <i>firm's remuneration</i> in relation to its <i>home insurance</i> and <i>motor insurance</i> business which is paid by the <i>customer</i> and which is not included in the gross <i>premium</i> paid by the <i>customer</i> for the core product, add-on <i>policy</i> or <i>retail premium finance</i> as reported by the <i>firm</i> .
"gross premium" means	The <i>gross price</i> charged for a core product or add-on <i>policy</i> .
"net-rated premium" means	The <i>net-rated price</i> charged for a core product or add-on <i>policy</i> .
"price-setting intermediary" means	An <i>insurance intermediary</i> whose role includes setting the gross <i>premium</i> paid by the <i>customer</i> for the core product or setting the price of any add-on <i>policy</i> , or <i>retail premium finance</i> .
"reporting period" means	the 12-month period beginning on 1 January and ending on 31 December.

Requirement to submit a pricing information report

16.28.6 **R** Where a *firm* of a type set out in column 1 of the table in ■ SUP 16.28.8R has carried on the business in column 2 of the same row in relation to *home insurance* or *motor insurance* products, it must:

- (1) submit to the *FCA* a report containing the specified information in relation to their *home insurance* and *motor insurance* products, add-on *policies*, *retail premium finance* and fees; and
- (2) submit the report in accordance with ■ SUP 16.28.14R to ■ SUP 16.28.18R.

16.28.7 **R** A *TP firm* or a *Gibraltar-based firm* which is of a type set out in column 1 of the table in ■ SUP 16.28.8R (or which is treated as if it is) and has carried on the business in column 2 of the same row in relation to *home insurance* or *motor insurance* products in the *UK* must:

- (1) submit to the *FCA* a report containing the specified information in relation to their *UK home insurance* and *motor insurance* products, add on *policies*, *retail premium finance* and fees; and
- (2) submit the report in accordance with ■ SUP 16.28.14R to ■ SUP 16.28.18R.

16.28.8 **R** This is the table referred to in ■ SUP 16.28.1R,16.28.2R, 16.28.6R and 16.28.7R

(1) Type of firm	(2) Nature of business
An insurer	Contracts of insurance effected by the insurer.
A non-price setting insurance intermediary	Contracts of insurance in relation to which:  (a)the insurance intermediary carried on or was responsible for insurance distribution activities; but  (b)the firm was not acting as a price-setting intermediary.
A price-setting insurance intermediary	Contracts of insurance, in relation to which:  (a) the price-setting intermediary carried on or was responsible for insurance distribution activities; and  (b)the firm was acting as a price-setting intermediary.
A managing agent	Contracts of insurance written at Lloyd's.
An insurer, insurance intermediary or managing agent	Additional products relating to contracts of insurance where the firm is responsible for setting the price of the additional product.

16.28.9 **R** Firms must comply with the following in relation to the table in ■ SUP 16.28.8R.

- (1) Where different *insurers* or *managing agents* underwrite different elements of the cover that forms part of the same *core policy*, then the *insurer* or *managing agent* underwriting the largest proportion of the cover (and in the event of any doubt, the first part of the cover recorded in the *policy*) must report the pricing information in ■ SUP 16.28.11R and ■ SUP 16.28.12R for all elements of the *policy*.
- (2) Only the *firm* which sets the price of an *additional product* to be paid by a *consumer* is required to report the pricing information in ■ SUP 16.28.13R in respect of that *additional product*. Where the *additional product* is *retail premium finance* and its price is set by a *retail premium finance* provider (and not by an *insurer*, an *insurance intermediary* or *managing agent*), the *insurer*, *insurance intermediary* or *managing agent* which has the direct relationship with the *consumer* must report the pricing information in ■ SUP 16.28.13R in respect of that *retail premium finance*.
- (3) Only the *firm* which levies fees on a *consumer* is required to report the pricing information in ■ SUP 16.28.13R in respect of those fees.
- (4) Where an *insurance intermediary* forgoes commission or gives a cash or cash-equivalent incentive (within the meaning of ■ ICOBS 6B.2.12R) on the *premium* on *gross-rated business*, this business must only be reported by the *insurer* with its *gross-rated business* (not separately by the *insurance intermediary*).
- (5) An *insurance intermediary* must notify the FCA if the *firm* forgoes commission or gives a cash or cash-equivalent incentive (within the meaning of ■ ICOBS 6B.2.12R) on the *gross price* set by the *insurer* on either or both of more than 25% of the *home insurance policies* or more than 25% of the *motor insurance policies* sold by the *firm* in a reporting period.

### Content of the report and pricing information

**R** A pricing information report must contain pricing information set out in ■ SUP 16.28.11R (core pricing information for the core product ), ■ SUP 16.28.12R (additional claims-related information for the core product) and ■ SUP 16.28.13R (pricing information for related *additional products* and fees) as follows:

- (1) the information must be completed separately in respect of each *firm's home insurance* and *motor insurance* business;
- (2) where a *firm* has a multi-product *policy* which includes both *home insurance* and *motor insurance* in a single *policy*, that *policy* should be split between *home insurance* and *motor insurance* and reported as two separate *policies*.
- (3) the information in ■ SUP 16.28.11R and ■ SUP 16.28.12R must be provided on an aggregated basis for each of the following product types in a *firm's motor insurance* business, including the *closed books* which must also be separately disclosed in (11) below:
  - (a) car;
  - (b) motorcycles, including tricycles; and
  - (c) other (being product types not included in (a) or (b));

- (4) the information in ■ SUP 16.28.11R and ■ SUP 16.28.12R must be provided on an aggregated basis for each of the following product types in a *firm's home insurance* business, including the *closed books* which must also be separately disclosed in (11) below:
  - (a) buildings only;
  - (b) contents only; and
  - (c) buildings and contents;
- (5) in respect of the information in ■ SUP 16.28.11R only, the aggregated information for each of the categories set out in (3) and (4) must be further split out into products sold via the following types of *channel*:
  - (a) direct (aggregated across all direct sales including telephone, internet and branch);
  - (b) price comparison websites (aggregated across all price comparison websites);
  - (c) intermediated (aggregated across sales made through *insurance intermediaries*, excluding those sales included in (b) or (d); and
  - (d) *affinity/partnership schemes* (aggregated across all such schemes);
- (6) in splitting the information in ■ SUP 16.28.11R on products into the types of *channel* via which they were sold in accordance with (5), products should be allocated to the type of *channel* used to determine the *channel* for the purposes of determining the *equivalent new business price* for that customer in accordance with ■ ICOBS 6B.2.5R;
- (7) where a price-setting *intermediary* makes sales directly to *consumers*, the information in ■ SUP 16.28.11R on these products should be allocated to the direct sales type of *channel* in (5)(a), not the intermediated type of *channel* in (5)(c);
- (8) the pricing information in ■ SUP 16.28.11R for each type of *channel* in (5) must be further split into categories representing the *tenure* of the *customers* (broken down by the year of *tenure*);
- (9) *insurers* and *managing agents* must report the required information in ■ SUP 16.28.11R for each *channel* and *tenure* combination as derived from (5) and (8) separately for *gross-rated business* and *net-rated business*;
- (10) in respect of the information in ■ SUP 16.28.12R only, the aggregated information for each of the categories set out in (3) and (4) must be reported as the total aggregated for each product type (no split between type of *channel* or *tenure*);
- (11) pricing information in ■ SUP 16.28.11R only must also be provided separately, split into the type of *home insurance* product or *motor insurance* product (where relevant) for each segment of business that:
  - (a) is a *closed book* containing 10,000 *policies* or more; or
  - (b) comprises all other *closed books* which are not reported in (a) above, on an aggregated basis;

- (12) the pricing information for *closed books* in (11) must be further split out into categories representing the *tenure* of customers (broken down by year of *tenure*);
- (13) pricing information in ■ SUP 16.28.13R for related *additional products* must be split out between each of the following:
  - (a) *retail premium finance*; and
  - (b) *add-on policies*;
- (14) pricing information in ■ SUP 16.28.13R for fees must be split out between each of the following:
  - (a) *pre-contractual fees*; and
  - (b) *post-contractual fees*; and
- (15) the pricing information in (13) and (14) must then be further split into categories representing the *tenure* of the *customers* (broken down by the year of *tenure*).

### 16.28.11 R

The core pricing information for the core product is:

- (1) total gross written *premium*;
- (2) total net-rated written *premium* (*net-rated business* only);
- (3) average gross *premium*;
- (4) average net-rated *premium* (*net-rated business* only);
- (5) average prior year gross *premium*;
- (6) number of *policies* in force at the end of the reporting period;
- (7) total number of *policies* incepted or *renewed*;
- (8) expected claims ratio;
- (9) expected claims cost; and
- (10) proportion of *customers* where the expected claims ratio falls within each of the following bandings:
  - (a) greater than 0% but less than or equal to 10%;
  - (b) greater than 10% but less than or equal to 20%;
  - (c) greater than 20% but less than or equal to 30%;
  - (d) greater than 30% but less than or equal to 40%;
  - (e) greater than 40% but less than or equal to 50%;
  - (f) greater than 50% but less than or equal to 60%;
  - (g) greater than 60% but less than or equal to 70%;
  - (h) greater than 70% but less than or equal to 80%; and
  - (i) greater than 80%.

- 16.28.12** **R** The additional claims-related information for the core product is:
- (1) total earned *premium*;
  - (2) average earned *premium*;
  - (3) *gross incurred claims ratio*;
  - (4) developed *gross incurred claims ratio* for the claim-related reporting period 1 year prior to the current such period;
  - (5) developed *gross incurred claims ratio* for the claim-related reporting period 2 years prior to the current such period;
  - (6) developed *gross incurred claims ratio* for the claim-related reporting period 3 years prior to the current such period;
  - (7) total prior year's reserve release; and
  - (8) total prior year's reserve strengthening.
- 16.28.13** **R** The pricing information for related *additional products* and pre- and post-contractual fees that are not part of the *gross premium* for the core product is:
- (1) the total charged for *retail premium finance* (including *retail premium finance* on add-on *policies*);
  - (2) the number of *customers* with *retail premium finance*;
  - (3) the *APR* range;
  - (4) the total gross written *premiums* for add-on *policies* inception or renewed;
  - (5) the number of add-on *policies* inception or renewed;
  - (6) the total pre-contractual fees paid by all *customers*;
  - (7) the average pre-contractual fees across those *customers* who incurred fees;
  - (8) the total post-contractual fees paid by all *customers*; and
  - (9) the average post-contractual fees across those *customers* who incurred fees.

### Annual submission date and reporting period

- 16.28.14** **R** The pricing information report containing the information in **SUP 16.28.11R** and **SUP 16.28.13R** in relation to the reporting period (which begins on 1 January and ends on 31 December of the immediately preceding calendar year) must be submitted annually on or before 31 March.



- 16.28.15 **R** The pricing information report containing the information in ■ SUP 16.28.12R in relation to the claims-related reporting period must be submitted either:
- (1) where a *firm's* claims-related reporting period is the reporting period, annually on or before 31 March; or
  - (2) where a *firm's* claims-related reporting period is not the reporting period, annually on the date which is 3 *months* following the end of the claims-related reporting period.

**Format and method of submission and format**

- 16.28.16 **R** A pricing information report must be completed using the forms and format set out in ■ SUP 16 Annex 49AR, using the notes for completion in ■ SUP 16 Annex 49BG.
- 16.28.17 **R** The report must be submitted online through the appropriate systems accessible from the *FCA's* website.
- 16.28.18 **R** A pricing information report will not be considered as submitted to the *FCA* unless all the mandatory reporting fields set out in ■ SUP 16 Annex 49AR have been completed correctly and the report has been accepted by the relevant *FCA* reporting system.
- 16.28.19 **G** If the *FCA's* information technology systems fail and online submission is unavailable for 24 hours or more, the *FCA* will endeavour to publish a notice on its website confirming that online submission is unavailable and that the alternative methods of submission set out in ■ SUP 16.3.9R (Method of submission of reports (see ■ SUP 16.3.8R)) should be used.





16.29 MIFIDPRU Remuneration Report

Application

- 16.29.1
- R
- This section applies to a *MIFIDPRU investment firm*, except where:
  - (1) the *MIFIDPRU investment firm* is part of a *group* to which prudential consolidation applies in accordance with provisions of the *UK CRR* and the *PRA Rulebook*; and
  - (2) the reports in (3) have been submitted to the *PRA* on behalf of the consolidation group and each covers the *MIFIDPRU investment firm*.
  - (3) the reports referred to in (2) are:
    - (a) the Remuneration Benchmarking Information Report; and
    - (b) the Higher Earners Report.

Purpose

- 16.29.2
- G
- The purpose of this section is to ensure that the *FCA* receives regular information in a standard format to assist it in assessing the effectiveness of a *MIFIDPRU investment firm's remuneration* and incentive arrangements.

Reporting requirement

- 16.29.3
- R
- A *firm* to which this section applies must submit the MIFIDPRU Remuneration Report:
  - (1) in the format set out in ■ SUP 16 Annex 51R;
  - (2) in accordance with the instructions in ■ SUP 16 Annex 52G; and
  - (3) online through the appropriate systems accessible from the *FCA's* website.

- 16.29.4
- R
- The information in the MIFIDPRU Remuneration Report must be denominated in pound sterling.

- 16.29.5
- R
- Where a *MIFIDPRU investment firm* does not form part of an *investment firm group* to which consolidation applies under ■ MIFIDPRU 2.5, it must complete the report on a solo basis in respect of *remuneration* awarded in the last completed financial year to all relevant staff of the *firm* who mainly carried on their professional activities within the *UK*.

**16.29.6** R Where a *MIFIDPRU investment firm* forms part of an *investment firm group* to which consolidation applies under ■ **MIFIDPRU 2.5**, it must not complete the report on a solo basis. The *MIFIDPRU investment firm* must complete the report on a consolidated basis in respect of *remuneration* awarded in the last completed financial year to all relevant staff of the *firm* who mainly undertook their professional activities within the *UK*.

**16.29.7** G ■ **SUP 16.3.25G** permits a single report to be submitted to meet the reporting requirements of all *firms* in a *group*.

**Frequency and timing of report**

- 16.29.8** R
- (1) A *firm* to which this section applies must submit a MIFIDPRU Remuneration Report to the *FCA* annually.
  - (2) The *firm* must submit that report to the *FCA* within 4 months of the end of the *firm's accounting reference date*.



16.30 Baseline Financial Resilience Report

Application

16.30.1 R This section applies to any *firm* except:

- (1) a *firm* with *limited permission*;
- (2) a *MIFIDPRU investment firm*;
- (3) a *not-for-profit debt advice body*;
- (4) a *PRA-authorised person*;
- (5) a *supervised run-off firm*; and
- (6) a *TP firm*.

16.30.2 R This section also applies to:

- (1) an *authorised electronic money institution*;
- (2) an *authorised payment institution*;
- (3) a *registered account information service provider*;
- (4) a *small electronic money institution*;
- (5) a *small payment institution*; and
- (6) a *UK RIE*.

16.30.3 R In this section, a reference to a *firm* includes the *firms* listed in ■ SUP 16.30.2.

Purpose

16.30.4 G The purpose of this section is to require *firms* to provide the *FCA* with regular information in a standard format. This information will assist the *FCA* in assessing *firms'* financial resilience and targeting supervisory resources according to *firms'* risk of failure and the harm they would cause if they failed.

Reporting requirement

16.30.5 R A *firm* to which this section applies must submit FIN 073 ('the Baseline Financial Resilience Report'):

- (1) in the format set out in ■ SUP 16 Annex 53R;
- (2) in accordance with the instructions in ■ SUP 16 Annex 54G; and
- (3) online, through the appropriate systems accessible from the *FCA's* website.

16.30.6 R The information in the Baseline Financial Resilience Report must be denominated in pound sterling.

Frequency and timing of report

16.30.7 R A *firm* must submit the Baseline Financial Resilience Report:

- (1) once every quarter; and
- (2) within 20 *business days* after the relevant reporting reference date.

16.30.8 R A *firm's* reporting reference dates are:

- (1) Its *accounting reference date*;
- (2) Its *accounting reference date* plus 3 months;
- (3) Its *accounting reference date* plus 6 months; and
- (4) Its *accounting reference date* plus 9 months.

16.30.9 R The information in the Baseline Financial Resilience Report must show the position at the relevant reporting reference date.



16.31 Financial promotion approval reporting

Application – who?

16.31.1 R This section applies to a *firm* (including a *Gibraltar-based firm*) with *approver permission*.

Application – what?

16.31.2 R This section applies to a *firm* in relation to its *approval* of *financial promotions* for which it requires *approver permission*.

16.31.3 G The effect of ■ SUP 16.31.2R is that the *rules* in this section do not:

- (1) apply in relation to any *financial promotions* which a *firm* approves within the scope of an *approver permission exemption*;
- (2) require a *firm* to notify, or include within a bi-annual report details of, such *financial promotions*.

Purpose

16.31.4 G

- (1) The effect of section 55NA of the *Act* is that a *firm* is unable to *approve* a *financial promotion* unless:
  - (a) the *firm* is a *permitted approver* in relation to the *financial promotion*; or
  - (b) an *approver permission exemption* applies.
- (2) The *rules* in this section impose requirements on *firms* with *approver permission* to provide the *FCA* with information about their *approval* of *financial promotions* (other than in reliance on an *approver permission exemption*).
- (3) The purpose of these requirements is to enable the *FCA* to:
  - (a) effectively monitor the compliance of *approved financial promotions* with its *financial promotion rules*;
  - (b) identify where *firms* which have *approved financial promotions* *approve* amendments to, or *withdraw approvals* of, *financial promotions* for reasons which might give rise to a risk of harm to *consumers*; and
  - (c) identify any emerging risks to *consumers*.

- (4) The *rules* in this section include requirements to:
- (a) notify the *FCA* in a timely manner of each:
    - (i) *approval of a financial promotion relating to a qualifying cryptoasset or non-mass market investment; or*
    - (ii) *amendment or withdrawal of a prior approval of any financial promotion by reason of a notifiable concern; and*
  - (b) provide a report to the *FCA* on a 6-monthly basis relating to the *firm's* activity of *approving financial promotions*.

Approval notification requirement

16.31.5 R

A *firm* must submit the information in (3) to the *FCA* within 7 days of *approving a financial promotion* relating to:

- (a) *a qualifying cryptoasset; or*
- (b) *a non-mass market investment.*

A *firm* must submit the information in (3)(a) to the *FCA* within 7 days of:

- (a) *approving amendments to a financial promotion made because of a notifiable concern; or*
- (b) *withdrawing approval of a financial promotion because of a notifiable concern.*

The information is:

- (a) the information in the table at ■ SUP 16.31.6R; and
- (b) a copy of each of the communications comprising the *financial promotion* (see ■ SUP 16.31.12G(1)) that is the subject of the *financial promotion*.

16.31.6 G

This is the table referred to in ■ SUP 16.31.5R.

	Approving a financial promotion	Approving amendments to a financial promotion	Withdrawing approval of a financial promotion
(1)	The reason for making the notification.		
(2)	The reference number for any previous notification submitted pursuant to SUP 16.31.5R relating to the <i>approval of the financial promotion</i> .		
(3)	The name of the <i>controlled investment</i> (or <i>person engaging in controlled claims management activity</i> ) to which the <i>financial promotion</i> relates.		
(4)	The kind of <i>investment</i> (or <i>controlled claims management activity</i> ) to which the <i>financial promotion</i> relates (selected from the list in SUP 16 Annex 55R).		
(5)	Whether the <i>investment</i> that is the subject of the <i>financial promotion</i> is subject to a restriction on its promotion as a <i>restricted mass market investment</i> or <i>non-mass market investment</i> .		

	Approving a financial promotion	Approving amendments to a financial promotion	Withdrawing approval of a financial promotion
(6)	The name of the <i>unauthorised person</i> or <i>persons</i> who has or have prepared the content of the <i>financial promotion</i> for which <i>approval</i> is sought.		
(7)	Whether the <i>unauthorised person</i> or <i>persons</i> in (6) carry on their business from a place of business outside the <i>UK</i> and, if so, the primary country from which that business is carried on.		
(8)	Where the <i>unauthorised person</i> or <i>persons</i> in (6) is or are <i>bodies corporate</i> , their Companies House number(s) (or international equivalent(s)).		
(9)	Where the <i>financial promotion</i> may be addressed to, or disseminated in such a way that it is likely to be received by, <i>retail clients</i> and where relevant:  (a) the size, or potential size, of the offer (expressed in sterling); and  (b) the maximum rate of return included in the <i>financial promotion</i> (expressed as a percentage).		
(10)	The date of the <i>approval</i> .		The date of the withdrawal of the <i>approval</i> .
(11)		The date on which the <i>financial promotion</i> was first <i>approved</i> .	
(12)	The medium (or media) by which the <i>financial promotion</i> will, or is intended to, be <i>communicated</i> .	The medium (or media) by which the amended <i>financial promotion</i> will, or is intended to, be <i>communicated</i> .	The medium (or media) in relation to which <i>approval</i> of the <i>financial promotion</i> has been withdrawn.
(13)		The reason(s) for the amendments to the <i>financial promotion</i> .	The reason(s) for the withdrawal of the <i>approval</i> .

Definition of notifiable concern.....

16.31.7 R

A notifiable concern is a concern:

- (1) that an element of an *approved financial promotion* risks causing harm to *consumers*; or
- (2) relating to the integrity or propriety of an *unauthorised person* or *persons* for whom a *firm* has *approved a financial promotion*.

16.31.8 G

- (1) A notifiable concern may arise, for example, where a *firm* that has *approved a financial promotion*:
  - (a) becomes aware that the *financial promotion* does not comply, or no longer complies, with applicable *financial promotion rules* such that it risks causing harm to *consumers*; or

(b) receives information which suggests that the *unauthorised person* or *persons* for whom the *financial promotion* was *approved* have provided misleading information in connection with that *approval*.

(2) In deciding whether to notify the *FCA* of *approval* of amendments to, or withdrawal of *approval* of, a *financial promotion*, a *firm* should consider the purpose of the notification *rule* (■ SUP 16.31.4G(3)).

### Bi-annual reporting requirement

16.31.9

R

- (1) A *firm* must submit the information in ■ SUP 16.31.10R to the *FCA* half yearly within 30 *business days* of the end of each reporting period.
- (2) Except as specified in (3), the reporting periods for the purpose of (1) are:
  - (a) the 6 *months* immediately following a *firm's accounting reference date*; and
  - (b) the 6 *months* immediately preceding and including a *firm's accounting reference date*.
- (3) A *firm* must submit its first report for the purpose of (1) in respect of the reporting period beginning on the date on which *approver permission* is granted to the *firm* and ending on the earlier of:
  - (a) the *firm's accounting reference date*; and
  - (b) the date falling 6 *months* after the *firm's accounting reference date*.
- (4) A *firm* must submit a return even if it has not *approved* any *financial promotions* or received any relevant complaints during a reporting period.

16.31.10

R

The information in ■ SUP 16.31.9R(1) is, for the relevant reporting period:

- (1) the total number of *financial promotions approved*;
- (2) the number of *financial promotions* relating to each of the *investment types* in ■ SUP 16 Annex 55R *approved*;
- (3) the number of *financial promotions approved* relating to:
  - (a) *restricted mass market investments*; and
  - (b) *non-mass market investments*;
- (4) the number of complaints received relating to the *firm's approval* of *financial promotions*;
- (5) the total revenue (expressed in sterling) generated by the *firm's* activity of *approving financial promotions*;
- (6) unless the *firm* has reported no revenue for the purpose of (5), the total revenue (expressed in sterling) generated by the *firm's regulated activities*;



(7) unless the *firm* has reported no revenue for the purpose of (5), the *firm's* total revenue.

16.31.11 **R** Reference in **■ SUP 16.31.10R** to a *firm's* revenue is to a *firm's* income (before expenses). Total revenue refers to all income received across a *firm's* entire business, both regulated and unregulated.

Guidance

16.31.12 **G**

(1) For the purposes of this section, reference to a *firm approving*, or withdrawing *approval* of, a '*financial promotion*' is to a *firm approving*, or withdrawing *approval* of, one or more communications which can together be considered to form part of a single invitation or inducement to *engage in investment activity* or to *engage in claims management activity*.

(2) This means that where a *firm approves* the content of more than one communication, including across multiple media, in respect of the same investment activity and conveying a consistent message, the *FCA* would only expect:

(a) to receive one notification in respect of those communications for the purposes of **■ SUP 16.31.5R**; and

(b) the *firm* to report one *approval* for the purposes of **■ SUP 16.31.10R**.

(3) An example of the scenario in (2) would be where a *firm approves* a number of communications relating to the same product or service as part of a single marketing campaign.

(4) Where a *firm* has *approved* one or more communications comprising a single '*financial promotion*' relating to a particular product or service as described in (2), and is later approached to *approve* a substantively different communication or communications relating to the same product or service, this should be considered as a new '*financial promotion*' for the purposes of this section.

(5) For the purposes of **■ SUP 16.31.5R(2)(a)**, the *FCA* considers that amendments to an *approved financial promotion* are likely to require further *approval* where those amendments relate to the communication's substance as an invitation or inducement to *engage in investment activity* or *engage in claims management activity*.

(6) This means that changes to administrative information, such as contact details, within a communication are unlikely to require *approval*. However, changes to information which may affect a recipient's assessment of whether to respond to, or act upon, the communication are likely to require further *approval*.

(7) Even where a *firm* is not required to make a notification to the *FCA* under the *rules* in this section, the *firm* should consider whether a particular matter is one of which the *FCA* would reasonably expect notice (*Principle 11*), having regard to the purpose of the *rules* in this section (**■ SUP 16.31.4G(3)**). For example, where a *firm* is approached to *approve a financial promotion* relating to an *investment* which risks causing harm to *consumers*.

(8) ■ SUP 16.31.10R(4) refers to the number of complaints received relating to a *firm's approval of financial promotions*. This figure should include complaints received directly by the *firm* about *financial promotions* which it has *approved* and any complaints about *approved financial promotions* received by *persons* for whom it has *approved* such *financial promotions*. To this end, a *firm* should maintain arrangements for those *unauthorised persons* for whom it *approves financial promotions* to forward any complaints, or relevant parts of complaints, relating to *approved financial promotions* to the *firm*.

Method of submission

16.31.13 R

- (1) A *firm* must submit the notifications and reports required by this section to the *FCA* online through the appropriate systems accessible from the *FCA's* website.
- (2) If the *FCA's* information technology systems fail and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored, a *firm* must submit the relevant notification or report in the way set out in ■ SUP 16.3.9R (Method of submission of reports).

16.31.14 G

If the *FCA's* information technology systems fail and online submission is unavailable for 24 hours or more, the *FCA* will endeavour to publish a notice on its website confirming that online submission is unavailable and that the alternative methods of submission set out in ■ SUP 16.3.9R (Method of submission of reports) should be used.

Record-keeping

16.31.15 G

*Firms* are reminded of the need to maintain adequate records which are sufficient to enable the *FCA* to monitor compliance with requirements under the *regulatory system* (■ SYSC 9). *Firms* should therefore maintain appropriate records of *approvals*, *withdrawals of approvals* and *approvals of amendments to financial promotions* even where formal notification to the *FCA* (pursuant to ■ SUP 16.31.5R) is not required. *Firms* subject to the *rules* in ■ COBS 4 should also refer to ■ COBS 4.11.

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FIN-A Annual Report and Accounts

Annual Accounts		A
1	On what basis have the firm's accounts been prepared?	IFRS / UK GAAP / Other / N/A
3	Did the firm generate income from regulated activities in the accounting period?	Yes / No / N/A
4	Are the firm's net assets positive?	Yes / No / N/A
5	Are the firm's annual report and accounts prepared on a going concern basis?	Yes / No / N/A
6	Does the firm have any contingent liabilities?	Yes / No / N/A
7	If the firm's submitted annual report and accounts have been subject to an audit, has the auditor qualified their opinion, added an explanatory paragraph expressing an adverse opinion and/or provided written comment on internal controls?	Yes / No / N/A
[Upload functionality]		
Immigration Act 2014		
2	Has the firm complied with the prohibition in section 40 of the Immigration Act 2014, the requirements in section 40A, 40B and 40G of the Immigration Act 2014 and any requirements imposed by or under the Immigration Act 2014 (Bank Accounts) Regulations 2014?	Yes / No / N/A



Guidance notes for the completion of FIN-A in SUP 16 Annex 1AR

General Notes

Form FIN-A should only be completed by *firms* subject to the reporting requirements under ■ SUP 16.7A and/or by *firms* who are required to provide attestations of compliance with requirements under the Immigration Act 2014 under ■ SUP 16.19.

Form FIN-A is designed to allow *firms* to:

- upload the *annual report and accounts* documentation required by ■ SUP 16.7A;
- extract information from the *firm’s annual report and accounts*; and (where applicable) attest to compliance with requirements under the Immigration Act 2014 under ■ SUP 16.19.

*Firms* not subject to the Immigration Act 2014 should answer ‘N/A’ to question 2A.

UK *branches* of *EEA banks* and *dual regulated firms* are not required to submit copies of their *annual report and accounts* to the *FCA*, and should answer ‘N/A’ to questions listed under ‘Annual Accounts’.

*Firms* who wish to make a notification to the *FCA* to comply with *Principle 11* should review the guidance set out in ■ SUP 15 (Notifications to the *FCA*).

Main Details

Annual Accounts

1	<p><b>On what basis have the firm’s accounts been prepared?</b></p> <p><i>Firms</i> who are subject to the reporting requirements in SUP 16.7A should select one of ‘IFRS’, ‘UK GAAP’ or ‘Other’. Once selected, the person submitting the data can upload the <i>annual report and accounts</i>.</p> <p>If the <i>firm</i> is not subject to the reporting requirements in SUP 16.7A they should select ‘N/A’.</p>
3	<p><b>Did the firm generate income from regulated activities in the accounting period?</b></p> <p><i>Firms</i> should indicate whether they have generated an income from <i>regulated activities</i> by selecting ‘Yes’ or ‘No’.</p>
4	<p><b>Are the firm’s net assets positive?</b></p> <p><i>Firms</i> should indicate if the total value of their assets is greater or equal to the total value of their liabilities by selecting ‘Yes’. Where <i>firms’</i> assets are less than the total value of their liabilities they should select ‘No’.</p>
5	<p><b>Are the firm’s annual report and accounts prepared on a going concern basis?</b></p> <p><i>Firms</i> should indicate whether the <i>annual report and accounts</i> were prepared on a going concern basis by selecting ‘Yes’ or ‘No’.</p>
6	<p><b>Does the firm have any contingent liabilities?</b></p> <p><i>Firms</i> should indicate whether the most recent <i>annual report and accounts</i> or accompanying notes make reference to contingent liabilities by selecting ‘Yes’ or ‘No’.</p>

**7** If the firm's submitted annual report and accounts have been subject to an audit, has the auditor qualified their opinion, added an explanatory paragraph expressing an adverse opinion and/or provided written comment on internal controls?

*Firms* should select 'Yes' if the *firm's* most recent *annual report and accounts* have been subject to an audit and the auditor;

(a) qualified the report on the audited *annual report and accounts*, and/or

(b) added an explanatory paragraph expressing an adverse opinion;

(c) included a paragraph headed:

(i) emphasis of matter;

(ii) other matter; or

(iii) material uncertainty related to going concern; or

(d) provided written comment on internal controls.

*Firms* should select 'No' if:

(e) the annual report and accounts have been subject to an audit, but none of the conditions at (a) to (d) apply.

*Firms* should select 'N/A' if:

(f) the firm is not subject to an audit requirement; or

(g) the firm is not required to submit their annual report and accounts.

#### **Immigration Act 2014**

**2** Has the firm complied with the prohibition in section 40 of the Immigration Act 2014, the requirements imposed by or under sections 40A, 40B and 40G of the Immigration Act 2014 and any requirements imposed by or under the Immigration Act 2014 (Bank Accounts) Regulations 2014?

*Firms* should indicate whether they are in compliance with their obligations under the Immigration Act as at the end of the reporting period by selecting one of 'Yes', 'No' or 'N/A'.

*Firms* should only select 'N/A' if they are not subject to obligations under the Immigration Act 2014.



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## Persistency report

This annex consists only of one or more forms. Forms are to be found through the following address:

*Persistency Report* - SUP 16 Annex 6 R



Guidance notes for completion of the FCA Persistency Report

This annex consists of guidance notes, which are available here: SUP 16 Annex 6A G



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## **Annual questionnaire for authorised professional firms**

This annex consists only of the Annual Questionnaire for Authorised Professional Firms  
Forms/sup/SUP\_16\_Annex\_9\_20201001.pdf



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## **Guidance notes for completion of annual questionnaire for authorised professional firms in SUP 16 Annex 9R**

This annex consists only of one or more forms. Forms are to be found through the following address:  
[SUP\\_Chapter16\\_Annex9a\\_20201001.pdf](#)





Reports from depositaries of ICVCs, AUTs and ACSs [deleted]



Reports from depositaries of authorised funds

SUP 16 Annex 12A



Guidance notes on reports from depositaries of authorised funds

Monthly Return of Breaches – Authorised Funds

Breach Type	The specific <i>rule</i> in <i>COLL</i> or <i>FUND</i> that has been breached.
New Breaches	Breaches identified for the first time during the most recent reporting period.
Existing Breaches	Mark as an existing breach if reporting a change in the reported details of an existing breach or if reporting the closure of an existing breach.
Maximum Percentage	The percentage figure will depend on the breach type. For example, a breach of an investment limit should show the greatest percentage amount by which the value of the asset(s) exceeded the relevant limit during the period of the breach.
Breach Start Date	The date when the breach first occurred.
Breach Identification Date	The date when the breach was identified (this may be the same day as or later than the breach start date).
Breach Closure Date	The date when a breach was closed following the implementation of any corrective actions and if applicable, payment of compensation to the <i>scheme</i> and/or <i>Unitholders</i> .
Breach Description	A brief statement describing the nature of the breach, and why and how it occurred.
Action Taken or Planned	The corrective action implemented or planned to close a new or existing breach, and the final outcome when a breach has been closed. If resolution will require a long-term (>6 <i>months</i> ) project, timelines should be included.

Quarterly Return of Oversight Visits – Authorised Funds

Findings	A brief description of findings and conclusions, including examples.
Recommendations	Actions requested of the <i>authorised fund manager</i> by the <i>depositary</i> to remedy any findings. If resolution will require a long-term (>6 <i>months</i> ) project, timelines should be included.
AFM’s response and comments	Any statement from the <i>authorised fund manager</i> in response to the <i>depositary’s</i> findings and recommendations.



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## Return cover sheet

This annex consists only of one or more forms. Forms are to be found through the following address:

*Return Cover Sheet* - [Forms/sup/sup\\_chapter16\\_annex13r\\_20130401.pdf](#)





Quarterly and annual returns for Credit Unions [deleted]

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Notes on completing the quarterly and annual returns for Credit Unions  
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## Firm details (See SUP 16.10.4R)

### A: Communications with a *firm*

1. Name of the *firm*
2. Trading name(s) of the *firm*
3. [deleted]
4. Registered office
5. Principal place of business
- 5A.Head office
- 5B.UK branch address (if the *firm* is a *branch*)
6. Website address
7. Complaints contact and complaints officer
8. The name and email address of the primary compliance contact

### B: Information about a *firm* and its appointed representatives on the *Financial Services Register*

- 8A.Information about any *appointed representative* of the *firm*
9. [deleted]
  10. [deleted]
  11. [deleted]

### C: Other information about a *firm*

12. [deleted]
13. [deleted]
14. Name and address of *firm's* auditor
- 14A.Name and address of *firm's* actuary (where relevant)
15. [deleted]
16. *Accounting reference date*
- 16A.Financial year end date
17. Locum
18. The name and email address of the *firm's* principal user of the appropriate systems accessible from the *FCA's* website





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## **Retail Mediation Activities Return ('RMAR')**

This annex consists only of one or more forms. Forms are to be found through the following address:

*Retail Mediation Activities Return ('RMAR') - SUP\_16\_Annex\_18A\_20201001.pdf*



## Notes for Completion of the Retail Mediation Activities Return ('RMAR')

### Introduction: General notes on the RMAR

- 1. These notes aim to assist *firms* in completing and submitting the relevant sections of the **Retail Mediation Activities Return ('RMAR')**.
- 2. The purpose of the *RMAR* is to provide a framework for the collection of information required by the *FCA* as a basis for its supervision activities. It also has the purpose set out in *paragraph 16.12.2G* of the Supervision Manual, i.e. to help the *FCA* to monitor *firms'* capital adequacy and financial soundness.
- Defined terms
- 3. *Handbook* terms are italicised in these notes.
- 4. Terms referred to in the *RMAR* and these notes, where defined by the Companies Acts 1985 or 2006, as appropriate, or other relevant accounting provisions, bear that meaning for these purposes. The descriptions indicated in these notes are designed simply to repeat, summarise or amplify the relevant statutory or other definitions and terminology without departing from their full meaning or effect.

### Key abbreviations

- 5. The following table summarises the key abbreviations that are used in these notes:

APF	<i>Authorised professional firm</i>
AR	<i>Appointed representative</i>
CASS	The Client Assets sourcebook, part of the <i>Handbook</i>
COBS	The Conduct of Business sourcebook, part of the <i>Handbook</i>
CREDS	The Credit unions sourcebook, part of the <i>Handbook</i>
DISP	Dispute resolution: Complaints sourcebook, part of the <i>Handbook</i>
EEA	The <i>European Economic Area</i>
ICOB	The Insurance: Conduct of Business sourcebook, part of the <i>Handbook</i>
IDD	The <i>Insurance Distribution Directive</i>
IMD	The <i>Insurance Mediation Directive</i>
IPRU(INV)	The Interim Prudential sourcebook for investment businesses, part of the <i>Handbook</i>
ISD	The <i>Investment Services Directive</i>
LTCI	Long term care insurance
MCOB	The Mortgages and Home Finance: Conduct of Business sourcebook, part of the <i>Handbook</i>
MiFID	The <i>Markets in Financial Instruments Directive</i>
MIPRU	The Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries
PII	Professional indemnity insurance
RMAR	Retail Mediation Activities Return, i.e. the information requirements to which these notes refer.

SUP	The Supervision manual, part of the <i>Handbook</i>
TC	Training and Competence, part of the <i>Handbook</i>

Scope

6. The following *firms* are required to complete the sections of the *RMAR* applicable to the activities they undertake as set out in ■ SUP 16.12:

(a) *firms* with *permission* to carry on *insurance distribution activity* in relation to *non-investment insurance contracts*.

By way of example, this would include a broker advising on private motor insurance, household insurance or critical illness cover. It would not though include *advice* on a *life policy*;

(b) *firms* with *permission* to carry on *home finance mediation activity*;

(d) *firms* (defined as *retail investment firms*) that have *retail clients*, and have *permission* to carry on the following activities in relation to *retail investment products*:

- (i) *advising on investments*;
- (ii) *arranging (bringing about) deals in investments*;
- (iii) *making arrangements with a view to transactions in investments*;

*Retail investment products* are defined as:

- (i) a *life policy*; or
- (ii) a *unit*; or
- (iii) a *stakeholder pensions scheme*; or
- (iv) a *personal pension scheme*; or
- (v) an *interest in an investment trust savings scheme*; or
- (vi) a *security in an investment trust*; or
- (vii) any other *designated investment* which offers exposure to underlying financial assets, in a packaged form which modifies that exposure when compared with a direct holding in the financial asset; or
- (viii) a *structured capital-at-risk product*;

whether or not any of (i) to (vii) are held within an *ISA* or a *CTF*; and

(c) *personal investment firms*;

(e) other investment *firms* that have *permission* to *advise on P2P agreements* and do not carry on that activity exclusively with or for *professional clients*.

For the purposes of completing the *RMAR* in relation to the activity of *advising on P2P agreements* only, ‘*retail investments*’ and ‘*retail investment products*’ should be understood as including *P2P agreements*, and references to retail investment advising and retail investment activity should be understood as including *advice on P2P agreements*.

The practical effect of the *retail client* limitation in the definition of *retail investment firms* is to exclude from the requirements *firms* that carry on *retail investment activities* exclusively with or for *professional clients* or *eligible counterparties*.

[**Note:** all *long-term care insurance contracts* are defined as *life policies*, and as such are included as *retail investment products*]

7. [deleted]

8. [deleted]



EEA firms

9. In accordance with the relevant directives, *incoming EEA firms* are not subject to all reporting requirements. In broad terms, this means that *incoming EEA firms* carrying on *regulated activities* by way of *cross border services* only are not required to complete the *RMAR*.
10. In broad terms, *incoming EEA firms* carrying on *regulated activities* through a branch in the *United Kingdom* are not required to complete the sections of the *RMAR* in the following table.

Prudential reporting re-quirements	Section A (balance sheet) Section B (profit & loss) Section C ( <i>client money</i> ) Section D (capital requirements)
Threshold conditions	Section E (professional indemnity insurance) Section F (save in relation to questions about <i>approved persons</i> )
Training and Competence	Section G
Adviser charges	Section K

11. *Firms* that only carry on reinsurance distribution are not required to complete sections C or K.

Authorised professional firms

12. *Authorised professional firms* ('APFs') that are subject to ■ [IPRU-INV 2.1.3R](#) (for their *investment activity*) or ■ [MIPRU 4.1.10R](#) (for *insurance distribution activity* or *home finance mediation activity*) are not required to complete sections A, B2 or D. APFs that are members of the Law Society of England and Wales, the Law Society of Scotland or the Law Society of Northern Ireland are also not required to complete section C (see below).
13. The application of the capital requirements to APFs is set out in ■ [IPRU-INV 2.1.2R](#) (for *retail investment activity*) and ■ [MIPRU 4.1.10R](#) (for *home finance mediation activity* and *insurance distribution activity*).
14. Where APFs are required to submit financial information (i.e. sections A to E), they should do so in relation to all of their *regulated activities*. Sections F and K should also be completed in relation to all *regulated activities*. Other sections (G to I) need not include information in relation to *non-mainstream regulated activities*. However, APFs may complete all sections on the basis of all of their *regulated activities* if this approach is more cost effective.

Accounting principles

15. Subject to paragraph 15A below, which is in respect of section K only, the following principles should be adhered to by *firms* in the submission of financial information (sections A to E and section K).
- (a) Unless a rule requires otherwise, amounts to be reported within the *firm's* balance sheet and profit and loss account should be determined in accordance with:
- (i) the requirements of all relevant statutory provisions (e.g. Companies Act 2006, and secondary legislation made under this Act) as appropriate;
  - (ii) UK generally accepted accounting practice (UK GAAP) or, where applicable, *international accounting standards*;
  - (iii) the provisions of (c) and (d) below.
- (b) If the *firm* is a body corporate with one or more *subsidiaries*, its financial statements should be unconsolidated.
- (c)
- (i) With the exception of section J, and sections K from 31 December 2012, all amounts should be shown in one of the reporting currencies accepted by the GABRIEL system, unless otherwise specified in the *Handbook* (e.g. in ■ [MIPRU 3.2.7R](#)). Section J, and sections K from 31 December 2012, must be completed in pounds sterling.

(ii) A *firm* should translate assets and liabilities denominated in other currencies into the chosen reporting currency using the closing mid-market rate of exchange.

(iii) Taxation, when reported at a quarter or half year end, should be based on an estimate of the likely effective tax rate for the year applied to the interim.

(iv) Balances on *client bank accounts* and related client accounts must not form part of the *firm's* own balance sheet.

(d) No netting is permitted (that is, amounts in respect of items representing assets or income may not be offset against amounts in respect of items representing liabilities or expenditure, as the case may be, or vice versa).

15A. For the completion of section K, all figures should be provided on an accruals basis in line with UK Generally Accepted Accounting Practice (UK GAAP) or International Accounting Standards (IAS), unless a *firm* elects to complete section K on a cash basis. A *firm* may elect to complete section K, and only section K, on a cash basis by selecting this as the accounting basis for section K on GABRIEL.

Other

16. You will note that some questions in the *RMAR* refer to the "last reporting date". If the *RMAR* is being completed for the first time, you should treat the date the *firm* became authorised to carry on any of the relevant *regulated activities* as the "last reporting date", except where otherwise indicated (e.g. in sections E & H).

Where questions in the *RMAR* refer to "as at the end of the reporting period", you should treat the last day of the reporting period specified on GABRIEL as "as at the end of the reporting period".

17. Unless otherwise indicated, the information submitted should cover all of the *firm's* transactions in the relevant products, and all of its customers and *market counterparties* (where relevant).

## NOTES FOR COMPLETION OF THE RMAR

### Section A: Balance sheet

The balance sheet data should be compiled in accordance with generally accepted accounting practice. Incorporated *firms* will already be submitting this information to Companies House under Companies Act requirements, and it would normally be expected that non-incorporated *firms* would compile this data for management purposes.

*Insurance intermediaries* subject to *MIPRU* should, where debtors include amounts owed by their directors, group undertakings or undertakings in which the firm has a participating interest, enter the total amount falling due to the firm within one year in the data entry field entitled:

"Memo (1):

Total amount falling due within one year from directors, fellow group undertakings or undertakings in which the firm has a participating interest where included in Debtors."

*Insurance intermediaries* subject to *MIPRU* should, where they include *shares* in *group undertakings* as part of their investments, where such investments are held as current assets, enter the total value to the *firm* in the data entry field entitled:

"Memo (2):

Value of shares in group undertakings where such investments are held as current assets."

If further assistance is required in completing the balance sheet, professional guidance should be sought.

This information will be used by the *FCA* to monitor the *firm's* financial position and satisfy itself as to the *firm's* ongoing solvency. Aggregated data may also be used to inform our supervision activities.

The frequency of reporting for this section is determined by ■ SUP 16.12.

Firms that have *appointed representatives* ('ARs') should note that balance sheet data should be submitted for the *firm* only, not its ARs.

Section B: Profit & loss account

Profit & loss ('P&L') should be reported on a cumulative basis throughout the *firm's* financial year.

**B1 – regulated business revenue:** covers the data required on the *firm's* revenue from its *regulated activities* within the scope of the *RMAR*.

**B2 – other P&L:** incorporates the remainder of the profit & loss data requirements.

*Firms* that receive combined income in relation to both regulated and non-regulated activities may have difficulties in separately identifying their regulated income from their non-regulated income. If this is the case, *firms* should, (a) in the first instance, ask the provider of the income for an indication of the regulated/non-regulated split; and (b) if this is not available, make an estimate of the income derived from each activity.

In sub-section B1, a *firm* that has *appointed representatives* ('ARs'), including a *network*, should ensure that the figures submitted for income are calculated before deducting any commissions shared with its ARs in respect of the *regulated activities* for which the *firm* has accepted responsibility as *principal*.

[**Note:** *Home purchase, reversion and regulated sale and rent back activity* should be included under the existing mortgage headings in this section of the *RMAR*]

Guide for completion of individual fields

Commissions (gross)	<p>This should include all commission income in respect of the relevant regulated business:</p> <ul style="list-style-type: none"><li>• for <i>home finance transactions</i>, this includes commissions received for <i>advising on home finance transactions</i> and <i>arranging</i>, but not, providing and administration;</li><li>• for <i>non-investment insurance contracts</i>, it should include commissions received for advising, arranging and dealing activities;</li><li>• for <i>retail investments</i>, only commission received in relation to the relevant activities should be recorded here.</li></ul> <p>Gross commissions will include commission that is received and passed on to another <i>person</i>.</p> <p>Where commission is shared between two or more <i>firms</i>, the gross commission should not be double counted, i.e. each <i>firm</i> should report only the commission it has received.</p>
Commissions (net)	<p>This should be the amount of the gross commission figure that is retained by the <i>firm</i> and, where applicable, its <i>appointed representatives</i>, (i.e. not passed on to another <i>person</i>) in respect of each type of business.</p>
Fees/ Adviser charges / Consultancy charges	<p>You should record here <i>adviser charges</i> and <i>consultancy charges</i>, and net income received from <i>customers</i> or other sources on a fixed fee rather than commission basis, but only in respect of the relevant <i>regulated activities</i>.</p>
Other income from regulated activities	<p>You should record here any income that has derived from the relevant <i>regulated activities</i> during the reporting period, which has not been recorded under commissions or fees, <i>adviser charges</i> or <i>consultancy charges</i>.</p> <p>Such income may include interest on <i>client money</i>, where the <i>firm</i> is permitted to retain this, or payments made by product providers on a basis other than fees or commissions.</p>

Regulated business revenue	<p>This is the total of the <i>firm's</i> income during the reporting period in relation to its relevant <i>regulated activities</i>.</p> <p>For an <i>insurance intermediary</i> or a <i>home finance intermediary</i>, this should be calculated in the same way as 'annual income', as specified in <a href="#">MIPRU 4.3.3R</a> (although in this context the period is not generally annual).</p> <p>This <i>rule</i> states: "For a firm which carries on <i>insurance distribution activity</i> or <i>home finance mediation activity</i>, annual income... is the amount of all brokerage, fees, <i>commissions</i> and other related income (for example, administration charges, overrides, profit shares) due to the <i>firm</i> in respect of or in relation to those activities".</p>
Income from other regulated activities	You should record here any income from other <i>regulated activities</i> outside the scope of the <i>RMAR</i> .
Other revenue (income from non-regulated activities)	You should record here any income from other <i>regulated activities</i> outside the scope of the <i>RMAR</i> .

Section C Client money and assets

'Client money' is defined in the *Glossary*. In broad terms, *client money* includes *money* that belongs to a *client*, and is held by a *firm* in the course of carrying on *regulated activities*, for which the *firm* has responsibility for its protection. It does not include *deposits* (where the *firm* acts as deposit-taker).

The *client money rules* define further what is and is not *client money*, and set out requirements on *firms* for the proper handling of and accounting for *client money*. If a *firm* holding *client money* fails there is a greater direct risk to consumers and a greater adverse impact on market confidence compared (for example) to a *firm* that only holds *money* under risk transfer arrangements.

**Note 1:** a *firm* should complete section C of the *RMAR* for the *money* it receives or holds in the course of, or in connection with, its *insurance distribution activity* (see [■ CASS 5](#)).

**Note 2:** [deleted]

**Note 3:** a *firm* that receives or holds *money* for its *MiFID business* or *designated investment business* that is not *MiFID business* and holds *money* to which [■ CASS 5](#) applies, may make an election under [■ CASS 7.10.3R\(1\)](#) or (2) to comply with [■ CASS 7](#) for *money* it receives in the course of, or in connection with, its *insurance distribution activities*. Where a *firm* has made such an election, it should not complete section C of the *RMAR*, except to confirm that it holds *money* in connection with *insurance distribution activities* and has elected to comply with [■ CASS 7](#).

**Note 4:** a *firm* (e.g., a property management *firm*) that complies with the Royal Institute of Chartered Surveyors (RICS) Members' Accounts rules or, in relation to a service charge, the requirement to segregate such *money* in accordance with section 42 of the Landlord and Tenant Act (LTA) 1987 is deemed to comply with [■ CASS 5.3](#) to [■ CASS 5.6](#), provided that it satisfies the requirements of [■ CASS 5.5.49R](#) to the extent that the *firm* will hold *money* as trustee or otherwise on behalf of its clients. Such a *firm* should only complete the questions in section C of the *RMAR* indicated in the guide for completion of individual fields below.

**Note 5:** an *authorised professional firm* regulated by The Law Society (of England and Wales), The Law Society of Scotland or The Law Society of Northern Ireland must comply with the rules of its *designated professional body* as specified in [■ CASS 5.1.4R](#), and if it does so, it will be deemed to comply with [■ CASS 5.2](#) to [■ CASS 5.6](#). These *firms* are not therefore required to complete section C of the *RMAR*.

**Note 6:** this *data item* does not apply to *firms* who only carry on *home finance mediation activities* exclusively in relation to *second charge regulated mortgage contracts* or *legacy CCA mortgage contracts*

(or both) and who are not otherwise expected to complete it by virtue of carrying out other *regulated activities*: see ■ SUP 16.12.28AR, Note 3.

**Note 7:** *firms* should complete all applicable fields.

Guide for completion of individual fields

Question	Guidance notes
Does your <i>firm</i> receive or hold <i>money</i> in the course of, or in connection with, its <i>insurance distribution activity</i> ?	<p><i>Firms</i> should answer 'yes' here if they hold <i>money</i> such that CASS 5.1 to CASS 5.6 applies (see CASS 5.1.1R).</p> <p><i>Firms</i> to which note 4 applies should also answer 'yes'.</p>
Has your <i>firm</i> elected under CASS 7.10.3R(1) or (2) to comply with CASS 7?	See note 3.
How does your <i>firm</i> hold <i>money</i> received in the course of, or in connection with, its <i>insurance distribution activity</i> ?	<p>You should answer 'yes' or 'no' under each of the headings, as appropriate.</p> <p><b>CASS 5 Client money:</b></p> <p>see CASS 5.1</p> <p>As agent of insurer:</p> <p>see CASS 5.1.5R and CASS 5.2 – holding money as agent of insurance undertaking under a written risk transfer agreement and not as <i>client money</i>.</p> <p><i>Firms</i> to which note 4 applies should select 'no' under each heading, unless they hold <i>money</i> when acting both in the capacity of an insurance broker and of a property management company.</p> <p>A <i>firm</i> may answer 'yes' under both headings.</p>
Is your <i>firm's</i> CASS 5 <i>client money</i> held under the CASS 5.3 statutory trust or under one or more CASS 5.4 non-statutory trusts?	<p>You should indicate here the type of trust under which <i>client money</i> is held:</p> <p>Statutory trust – see CASS 5.3</p> <p>Non-statutory trust – see CASS 5.4</p> <p>A <i>firm</i> may answer 'yes' under both headings.</p>
If non-statutory, has an auditor's confirmation of systems and controls been obtained?	<p>This refers to the requirement in CASS 5.4.4R(2) that the <i>firm</i> must obtain and keep current, written confirmation from its auditor that the <i>firm</i> has adequate systems and controls in place to meet the requirements under CASS 5.4.4R(1).</p> <p>This requirement is separate to the annual audit requirement in SUP 3.10.</p>
Is <i>client money</i> invested or placed in anything other than a <i>client bank account</i> ?	<p>You should indicate 'yes' here if the <i>firm</i> has invested any <i>client money</i> other than in a <i>client bank account</i>.</p> <p>See CASS 5.5.14R which states that a <i>firm</i> may satisfy the requirement to segregate <i>client money</i> by segregating or arranging for the segregation of <i>designated investments</i> with a value at least equivalent to such <i>money</i> as would otherwise be segregated.</p> <p>This means of segregation is only permitted for <i>client money</i> held under a non-statutory trust.</p>
Highest <i>client money</i> requirement (for money	See CASS 5.5.63R and CASS 5.5.66R to CASS 5.5.67R

Question	Guidance notes
held as <i>client money</i> , taken from the <i>firm's client money</i> calculations)	<p>A <i>firm</i> should enter the highest <i>client money</i> requirement calculated during the period. This would be taken from the <i>firm's client money</i> calculations performed during the period.</p> <p>Only the single highest <i>client money</i> requirement figure should be entered, not the aggregate of the client money requirements calculated during the period.</p>
Highest account balance (for money held as <i>client money</i> , taken from the <i>firm's</i> records)	<p>This refers to <i>money</i> held as <a href="#">CASS 5 client money</a> under a statutory trust or non-statutory trust(s). The amount should be taken from the <i>firm's</i> own records and should include <i>client money</i> held as agent of insurer which is co-mingled with other <i>client money</i> in a <i>client money</i> account (see <a href="#">CASS 5.1.5AR</a>).</p> <p>If your <i>firm</i> segregates <i>designated investments</i> under a non-statutory trust (see <a href="#">CASS 5.5.14R</a>), you should also include the value of these investments.</p> <p>If your <i>firm</i> operates both statutory and non-statutory trust accounts, you should enter two balances: one for the highest balance in statutory trust accounts and one for the highest balance in non-statutory trust accounts.</p>
Highest account balance for money held purely as agent of insurer (and not co-mingled with <i>client money</i> )	<p>This refers to money held purely as agent of insurer under risk transfer agreements (see <a href="#">CASS 5.2</a>) and held separate to any <a href="#">CASS 5 client money</a>. The amount should be taken from the <i>firm's</i> own records.</p> <p>If <i>money</i> held as agent of insurer is co-mingled with <a href="#">CASS 5 client money</a> in a <i>client bank account</i> (see <a href="#">CASS 5.1.5AR</a>), it should be reported in the previous field and therefore should not be reported in this field.</p> <p>The data reported in questions 20 to 23 should be taken from the <i>firm's client money</i> calculation performed closest, and prior, to the end of the reporting period.</p>
<i>Client money</i> requirement as at end of the reporting period	See <a href="#">CASS 5.5.63R</a> and <a href="#">CASS 5.5.66R</a> to <a href="#">CASS 5.5.68R</a>
<i>Client money</i> resource as at end of the reporting period	See <a href="#">CASS 5.5.63R</a> and <a href="#">CASS 5.5.65R</a>
Surplus (+) or deficit (-) of <i>client money</i> resource against <i>client money</i> requirement	See <a href="#">CASS 5.5.63R</a> This should be the difference between the <i>client money</i> requirement and the <i>client money</i> resource.
Adjustments made to withdraw an excess or rectify a deficit	<p>See <a href="#">CASS 5.5.63R</a></p> <p>This should be the amount of money paid into or withdrawn from the <i>client bank account</i> following the <i>client money</i> calculation performed closest, and prior, to the end of the reporting period.</p>
Is your <i>firm</i> exempt from the client asset audit requirement?	<p>See <a href="#">SUP 3.1.2R</a> note 4</p> <p>If the <i>firm</i> does not hold <i>client money</i> or other client assets in relation to <i>insurance intermedi</i></p>



Question	Guidance notes
If not exempt, have you obtained a client assets audit in the last 12 months?	<p><i>ation activities</i> or only holds up to, but not exceeding, £30,000 of <i>client money</i> under a statutory trust arising under <a href="#">CASS 5.3</a> state 'yes' here.</p> <p><i>Firms</i> to which note 4 applies should answer this question.</p> <p>See <a href="#">SUP 3.1</a> to <a href="#">SUP 3.7</a> and <a href="#">SUP 3.11</a>.</p> <p>If the <i>firm</i> has obtained a client assets audit in the last 12 months enter 'yes'. If it has not, enter 'no'.</p> <p><i>Firms</i> to which note 4 applies should answer this question.</p>
What is the name of your <i>firm's</i> client assets auditor?	<p>Enter the name of the <i>firm's</i> auditor as it appears on the Financial Reporting Council's register of statutory auditors.</p> <p><i>Firms</i> to which note 4 applies should answer this question.</p>
According to your last client assets audit report, what was the auditor's opinion on your <i>firm's</i> compliance with the <i>client money rules</i> as at the period end date?	<p>This refers to the opinion at the end of the audit period.</p> <p>The <i>firm</i> should select from 'clean', 'qualified' or 'adverse', as appropriate.</p> <p>In this question, the period end date refers to the period covered by the audit report and will therefore refer to a different period to the reporting period for this return.</p> <p><i>Firms</i> to which note 4 applies should answer this question.</p>
Have any notifiable <i>client money</i> issues been raised, either in the <i>firm's</i> last client assets audit report or elsewhere, that have not been notified to the <i>FCA</i> since the last reporting period for this return?	<p>Answer yes if the <i>firm</i> has not, since the last reporting period for this return, notified the <i>FCA</i> of any breaches in relation to the following notification requirements:</p> <p><a href="#">CASS 5.5.61R</a>: failure of a bank, broker or <i>settlement agent</i>.</p> <p><a href="#">CASS 5.5.76R</a>: failure to perform calculations or reconciliation.</p> <p><a href="#">CASS 5.5.77R</a>: failure to make good a <i>shortfall</i> by the close of business on the day the calculation is performed.</p>
Does your <i>firm</i> hold any client documents or other assets (other than <i>client money</i> ) in accordance with <a href="#">CASS 5.8</a> ?	<p>If the <i>firm</i> is subject to the requirements of <a href="#">CASS 5.8</a>, state 'yes' here.</p>

## Section D Regulatory Capital

[**Note:** *Home purchase, reversion and regulated sale and rent back activity* should be included under the heading of home finance in this section of the *RMAR*]

### 'Higher of' requirements

In this section there are separate calculations of regulatory capital and capital resources requirements for the different types of business covered by the data requirements. The calculations are the same, however, for both *home finance mediation activity* and *insurance distribution activity* relating to *non-investment insurance contracts*.

- (i) The left column of the form covers the appropriate capital resources and connected requirements in ■ MIPRU 4 for *firms* carrying on *home finance mediation activity* (save for *firms* carrying on *home finance mediation activities* exclusively in relation to *second charge regulated mortgage contracts* or *legacy CCA mortgage contracts*, or both) or *insurance distribution activity* relating to *non-investment insurance contracts* (the requirements have to be completed for all applicable categories), or both.
- (ii) For such a *firm* that is also subject to *MIFIDPRU*, the requirement is the higher of the two capital resources requirements that apply (see ■ MIPRU 4.2.5R) and is compared with the higher of the two capital resources calculations (see ■ MIPRU 4.4.1R).
- (iii) For such a *firm* that is also subject to *IPRU(INV)*, the requirement is as computed in ■ IPRU-INV 13.13.3R and is compared with the higher of the two capital resources calculations (see ■ MIPRU 4.4.1R).
- (iv) *Firms* that carry on *designated investment business* and are subject to the *RMAR*, but do not meet the definition of *personal investment firm* are not subject to the requirements of ■ IPRU-INV 13. Such *firms*, e.g., stockbrokers that advise on *retail investments* as an incidental part of their business, remain subject to the financial resources requirements associated with their principal *regulated activities*.

Guide for completion of individual fields

Is the <i>firm</i> exempt from these capital resources requirements in relation to any of its retail or distribution mediation activities?	<p>The <i>firm</i> should indicate here if any <i>Handbook</i> exemptions apply in relation to the capital resources requirements in <i>MIPRU</i> or <i>IPRU-INV 13</i>. Examples of <i>firms</i> that may be subject to exemptions include:</p> <ul style="list-style-type: none"><li>• Lloyd's <i>managing agents</i> (MIPRU 4.1.11R);</li><li>• solo consolidated <i>subsidiaries of banks</i> or <i>building societies</i>;</li><li>• small <i>credit unions</i> (as defined in MIPRU 4.1.8R); and</li><li>• <i>investment firms</i> not subject to IPRU-INV 13 (unless they additionally carry on <i>home finance mediation activity</i> or <i>insurance distribution activity</i> relating to <i>non-investment insurance contracts</i>).</li></ul>
<b>Home finance mediation and non-investment insurance distribution</b>	
Base requirement	The minimum capital requirements for <i>firms</i> carrying on <i>home finance mediation activity</i> and for <i>insurance distribution activity</i> relating to <i>non-investment insurance contracts</i> are set out in MIPRU 4.2.11R.
5% of annual income (firms holding client money)	For <i>firms</i> that hold <i>client money</i> or other <i>client assets</i> in relation to <i>insurance distribution activity</i> or <i>home finance mediation activity</i> , this should be calculated as 5% of the annual income (see MIPRU 4.2.11R(2)) from the <i>firm's insurance distribution activity</i> , <i>home finance mediation activity</i> , or both.
2.5% of annual income (firms not holding client money)	For <i>firms</i> that do not hold <i>client money</i> or other <i>client assets</i> in relation to <i>insurance distribution activity</i> or <i>home finance mediation activity</i> , this should be calculated as 2.5% of the annual income (see MIPRU 4.2.11R(1)) from the <i>firm's insurance distribution activity</i> , <i>home finance mediation activity</i> , or both.



Capital requirements (higher of above)	The higher of the base requirement and 5% of annual income ( <i>firms</i> that hold <i>client money</i> or other <i>client</i> assets), or the higher of the base requirement and 2.5% of annual income ( <i>firms</i> that do not hold <i>client money</i> or other <i>client</i> assets)
Other FCA capital resources requirements (if applicable)	<p>The FCA may from time to time impose additional requirements on individual <i>firms</i>. If this is the case for your <i>firm</i>, you should enter the relevant amount here. This excludes capital resources requirements in relation to PII, which are recorded below.</p> <p>If the <i>firm</i> carries on <i>designated investment business</i> as well as <i>home finance mediation activity</i>, <i>insurance distribution activity</i> or both, requirements under IPRU(INV), MIFIDPRU and MIPRU must be considered to determine the appropriate requirement (see general notes (i) to (iii) above). If the resulting requirement for a firm is higher than the base MIPRU requirement then you should include the difference here.</p>
Additional capital resources requirements for PII (if applicable)	If the <i>firm</i> has any increased excesses on its PII policies, the total of the additional capital requirements required by the table in MIPRU 3.2.14R should be recorded here. See also section E of the RMAR.
Total capital resources requirement	Totals of lines 5, 6 and 7
Capital resources	<p>This should be the capital resources calculated in accordance with MIPRU 4 for incorporated or unincorporated <i>firms</i> as applicable.</p> <p>For <i>firms</i> that are additionally subject to IPRU(-INV) or MIFIDPRU, this should be the higher of the capital resources per MIPRU 4 and the financial resources determined by IPRU(INV) or MIFIDPRU. See MIPRU 4.4.1R.</p>
Capital resources excess/deficit	This should show the difference between the capital resources that the <i>firm</i> has and its capital resources requirement.
<b>Personal investment firm (retail investment activities only) – IPRU(INV) 13</b>	
Note: <i>Firms</i> that carry on <i>retail investment activities</i> , but no other <i>designated investment</i> business, are subject to this section.	
Category of personal investment firm	If the <i>firm</i> is subject to IPRU-INV 13, it should enter here its category as defined in the <i>Glossary</i> , i.e., category B1 <i>firm</i> etc.
Capital resources requirement	The capital resources requirement should be calculated in accordance with IPRU-INV 13.13.2R to IPRU-INV 13.13.4G.
Additional capital resources requirement for PII (if applicable)	If the <i>firm</i> has increased excesses or exclusions on its PII policies, the total of the additional capital resources requirements required by IPRU-INV 13.1 should be recorded here. See also Section E of the RMAR.
Other FCA capital resources requirements (if applicable)	The FCA may from time to time impose additional requirements on individual <i>firms</i> . If this is the case for your <i>firm</i> , you should enter the relevant amount here. This excludes capital resources

	requirements in relation to PII, which are recorded above.
	A <i>firm</i> that has a permission to operate a personal pension will be subject to an additional capital requirement under IPRU-INV 5; this should be included here.
Total capital resources requirement	The total of lines 12, 13 and 14.
Capital resources	Capital resources should be calculated in accordance with IPRU-INV 13.15.3R.
Surplus/deficit of capital resources	This is the difference between the capital resources (line 16) and the total capital resources requirement (line 15).
<b>Capital resources per MIPRU 4 (home finance mediation activity and non-investment insurance distribution activity)</b>	
<b>Incorporated firms</b>	
Share capital	Share capital in section A which is eligible for inclusion as regulatory capital.
Reserves	These are the audited accumulated profits retained by the <i>firm</i> (after deduction of tax and dividends) and other reserves created by appropriations of share premiums and similar realised appropriations. Reserves also include gifts of capital, for example, from a <i>parent undertaking</i> .  Any reserves that have not been audited should not be included in this field unless the <i>firm</i> is eligible to do so under MIPRU 4.4.2R(3).
Interim net profits	Interim net profits should be verified by the <i>firm's</i> external auditor, net of tax or anticipated dividends and other appropriations.  Any interim net profits that have not been verified should not be included in this field unless the <i>firm</i> is eligible to do so under MIPRU 4.4.2R(3).
Revaluation reserves	Revaluation reserves (unrealised reserves arising from revaluation of fixed assets) can only be included here if audited.
Eligible subordinated loans	Subordinated loans should be included in capital resources on the basis of the provisions in MIPRU 4.4.7R and MIPRU 4.4.8R.
Less investments in own shares	Amounts recorded in the balance sheet as investments which are invested in the <i>firm's</i> own shares should be entered here for deduction.
Less intangible assets	Any amounts recorded as intangible assets in section A above should be entered here for deduction.
<b>Unincorporated firms and limited liability partnerships</b>	
Capital of a sole trader or partnership or LLP members' capital	See MIPRU 4.4.2R
Eligible subordinated loans	Subordinated loans should be included in capital resources on the basis of the provisions in MIPRU 4.4.7R and MIPRU 4.4.8R.

Personal assets not needed to meet non-business liabilities	<p>MIPRU 4.4.5R and 4.4.6G allow a sole trader or partner to use personal assets to cover liabilities incurred in the <i>firm's</i> business unless:</p> <p>(1) those assets are needed to meet other liabilities arising from:</p> <p>(a) personal activities; or</p> <p>(b) another business activity not regulated by the FCA; or</p> <p>(2) the <i>firm</i> holds <i>client money</i> or other <i>client</i> assets.</p> <p>This field may be left blank if the <i>firm</i> satisfies the capital resources requirements without relying on personal assets.</p>
Less intangible assets	<p>Any amounts recorded as intangible assets in Section A above should be entered here for deduction.</p>
Less interim net losses	<p>Interim net losses should be reported where they have not already been incorporated. The figures do not have to be audited to be included.</p>
Less excess of drawings over profits for a sole trader or partnership or LLP	<p>Any excess of drawings over profits should be calculated in relation to the period following the date as at which the capital resources are being calculated. The figures do not have to be audited to be included.</p>
<p><b>Capital resources per IPRU(INV) 13.15.3R</b></p> <p>IPRU(INV) requires that all <i>personal investment firms</i> have financial resources of at least £20,000 at all times. This section is designed to evaluate <i>firms'</i> adherence to this requirement.</p> <p>The amounts entered here should be in accordance with IPRU-INV 13.15.3R.</p>	

Section E Professional indemnity insurance

[Note: Home purchase, reversion and sale and rent back activity should be included under the existing mortgage headings in this section of the RMAR]

This section requires *firms* to confirm that they are in compliance with the prudential requirements in relation to professional indemnity insurance (PII).

Data is required in relation to all PII policies that a *firm* has in place, up to a limit of ten (the system will prompt you to submit data on all applicable policies). If a *firm* has more than ten policies, it should report only on the ten largest policies by premium.

**Note on the scope of Section E:** *retail investment firms* that fall within the scope of these data requirements, but do not meet the definition of *personal investment firm*, i.e. are not subject to ■ IPRU-INV 13, will **not** be subject to this section.

The PII requirements for *authorised professional firms* ('APFs') that carry on *retail investment activities* are set out in ■ IPRU-INV 2.3. APFs that carry on *home finance mediation activity* or *insurance distribution activity* are subject to the full requirements of ■ MIPRU 3.

*Firms* which are subject to the requirements in both IPRU(INV) and MIPRU must apply the PII rules outlined in ■ IPRU-INV 13, not ■ MIPRU 3.

Guide for completion of individual fields

Part 1

Does your firm hold a comparable guarantee or	This question will establish whether a <i>firm</i> is ex-
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equivalent cover in lieu of PII, or is it otherwise exempt from holding PII in respect of any regulated activities (tick as appropriate)?	<p>empt from the requirements and so is not required to hold PII.</p> <p>The conditions for comparable guarantees and exemptions from the PII requirements for <i>firms</i> carrying on <b>insurance distribution</b> or <b>home finance mediation</b> are set out in <a href="#">MIPRU 3.1.1R</a> paragraphs (3) to (6).</p> <p><i>Personal investment firms</i> can only be exempted by individual waiver granted by the <i>FCA</i> (unless <a href="#">IPRU-INV 13.1.7R</a> applies in respect of comparable guarantees).</p> <p>If the <i>firm</i> is required to hold PII – i.e. is not exempt from holding PII – you should enter 'no' in the data field.</p> <p>A <i>firm</i> is NOT exempt from holding PII if:</p> <ul style="list-style-type: none"><li>the <i>firm</i> has a group policy with an insurer; or</li><li>the <i>firm</i> has permission for the regulated business that requires PII, but does not currently carry it out; or</li><li>it is a <i>personal investment firm</i> meeting the exemption requirements for <i>mortgage intermediaries</i> and <i>insurance intermediaries</i> in <a href="#">MIPRU 3</a>.</li></ul> <p><i>Retail investment firms</i> that do not meet the definition of <i>personal investment firm</i> are not required to complete this section of the <i>RMAR</i>.</p> <p><i>Firms</i> are required to take out and maintain PII at all times.</p> <p>You should only enter 'n/a' if the <i>firm</i> is exempt from the PII requirements for all the <i>regulated activities</i> forming part of the <i>RMAR</i>.</p> <p>This question will ensure that a <i>firm</i> does not fill in Part 2 of the PII section of the <i>RMAR</i> each time it reports, if the information only changes annually. Where the <i>RMAR</i> form requires information which a <i>firm</i> has not submitted previously then this should be completed in the first submission period after those changes have come into force.</p> <p>If the <i>firm</i> is reporting for the first time, you should enter 'yes' here and complete the data fields.</p> <p>You should only enter 'n/a' if the <i>firm</i> is exempt from the PII requirements for all the <i>regulated activities</i> forming part of the <i>RMAR</i>.</p> <p>You should select 'yes' or 'no' to identify whether there has been a change in the cover in your <i>firm's</i> PII policy or policies since the last reporting date. If you enter 'yes' then you should specify any changes to the level of excess, period of cover or exclusion(s) in the relevant data fields.</p>
If the firm does not hold a comparable guarantee or equivalent cover and is not exempt, does the firm currently hold PII?	
Has the firm renewed its PII cover since the last reporting date?	
Has the basis of your PII cover changed since the last reporting date?	

Part 2

What activities are covered by the policy(ies)?	You should indicate which <i>regulated activities</i> are covered by the <i>firm's</i> PII policy or policies.
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<p>If your policy excludes all business activities carried on prior to a particular date (i.e. a retroactive start date), then insert the date here, if not please insert 'n/a'</p>	<p>Required terms of PII are set out for <i>personal investment firms</i> in <a href="#">IPRU-INV 13.1.5R</a> and for <i>home finance intermediaries</i> and <i>insurance intermediaries</i> in <a href="#">MIPRU 3.2.4R</a>.</p> <p>Examples of a retroactive start date:</p> <p>(1) A <i>firm</i> has a retroactive start date of 01/01/2005 on its policy if:</p> <ul style="list-style-type: none"><li>• A client is advised by the <i>firm</i> to purchase an XYZ policy on 01/03/2004 (i.e. before the retroactive start date).</li><li>• The client makes a formal complaint about the sale of XYZ policy to the <i>firm</i> on 01/04/2006 (i.e. while this PII cover is still in place).</li><li>• The complaint is upheld, but the <i>firm's</i> current PII Insurer will not pay out any redress for this claim as the transaction took place before 01/01/2005, the retroactive start date in the policy.</li></ul> <p>Insert '01/01/05' for this question on the <i>RMAR</i>.</p> <p>(2) A <i>firm</i> does not have a retroactive start date if:</p> <p>A client is advised by the <i>firm</i> to purchase an XYZ policy on 01/03/2006.</p> <p>The client makes a formal complaint about the sale of XYZ policy to the <i>firm</i> on 01/04/2006 (i.e. while this PII cover is still in place).</p> <p>The complaint is upheld, but the <i>firm's</i> current PII Insurer will pay out any redress owed by the <i>firm</i> to the client over any prescribed excess, and to the limit of indemnity provided for. There is no date in the policy before which any business transacted may not give rise to a valid claim.</p> <p>Insert 'n/a' for this question on the <i>RMAR</i>.</p>
<p>Annual premium</p>	<p>This should be the annual premium that is paid by the <i>firm</i>, net of tax and any other add-ons.</p>
<p>Limit of indemnity</p>	<p>You should record here the indemnity limits on the <i>firm's</i> PII policy or policies, both in relation to single claims and in aggregate.</p> <p>Those firms subject to the <i>Mortgage Credit Directive (MCD)</i> (see <a href="#">MIPRU 3.2.9AR</a>) or the <i>Insurance Distribution Directive (IDD)</i> requirements should state their limit in Euros; those that are not subject to the <i>MCD</i> or <i>IDD</i> should select 'Sterling' from the drop-down list.</p> <p><i>Insurance intermediaries</i>, see <a href="#">MIPRU 3.2.7R</a> and select either 'Euros' or 'Sterling' as applicable. <i>Home finance intermediaries</i> that are not <i>MCD credit intermediaries</i> should state their limit in Sterling (see <a href="#">MIPRU 3.2.9R</a>).</p> <p>For <i>personal investment firms</i>, see <a href="#">IPRU-INV 13.1.9R</a> and <a href="#">13.1.13R</a> and select either 'Euros' or 'Sterling' as applicable.</p> <p>If the <i>firm</i> is subject to more than one of the above limits (because of the scope of its <i>regulated activities</i>) and has one PII policy for all of</p>

Policy excess	<p>its <i>regulated activities</i>, the different limits should be reflected in the policy documentation. If there is more than one limit, only the highest needs to be recorded in this field.</p> <p>For <i>insurance intermediaries</i> and <i>home finance intermediaries</i>, see MIPRU 3.2.10-14R</p> <p>For <i>personal investment firms</i>, see IPRU-INV 13.1.25R.</p>
Increased excess(es) for specific business types (only in relation to business you have undertaken in the past or will undertake during the period covered by the policy)	<p>If the prescribed excess limit is exceeded for a type or types of business, the type(s) of business to which the increased excess applies and the amount(s) of the increased excess should be stated here.</p> <p><i>Firms</i> should record each business type subject to an increased excess separately.</p> <p>(Some typical business types include advice on non-mainstream pooled investments, pensions, endowments, splits/zeros, precipice bonds, income drawdown, <i>lifetime mortgages</i>, discretionary management, delegated authority work.)</p>
Policy exclusion(s) (only in relation to exclusions you have had in, or will have during, the period covered by the policy)	<p>If there are any exclusions in the <i>firm's</i> PII policy which relate to any types of business or activities that the <i>firm</i> has carried out either in the past or during the lifetime of the policy, enter the business type(s) to which the exclusions relate here.</p> <p><i>Firms</i> should record each business type or activity subject to an exclusion separately.</p> <p>If no exclusions apply to the <i>firm's</i> PII policy, <i>firms</i> should state this here (eg 'No exclusions apply to this policy').</p> <p>(Some typical business types include advice on non-mainstream pooled investments, pensions, endowments, splits/zeros, precipice bonds, income drawdown, <i>lifetime mortgages</i>, discretionary management.)</p>
Time period to which the policy exclusion(s) relate	<p>For any exclusions in the <i>firm's</i> PII policy, the <i>firm</i> should select whether the exclusion applies to types of business or activities carried out in the past ('past business'), during the period covered by the policy ('future business') or both ('past and future business').</p>
Type of exclusion(s) (only in relation to business you have undertaken in the past or will undertake during the period covered by the policy)	<p>The <i>firm</i> should enter the type of exclusion from the drop-down list. Some typical types include the volume of business or activity covered by the policy, the specific type of a particular business/activity covered by the policy and sub-limits to the level of indemnity for particular types of business/activity.</p> <p>If the type of exclusion is not listed firms should select 'other'.</p>
Start Date	The date the current cover began.
End Date	The date the current cover expires.



Insurer name (please select from the drop-down list)	<p>The <i>firm</i> should select the name of the <i>insurance undertaking</i> or Lloyd's syndicate providing cover named on the schedule or certificate of insurance. If the PII provider is not listed you should select 'other'.</p> <p>If a policy is underwritten by more than one <i>insurance undertaking</i> or Lloyd's syndicate, you should select the name of the lead <i>insurer</i> on your schedule or certificate of insurance.</p>
Annual income as stated on the most recent proposal form	<p>This should be the income as stated on the <i>firm's</i> most recent PII proposal form. For a <i>personal investment firm</i>, this is relevant income arising from all of the <i>firm's</i> activities for the last accounting year before the policy began or was renewed (IPRU-INV 13.1.8R). For <i>insurance intermediaries</i> and <i>home finance intermediaries</i> this is the annual income given in the <i>firm's</i> most recent annual financial statement from the relevant <i>regulated activity</i> or activities (MIPRU 4.3.1R to MIPRU 4.3.3R).</p>
Amount of additional capital required for increased excess(es) (where applicable, total amount for all PII policies)	<p>This should be calculated using the tables in IPRU-INV 13.1.19R or MIPRU 3.2.14R as applicable. The total of additional capital (i.e. in relation to all of the <i>firm's</i> PII policies) should have been reported under 'additional capital requirements for PII' and/or 'additional own funds for PII' in Section D.</p>
Amount of additional own funds required for policy exclusion(s)	<p><i>Personal investment firms</i> only – this should be calculated in line with IPRU-INV 13.1.23R. The total of additional capital resources (i.e. in relation to all of the <i>firm's</i> PII policies) should have been reported under 'additional capital requirements for PII' and/or 'additional capital resources for PII' in section D.</p>
Total of additional own funds required	<p><i>Personal investment firms</i> only – this is the same figure as in section D, representing the total of additional capital resources required under IPRU-INV 13.1.23R to 13.1.27R for all of the <i>firm's</i> PII policies.</p>

Section F Threshold conditions

Close links

This section relates to *threshold condition 3*. *Firms* should consult ■ COND 2.3, as well as Chapter 11 of the Supervision Manual ('SUP').

*Sole traders, firms* which have *permission* to carry on *retail investment activities* only, *firms* with *permission* only to *advise on P2P agreements* (unless that activity is carried on exclusively with or for *professional clients*) or *firms* which have *permission* to carry on only one, or only both of:

- (a) *insurance distribution activity*; or
- (b) *home finance activity*;

and are not subject to the requirements of ■ SUP 16.4 or ■ SUP 16.5 (requirement to submit annual controllers report; or annual close links reports), will submit these reports in RMAR section F instead.

Controllers

In very broad terms, so far as those required to fill in this part of the return are concerned, the *Handbook* requires notification of changes in a *firm's controllers* as follows.

A UK domestic firm other than a UK insurance intermediary must notify the FCA of any of the following events concerning the firm:

- (1) a person acquiring control or ceasing to have control;
- (2) an existing controller acquiring an additional kind of control or ceasing to have a kind of control;
- (3) an existing controller increasing or decreasing a kind of control which he already has so that the percentage of shares or voting power concerned becomes or ceases to be equal to or greater than 20%, 30% or 50%;
- (4) an existing controller becoming or ceasing to be a parent undertaking.

An overseas firm must notify the FCA of any of the following events concerning the firm:

- (1) a person acquiring control or ceasing to have control;
- (2) an existing controller becoming or ceasing to be a parent undertaking.

A UK insurance intermediary must notify the FCA of any of the following events concerning the firm:

- (1) a person acquiring control;
- (2) a controller:
  - (a) decreasing the percentage of shares held in the firm from 20% or more to less than 20%; or
  - (b) decreasing the percentage of shares held in a parent undertaking of the firm from 20% or more to less than 20%; or
  - (c) decreasing the percentage of voting power which it is entitled to exercise, or control the exercise of, in the firm from 20% or more to less than 20%; or
  - (d) decreasing the percentage of voting power which it is entitled to exercise, or control the exercise of, in a parent undertaking of the firm from 20% or more to less than 20%;
- (3) an existing controller becoming or ceasing to be a parent undertaking.

A summary of these notification requirements is provided in Annex 1G of ■ SUP 11.

This section of the return replaces the annual controllers reporting requirement in ■ SUP 16.4.5R, which does not now apply to those firms subject only to the RMAR for the purposes of regulatory reporting. Moreover, the exemptions for certain other firms from the existing reporting requirement in ■ SUP 16.4.1G are retained.

Guide for completion of individual fields

Close links	
Has there been a notifiable change to the firm's close links?	See SUP 11.9. All firms should have notified the FCA immediately if they have become aware that they have become or ceased to be closely linked with another person. If there have been any changes in close links that have not been notified to the FCA, you should do this now. For detailed guidance on what constitutes a close link, see COND 2.3.
If yes, has the FCA been notified of it?	See SUP 11.9. All firms should have notified the FCA immediately if they have become aware that they have become or ceased to be closely linked



	with <i>another person</i> . If there have been any changes in <i>close links</i> that have not been notified to the <i>FCA</i> , you should do this now. For detailed <i>guidance</i> on what constitutes a <i>close link</i> , see <a href="#">COND 2.3</a> .
<b>Controllers</b>	
Has there been a notifiable change to the firm's controllers including changes to the percentage of shares or voting power they hold in your firm?	See <a href="#">SUP 11.4</a> . If there have been any changes in <i>controllers</i> that have not been notified to the <i>FCA</i> , you should do this by means of your usual supervisory channels.
If yes, has the <i>FCA</i> been notified of it?	See <a href="#">SUP 11.4</a> . If there have been any changes in <i>controllers</i> that have not been notified to the <i>FCA</i> , you should do this by means of your usual supervisory channels.

Section G Training and competence

[**Note:** *Home purchase, reversion and regulated sale and rent back activity* should be included under the 'advising on mortgages' heading in this section of the *RMAR*]

Principle 3 of the *Principles for Businesses* requires *firms* to take reasonable care to organise and control their affairs responsibly and effectively, with adequate risk management systems. This includes making proper arrangements for individuals associated with a *regulated activity* carried on by a *firm* to achieve and maintain competence.

We will use the data we collect in this section to assess the nature of *firms'* compliance with training and competence requirements. It will also establish the extent and nature of *firms'* business, and thereby assess the potential risks posed by *firms'* business activities.

*Firms* that have *appointed representatives* ('ARs') should note that the information submitted in this section should include its ARs as well as the *firm* itself.

Section G: guide for completion of individual fields

<b>General information</b>		
17	Did the <i>firm</i> do any of the following activities during the reporting period?	Indicate whether the <i>firm</i> undertook any of the stated activities by selecting "Y" or "N" for each of the columns.
1	Total number of <i>employees</i> at the <i>firm</i> as at the end of the reporting period	This should be the total number of <i>employees</i> that worked for the firm as at the end of the reporting period.  Therefore, <i>employees</i> that may have worked for the <i>firm</i> during the period but were not employed as at the end date should <b>not</b> be included.
Of which:		
2	Number of <i>employees</i> that give advice in each area	'Advice' is given where the sale of a product is based on a recommendation given to the <i>customer</i> on the merits of a particular product.  If <i>employees</i> advise in relation to more than one business type advising on mortgages, advising on non-investment insurance, advising on <i>retail investment products</i> or advising on second (and subsequent) charge mortgages), they should be counted in each applicable field.  Note: in relation to advising on non-investment insurance, this total should not include employees that do <b>not</b> advise <i>retail customers</i> .  Each area should be considered to refer to the four business types in the form.

26	Number of individual advisers employed by the <i>firm</i>	The total should be the actual number of individual advisers employed by the <i>firm</i> , regardless of whether they advise in one or more areas.
3	Number of <i>employees</i> that give advice (FTE)	This should be the same data as above, but expressed in 'full time equivalent' terms.  E.g. if the firm has 20 part time <i>employees</i> that work 50% of normal hours, the figure would be 10.
4	Number of <i>employees</i> that supervise others to give advice in each area	Note the requirements in the Training & Competence Sourcebook (TC 2.1.2R, TC 2.1.3G, TC 2.1.4G and TC 2.1.5R) for <i>employees</i> to be appropriately supervised, and also the competencies that are required for those who supervise others.  If any of these <i>employees</i> carries out supervisory activities in relation to more than one business type, they should be counted in each applicable field.  Each area should be considered to refer to the four business types in the form.
27	Number of individual <i>employees</i> with supervisory responsibilities	The total should be the actual number of individual supervisors at the <i>firm</i> , regardless of whether they supervise in one or more areas.
5	Number of advisers assessed as competent by the <i>firm</i> in each area	This is a subset of the 'number of <i>employees</i> that give advice in each area' above.  See TC Appendix 1.1R for the detailed training & competence requirements relating to individual activities.  If <i>employees</i> are competent in relation to more than one business type, they should be counted in each applicable field.  Each area should be considered to refer to the four business types in the form.
30	Number of advisers assessed as competent in one or more areas	The total should be the actual number of individuals assessed by the <i>firm</i> as competent in one or more of the four business types specified in columns A-C and E.
18	Number of fully qualified advisers	The total number of advisers holding appropriate qualifications to carry on activities 2, 3, 4, 6, 12 and 13 in TC Appendix 1.1.1 R (other than in relation to a <i>Holloway sickness policy</i> where the <i>Holloway policy special application conditions</i> are met).
19	Number of advisers holding a valid Statement of Professional Standing (SPS)	The total number of <i>retail investment advisers</i> holding a valid SPS from an <i>accredited body</i> .
6	Number of advisers that hold an appropriate qualification in each area	This is a subset of the 'number of <i>employees</i> that give advice in each area' above.  In the case of certain activities, TC 2 imposes requirements on firms in relation to their <i>employees</i> and passing examinations.  The relevant activities to which TC applies and require <i>employees</i> to obtain appropriate qualifications can be found in TC Appendix 1. Then appropriate qualifications for these activities can be found in TC Appendix 4E.  If advisers have appropriate qualifications in relation to more than one business type, they should be counted in each applicable field.  Each area should be considered to refer to the four business types in the form.

29	Number of individual advisers holding at least one appropriate qualification	The total should be the actual number of individuals holding at least one appropriate qualification for advising on mortgages, acting as a <i>retail investment adviser</i> , or advising on second (and subsequent) charge mortgages.
25	Number of <i>employees</i> that left the <i>firm</i> during the reporting period	The total should be the actual number of <i>employees</i> whose last day of employment fell within the reporting period.
7	Number of advisers that left the <i>firm</i> during the reporting period	This is the total number of advisory <i>employees</i> whose last day of employment fell within the reporting period.  If any of these advisers used to carry out advisory activities in relation to more than one business type, they should be counted in each applicable field.
28	Number of individual advisers that left the <i>firm</i> during the reporting period.	The total should be the actual number of individual advisers whose last day of employment fell within the reporting period.
Non-investment insurance (retail customers)		
20	Which types of non-investment insurance advice were provided by the firm in the reporting period?	For each type of advice, the <i>firm</i> should indicate whether or not advice has been provided on that basis / business type.
<b>Fair Analysis of the Market</b>  If an <i>insurance intermediary</i> informs a <i>customer</i> that it gives (including a <i>personal recommendation</i> ) advice on the basis of a fair analysis of the market, it must give that advice (including a <i>personal recommendation</i> ) on the basis of an analysis of a sufficiently large number of <i>contracts of insurance</i> available on the market to enable it to make a recommendation, in accordance with professional criteria, regarding which <i>contract of insurance</i> would be adequate to meet the <i>customer's</i> needs. (See <a href="#">ICOB5 5.3.3R</a> , <a href="#">ICOB5 4.1.6R</a> , <a href="#">ICOB5 4.1.7R</a> and <a href="#">ICOB5 4.1.8G</a> ).		
<b>Restricted – Multi-tie</b>  A <i>firm</i> provides advice on products selected from a limited number of provider firms.		
<b>Restricted – Single-tie</b>  A <i>firm</i> provides advice on products selected from one provider firm only.		
Mortgages (and second and subsequent charge mortgages)		
21 and 22	Which types of mortgage advice were provided by the <i>firm</i> in the reporting period?  What types of second (and subsequent) charge mortgage advice were provided by the <i>firm</i> in the reporting period?	For each type of advice, the <i>firm</i> should indicate whether or not advice has been provided on that basis / business type.  <i>Firms</i> should refer to <a href="#">MCOB 4.4A</a> when answering these questions.
Retail Investment Advice		
23	Which types of retail investment advice were provided by the <i>firm</i> in the reporting period?	<b>Independent</b>  For a <i>retail investment firm</i> to provide <i>independent advice</i> it must assess a sufficient range of relevant products available on the market which must (1) be sufficiently diverse with regard to their type and issuers or product providers, to ensure that the <i>client's</i> invest-

ment objectives can be suitably met; and (2) not be limited to relevant products issued or provided by: (a) the *firm* itself or by entities having close links with the *firm*; or (b) other entities with which the *firm* has such close legal or economic relationships, including contractual relationships, as to present a risk of impairing the independent basis of the advice provided (COBS 6.2B.11R).

**Restricted**

A retail investment firm provides restricted advice if:

- (a) it makes *personal recommendations* to retail clients in relation to retail investment products which are not *independent advice*; or
- (b) it provides *basic advice*.

Clawed back commission (retail investment firms only)

Commission is typically paid to advisers in two main ways:

- (1) non-indemnity commission – this is where payments from providers/lenders to advisers are non-refundable should the policy lapse, cancel or be surrendered.
- (2) indemnity commission – this is colloquially known as 'up-front' commission and describes the situation where a provider would pay an adviser an amount of money based on a percentage of the first year's premiums for a regular premium contract. This sum is paid immediately on commencement, on the assumption that the policy will stay in force for a number of months/years ('the earnings period'). Should the customer stop paying premiums within the 'earnings period' (generally between 24 and 48 months), then the provider would ask the adviser to repay the 'unearned' commission. This is known as '**clawback**'.

**Clawed back commission (retail investment firms only)**

13	Clawed back commission by number:	Number of policies where cancellations have led to commissions being clawed back during the reporting period.
14	Clawed back commission by value:	Total value of clawed back commission during the period.

Sub heading: Professional standards data

**Professional Standards Data**

24	Please provide the following information for each of the <i>retail investment advisers</i> employed by the <i>firm</i> as at the end of the reporting period:	<p><b>Adviser ID</b></p> <p><b>Surname</b></p> <p><b>Forename</b></p> <p><b>Individual Reference Number (IRN)</b></p> <p>Please enter the adviser's IRN if they have one.</p> <p>If the adviser has an IRN, no further ID details are required and the <i>firm</i> should move on to complete the 'adviser qualification' questions.</p> <p><b>NI Number, Date of Birth, Passport Number, Nationality</b></p> <p>If an adviser does not have an IRN, the <i>firm</i> should enter both a National Insurance (NI) number and Date of Birth for unique identification or, if they do not have an NI number, Date of Birth, current Passport Number and Nationality.</p>
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Nationality refers to the country issuing the passport from which the number is provided. For example, the nationality of a person in possession of a British passport issued by HM Passport Office is “British”.

This information should only be provided in the appropriate combinations; completing only NI number and Nationality, for instance, would not be acceptable.

**Adviser Qualification**

**Part Qualified, Fully Qualified**

For each *retail investment adviser*, the *firm* should indicate whether the adviser is part or fully qualified by selecting “Y” or “N” from the dropdown menu.

**Accredited Body**

The *firm* should, in respect of each competent *retail investment adviser*, indicate the *accredited body* from which the Statement of Professional Standing (SPS) was obtained. Where the *retail investment adviser* has attained each module of an appropriate qualification (fully qualified for reporting purposes), but has not yet been assessed as competent to carry on the activities of a *retail investment adviser*, then ‘No SPS’ should be selected from the dropdown menu.

**Activity Start Date**

For each *retail investment adviser*, other than those who have attained each module of an appropriate qualification, the *firm* should provide the date at which the *employee* first began to carry on the activity of a *retail investment adviser*, even if this was for a different *firm*.

**SPS Start Date**

For each competent *retail investment adviser*, provide the date of issue for their current SPS. Where the *retail investment adviser* has attained each module of an appropriate qualification but has not yet been assessed competent to carry on the activities of a *retail investment adviser*, this field is not required.

**Section H Conduct of Business (‘COBS’) Data**

In this section we are seeking data from *firms* in relation to general conduct of business and monitoring of appointed representatives.

We will use the data collected in this section to establish the extent and nature of *firms’* business, and thereby assess the potential risks posed by *firms’* business activities.

*Firms* that have *appointed representatives* (‘ARs’) should note that the information submitted in this section should take account of the business generated by its ARs as well as the *firm* itself.

**General COBS data**

In this sub-section we are requesting general information on the *firm’s* conduct of business.

**Monitoring of appointed representatives**

An appointed representative (‘AR’) is a *person* (other than an *authorised person*) who:

- (1) is a party to a contract with an *authorised person* who:
  - (a) permits or requires him to carry on business of a description prescribed in the *Appointed Representatives Regulations*; and
  - (b) complies with such requirements as are prescribed in those Regulations; and
- (2) is someone for whose activities in carrying on the whole or part of that business his *principal* has accepted responsibility in writing; and who is therefore an *exempt person* in relation to any *regulated activity* comprised in the carrying on of that business for which his *principal* has accepted responsibility.

A *firm* has significant responsibilities in relation to an AR that it has appointed, which are set out in detail in ■ SUP 12. In summary, the *firm* is responsible, to the same extent as if it had expressly permitted it, for anything the *appointed representative* does or omits to do, in carrying on the business for which the *firm* has accepted responsibility.

Before a *firm* appoints a *person* as an *appointed representative*, and afterwards on a continuing basis, it should take reasonable care to ensure that:

- (1) the appointment does not prevent the *firm* from satisfying and continuing to satisfy the *threshold conditions*;
- (2) the *person*:
  - (a) is solvent;
  - (b) is suitable to act for the *firm* in that capacity; and
  - (c) has no *close links* which would be likely to prevent the effective supervision of the *person* by the *firm*;
- (3) the *firm* has adequate:
  - (a) controls over the *person's regulated activities* for which the *firm* has responsibility (see ■ SYSC 3.1); and
  - (b) resources to monitor and enforce compliance by the *person* with the relevant requirements applying to the *regulated activities* for which the *firm* is responsible and with which the *person* is required to comply under its contract with the *firm*. Accordingly, *firms* are required to monitor and oversee the activities of their ARs. It is the *firm's* responsibility to be able to demonstrate that it has adequate procedures and resources in place to monitor these activities;
- (4) the *firm* is ready and organised to comply with the other applicable requirements contained or referred to in ■ SUP 12; and
- (5) the *person's* activities do not, or would not, result in undue risk of harm to *consumers* or market integrity.

By collecting the high level data required in this sub-section, we will be able to gain an understanding of the methods that *firms* are employing to remain in compliance with the monitoring requirements. This will be used to inform thematic and/or *firm*- specific work in this area.

Guide for completion of individual fields

General COBS data	
Do regulated activities form the core business of the firm?	<p>'Core business' for these purposes is the activity from which the largest percentage of the <i>firm's</i> gross income is derived.</p> <p>Note for an <i>authorised professional firm</i> ('APF') specifying that its core business is 'professional</p>



If not, specify type of core business	services': if the <i>firm's</i> income from <i>regulated activities</i> is 50% or more of its total income (disregarding a temporary variation of not more than 5% over the preceding year's figure), then it should have regard to <a href="#">IPRU-INV 2.1.2R (4)</a> and give notification to the <i>FCA</i> .  The <i>firm</i> should specify its core business from the drop-down list.  You should select <b>Other</b> if none of the categories is applicable to the <i>firm's</i> business, e.g. loss assessor, professional services provided by an APF.
Monitoring of Appointed Representatives ('ARs')	
Number of ARs registered with the firm as at the end of the reporting period	Total number of ARs for which the <i>firm</i> has regulatory responsibility, as at the end of the reporting period.
Of which, number of 'secondary' ARs as at the end of the reporting period	An AR is a secondary AR if: <ul style="list-style-type: none"><li>• the activities for which it is exempt are limited to <i>insurance distribution activities</i> only; and</li><li>• its principal purpose is to carry on activities other than <i>insurance distribution activities</i>.</li></ul>
Of which, number of introducer ARs as at the end of the reporting period	See <i>Glossary</i> definition
Number of advisers within ARs as at the end of the reporting period	This should be the total of advisory staff across all of the <i>firm's appointed representatives</i> . Advisory staff are those that advise <i>customers</i> on the merits of purchasing a particular product.  By definition this total will not include staff at introducer ARs.
Does the firm have appropriate systems and procedures in place to ensure that the activities of its ARs are effectively monitored and controlled?	A summary of the <i>firm's</i> responsibilities under <a href="#">SUP 12</a> is set out under the sub-heading "monitoring of appointed representatives" above.  The <i>firm</i> should be able to demonstrate that it has been in compliance with the requirements in <a href="#">SUP 12</a> throughout the reporting period.
Number of ARs that have been subject to monitoring visits by the firm during the reporting period.	This is one of the ways in which <i>firms</i> with ARs may fulfil their responsibilities under <a href="#">SUP 12</a> .
Number of ARs that have been subject to file reviews by the firm during the reporting period.	This is one of the ways in which <i>firms</i> with ARs may fulfil their responsibilities under <a href="#">SUP 12</a> .
Number of ARs that have been subject to financial checks by the firm during the reporting period.	This is one of the ways in which <i>firms</i> with ARs may fulfil their responsibilities under <a href="#">SUP 12</a> .
Has any other monitoring of ARs by the <i>firm</i> taken place?	If the <i>firm</i> uses other methods to fulfil its monitoring responsibilities under <a href="#">SUP 12</a> , you should state 'yes' here.

Section I Supplementary product sales data

Most of the product sales data ('PSD') required by the *FCA* is collected quarterly from product providers. However, this process does not include all types of *non-investment insurance contract*, and also leaves other gaps in data on sales, which we aim to fill by means of the data collected in this section.

We use this data in conjunction with PSD to identify market trends and thus inform our thematic supervision work. In addition to this, we may use the combined sales data to form a view about the state of affairs of individual *firms*, which may inform supervisory or other action.

*Firms* that have *appointed representatives* ('ARs') should note that the information submitted in this section should also take account of the business of its ARs as well as the *firm* itself.

**(i) Non-investment insurance product information**

In this section *firms* are asked for aggregate data on their advising and arranging activities (for *non-investment insurance contracts* with *retail customers*). The information required is an indication of the product types in which the *firm* has been active during the reporting period, and a further indication of how significant this activity is (i.e. whether it forms more than 40% by premium of all of the *firm's* retail non-investment insurance activities).

This information enables us to ascertain the importance of each product type to the *firm* and to target thematic work in this area.

Total non-investment insurance premium derived from retail customers (annualised)	Regular policy premiums received for a policy should be reported only once as an annualised figure in the return for the period that covers the date of the sale. There is then no need to report in subsequent returns. An annualised figure is also required if a policy premium is paid in one single payment.
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**(ii) non-investment insurance chains**

It is common practice in the non-investment insurance market for some *firms* to pass their business to another intermediary rather than directly to the product provider, forming a 'chain'. Product Sales Data only identifies the *firm* that has submitted the business to the product provider, although this may not necessarily be the intermediary that originated the sale. This section captures data on sales that form part of chains. Collecting information on gross and net brokerage (as outlined in Sub-section B1 above) gives us some information about the extent to which a *firm* is part of a chain, and to supplement this, we are requesting the following data in this section:

- (1) whether transactions in the listed product types have been passed up a chain;
- (2) whether this business is significant. 'Significant', in this context, is where the premium collected in relation to business forming part of a chain amounts to (a) more than 40% of premium collected for all non-investment insurance business, or (b) more than 40% of premium collected for all retail business in a particular product; and
- (3) whether, in relation to this business, the *firm* has dealt directly with the *customer* during the reporting period (i.e. has been the first intermediary in the chain).

[Note: Lloyd's brokers are exempt from the reporting requirement in this section]

Guide for completion of individual fields

<b>(i) non-investment insurance contracts – product information</b>	
Please indicate in column A each product type where the firm has advised or arranged transactions for retail customers during the reporting period	You should indicate in column A for each relevant product.
Please indicate in column B where the firm's business for retail customers in the product type formed more than 40% by premium of all of its non-investment insurance activities.	You should indicate in column B for each relevant product, based on an estimate of the percentage of business. If you think the product might account for more than 40% of business but are not sure, you should indicate that it does.
<b>(ii) non-investment insurance chains</b>	
Total non-investment insurance premium derived from retail customers	You should state here the total of premiums payable by <i>Retail customers</i> during the reporting period in relation to non- investment insurance products.
Of this business, please indicate in column D	If this business is significant (see definition above)



where this business is significant (see notes above)	for one or more product types, this should be indicated in column D.
Product types:	The product types in this table are defined in the Interim Prudential sourcebook for insurers ('IPRU(INS)').

Section J: Data required for calculation of fees

Part 1

[Note: Home purchase, reversion and regulated sale and rent back activity should be included under the home finance headings in this section of the RMAR]

This information is required so that we can calculate the fees payable by firms in respect of the FCA, FOS and the FSCS.

Data for fees calculations	Firms will need to report data for the purpose of calculating FCA, FOS and FSCS levies.
FCA	The relevant information required is the tariff data set out in FEES 4 Annex 1AR Part 3 under fee-blocks A.13, A.18 and A.19. Note that firms are required to report tariff data information relating to all business falling within fee blocks A.13/A.18/A.19 and not simply that relating to retail investments.
FOS	The relevant information required is the tariff data set out in FEES 5 Annex 1R industry blocks 8, 9, 16 and 17. Note that firms are required to report tariff data information relating to all business falling within industry blocks 8/9, 16 and 17.
FSCS	The relevant information required is the tariff data set out in categories 1.1, 2.1 and 4.1, FEES 6 Annex 3AR. Note that firms are required to report tariff data information relating to all business falling within categories 1.1, 2.1 and 4.1, FEES 6 Annex 3AR.

Personal investment firms and firms whose regulated activities are limited to one or more of: insurance distribution activity, home finance mediation activity, or retail investment activity, are required to complete Part 1, section J of the RMAR.

Part 2

Firms submitting section J are required to identify in Part 2 how much of the annual income reported in 3A (life distribution and pensions intermediation) or 4A (investment intermediation) in Part 1 is earned from carrying on regulated activities relating to the offer or sale to or purchase by or on behalf of clients of enhanced reporting investments, broken down by category of enhanced reporting investments and by number of clients. A category of enhanced reporting investment is a type of investment listed in COBS 9.3.5G(1).

For example, say a firm has earned £5,000 from arranging deals in units in qualified investor schemes on behalf of 26 investors. It has also earned £400 from advising two clients to purchase unlisted shares. Units in qualified investor schemes are a type of non-mainstream pooled investment, while the unlisted shares in this example are non-readily realisable securities. Accordingly, the firm would report:

Enhanced reporting investment	Annual income (per single unit of currency)	No. of clients
Non-mainstream pooled investment	£5000	26
Non-readily realisable securities	£400	2

Both Parts 1 and 2

*Firms* which do not yet have data for a full 12 months ending on their *accounting reference date* (for example if they have not traded for a complete *financial year* by the time of the *accounting reference date*) should complete Section J with an 'annualised' figure based on the actual income up to their *accounting reference date*. That is, such *firms* should pro-rate the actual figure as if the *firm* had been trading for 12 months up to the *accounting reference date*. So for a *firm* with 2 months of actual income of £5000 as at its *accounting reference date*, the 'annualised' figure that the *firm* should report is £30,000.

The *guidance* in the following table sets out the *rules* which related to the data required in Section J of ■ SUP 16 Annex 18AR.

	FCA Annual Income (£s)	FOS Relevant Annual Income (£s)	FSCS Annual Eligible Income (£s)
Home finance inter-mediation	FEES 4 Annex 11AR, 13G	FEES 5 Annex 1R industry block 16	FEES 6 Annex 3AR category 4.1
General insurance distribution	FEES 4 Annex 11AR, 13G	FEES 5 Annex 1R industry block 17	FEES 6 Annex 3AR category 1.1
Life distribution and investment inter-mediation	FEES 4 Annex 11AR, 13G	FEES 5 Annex 1R industry block 8, 9	FEES 6 Annex 3AR category 2.1

Section K Adviser charges

In this section we are seeking data from *firms* about *adviser charges* in respect of a *firm* providing a *personal recommendation* to a *retail client* on a *retail investment product* (■ COBS 6.1A and ■ COBS 6.1B). We will use the data we collect to monitor and analyse the way these *firms* comply with the *rules* on *adviser charges*.

For the purposes of this *guidance* on section K and the field labels used on the data collection form, it has been assumed that the form will be completed on the default accruals basis set out in paragraph 15 in the accounting principles section of this Annex. Where a *firm* elects to report on a cash basis, in accordance with paragraph 15A in the accounting principles section of this Annex, references to the amount due within the reporting period should be read to mean the amount received within the reporting period.

The data in this section should only relate to the provision of a *personal recommendation* by the *firm* to a *retail client* for a *retail investment product* (or any related service provided by the *firm*).

*Firms* that have *appointed representatives* ('ARs') should include data from their ARs in the information submitted in this section.

Where *firms* are required to report data to two decimal places, *firms* should round the data to two decimal places (using a 5 in the third decimal place to round up) rather than report the data on a truncated basis. For example, two-thirds (2/3) should be reported as 0.67.

If a *firm* exclusively provides *independent advice* or *restricted advice*, the sections of the form not relevant to the *firm* should be left blank. This is illustrated in example 1.

Example 1 – Completing the form where the firm only provides either independent advice or restricted advice

- A *firm* that exclusively provides *independent advice* would need to complete sections 1, 3 and 4 (columns A, B and E), leaving section 2 and columns C and D of section 4 blank.
- A *firm* that exclusively provides *restricted advice* would need to complete sections 2, 3 and 4 (columns C, D and E), leaving section 1 and columns A and B of section 4 blank.
- A *firm* providing both *independent* and *restricted advice* would need to complete sections 1 to 4 as appropriate.

Any revenue reported should be exclusive of VAT levied on the *retail client* (if applicable).

The way retail clients pay an adviser charge (columns A and B for rows 2 to 5 and 7 to 10)

*Firms* are required to provide a breakdown of the data provided in rows 2 to 5 and 7 to 10 based on the way in which a *retail client* pays their *adviser charge*.

Column A should include data on the *adviser charges* that are paid directly by the *retail client*. This would include, for example, where the *retail client* paid the *firm* directly through a cheque or bank transfer or where a payment was made on behalf of the *retail client* by the *retail client's* lawyer.

Where the *adviser charge* is facilitated by a *retail investment product* provider or *platform service provider*, this should be reported in column B.

Guide for completion of individual fields

In row 1, *firms* should select one of 'Independent/Restricted/Both/Did not provide advice' to indicate the type(s) of advice provided by the *firm*. *Firms* providing *independent advice* only should then complete sections 1, 3 and 4. *Firms* providing *restricted advice* only should then complete sections 2, 3 and 4. *Firms* providing both *independent advice* and *restricted advice* should complete all four sections. *Firms* that did not provide advice during the reporting period should select 'Did not provide advice' and complete the accounting basis question. Other sections should be left blank.

Retail investment product revenue from adviser charges (rows 2, 3, 7 and 8)

Revenue from all initial *adviser charges* including initial, one-off and ad hoc *adviser charges* (rows 2 and 7)

*Firms* should report the total revenue from distinct one-off advice services, being those services that are not covered by an ongoing *adviser charge*, as at the end of the reporting period. This would include, for example, revenue from initial, one-off and ad hoc *adviser charges*, irrespective of whether the charge is paid as a single payment or through regular instalments.

Where an initial *adviser charge* is paid through regular instalments, which is only permitted in limited cases (as set out in COBS 6.1A.22R), only the amounts due within the reporting period should be reported. This is illustrated in example 2.

Example 2 - Reporting revenue from initial adviser charges payable in instalments

A *firm* giving *independent advice* provides advice to a *retail client* about a *retail investment product* where regular contributions are being made and there is a £600 initial *adviser charge* payable in two equal amounts – now and in 12 months' time. *Firms* should report £300 in row 2, as this is the amount due from that *retail client* within the reporting period. The remaining £300 of the total *adviser charge* payable would be reported for a future reporting period when it is due from the *retail client*.

Revenue from ongoing *adviser charges* (rows 3 and 8)

*Firms* should report the total revenue due within the reporting period for *adviser charges* for ongoing services which are not initial charges.

Where a *firm* has an agreement to provide both initial and ongoing advice, the revenue for the initial and ongoing advice services should be reported separately in rows 2 and 3 respectively for *independent advice*, and 7 and 8 for *restricted advice*.

Where a *firm* charges a *retail client* a fee for advice on a *retail investment product* and a *pure protection contract* or mortgage, *firms* should only report the *adviser charge* that relates to the *retail investment product*. This is illustrated in example 3.

Example 3 – Advice in relation to a retail investment product and non-investment product

A *firm* giving *independent advice* charges a *retail client* £1,000 for initial advice in relation to both a *retail investment product* and a *pure protection contract*. *Firms* should only report the *adviser charge* for the investment advice. In this case, the *firm's* charging structure quotes the cost of this investment advice as £600; therefore, £600 should be reported in row 2.

If a *firm* makes a management charge which covers *adviser charges* and charges for services that do not relate to a *personal recommendation* on *retail investment products*, then it should report the full amount of the management charge received. *Firms* should not differentiate between the amounts relevant to the different services. For example, if a *firm* makes a management charge for a non-discretionary management service that predominantly relates to advice on stocks and shares, but provides *personal recommendations* on *retail investment products* as part of this service, then it should report the whole of this charge.

If the *adviser charge* is partially paid directly by the *retail client* and partially facilitated by a *retail investment product* provider, the proportion of the *adviser charge* paid through each method should be reported separately on the form in the relevant columns. This is illustrated in example 4.

**Example 4 – Reporting adviser charges that are paid by retail clients from more than one source**

A *retail client* agrees to pay £1,000 for initial advice provided by a *firm* giving *independent advice* for a single contribution investment. The *retail client* pays £600 directly from their bank account, with £400 facilitated by a *platform service provider*. The form would be completed as follows:

Types of advice provided		A	
1	Indicate the type(s) of advice provided by the <i>firm</i>	Independent	

**Section 1 – Independent advice**

	A	B	
	<i>Adviser charges</i> paid direct by <i>retail clients</i>	<i>Adviser charges</i> facilitated by product providers or <i>platform service providers</i>	
<b>Retail investment products revenue from adviser charges (monetary amount)</b>			
2	Revenue from all initial <i>adviser charges</i> including initial, one-off and ad hoc <i>adviser charges</i>	£600	£400
3	Revenue from ongoing <i>adviser charges</i>		
<b>Payments of initial adviser charges (number)</b>			
4	Aggregate number of initial <i>adviser charges</i> payable as lump-sum payments due from <i>retail clients</i> within the reporting period	0.60	0.40
5	Aggregate sum of the proportion of initial <i>adviser charges</i> , payable through regular instalments, due from <i>retail clients</i> within the reporting period		

Please note: for the purpose of this example, rows 4 to 5 are also completed.

If a *firm* offsets the *adviser charge* due from the *retail client* with trail commission received from an investment *product provider* for investments held by that *retail client* before 31 December 2012, *firms* should report the total *adviser charge* that is agreed with the *retail client*. This is illustrated in example 5. The conditions under which a *firm* may receive such commission are set out in ■ COBS 6.1A.4AR and there is further guidance at ■ COBS 6.1A.4AAG.

**Example 5 – Commission offset against an adviser charge**

A *firm* giving *independent advice* enters into an agreement to provide a *retail client* with ongoing advice. The *firm* charges the *retail client* £500 for this ongoing advice, but receives £200 in trail commission for existing investments held by the *retail client*. This trail commission is used to reduce the actual amount due from the *retail client* to £300. *Firms* should report the full £500 *adviser charge* in row 3, as this is the total *adviser charge* agreed with the *retail client*.

Payments of initial adviser charges (rows 4, 5, 9 and 10)

The data reported in this section of the form relates to the number of initial advice services provided within the reporting period, as at the end of the reporting period. This would include the number of services for which there are initial, one-off and ad hoc *adviser charges*. The data provided should be reported to two decimal places.

Aggregate number of initial *adviser charges* payable as lump sum payments due from *retail clients* within the reporting period (rows 4 and 9)

*Firms* should report the total number of initial adviser services provided where the *adviser charge* is payable as a single payment and due from *retail clients* in the reporting period, i.e. the *retail client* pays the entire initial *adviser charge* in one payment. Data reported in this section should be broken down by the way the *adviser charge* is paid. Where an individual *retail client* pays the initial *adviser charge* through more than one source, the proportion of the total payment made by that individual *retail client* should be identified and reported as a fraction to two decimal places in the applicable columns, as in example 4 above.

If an initial *adviser charge* is not paid in full, it should be recorded under row 5 where *independent advice* is provided or row 10 where *restricted advice* is given.

Aggregate sum of the proportion of initial *adviser charges*, payable through regular instalments, due from *retail clients* within the reporting period (rows 5 and 10)

An initial *adviser charge* may be structured to be payable over a period of time when it relates to a *retail investment product* for which an instruction from the *retail client* for regular payments is in place and the *firm* has disclosed that no ongoing *personal recommendations* or service will be provided (COBS 6.1A.22R(2)).

*Firms* should calculate the proportion of initial *adviser charges*, payable through regular instalments, that were due from each *retail client* within the reporting period. Each instalment due within the reporting period should be captured by the *firm* as a fraction expressed as a decimal, to two decimal places, representing the amount paid off as a proportion of the amount owed. The sum of these proportions should be reported in the appropriate data field (row 5 for *independent advice* and row 10 for *restricted advice*) to two decimal places.

Data reported in this section should be broken down by the way the *adviser charge* is paid. Where the *retail client* pays an initial *adviser charge* through more than one source, the proportion of the charge paid through each source should be identified and reported in the applicable column.

Data for rows 5 and 10 can be calculated either using (1) the length of the repayment period, if these instalments are of equal value or (2) the amount paid. These two methods are outlined below (both methods should arrive at the same answer).

(1) For each *retail client* calculate the number of *months* in the reporting period in which equal instalments are made divided by the total number of *months* in which payments are due to be made. Report the sum of the proportions based on payment mechanism and type of advice in the appropriate field.

(2) For each instalment calculate the amount paid divided by the total amount due. Report the sum of the proportions based on payment mechanism and type of advice in the appropriate field.

This is illustrated in examples 6 and 7.

**Example 6 – Reporting the number of initial adviser charges invoiced as regular payments**

An *firm* giving *independent advice* provides advice to *retail client A* about an investment where regular contributions are being made and a £600 initial *adviser charge* is payable in two equal amounts – now and in 12 *months'* time. *Firms* should report 0.50 in row 5 for *retail client A*, as half the total initial *adviser charge* was payable within the reporting period. 0.50 would also be reported in a future reporting period, when the remaining *adviser charge* is due from *retail client A*.



The same *firm* provides advice to another *retail client* B about an investment where regular contributions are being made. A £900 initial *adviser charge*, payable in three equal instalments over the next three reporting periods, is agreed. 0.33 would be reported in row 5 for *retail client* B, as one-third of the total initial *adviser charge* is payable as at the end of the reporting period.

Reflecting the agreements with *retail clients* A and B, the form would be completed as follows:

SUP\_16\_ann\_18B\_01.pdf

SUP\_16\_ann\_18B\_02.pdf

Number of one-off advice services (rows 6 and 11)

Total number of initial advice services, including initial, one-off and ad hoc advice services, provided within the reporting period (rows 6 and 11)

*Firms* should report the total number of distinct, chargeable one-off advice services provided to *retail clients* during the reporting period. This includes any advice given that was not funded through an ongoing *adviser charge*, which could include, for example, initial, one-off and ad hoc advice services for which there is a corresponding initial *adviser charge*.

Rows 6 and 11 measure the number of one-off advice services provided to *retail clients* in the reporting period. Where the same *retail client* received more than one such advice service, such as an initial advice service and a separate ad hoc advice service that was funded through a separate *adviser charge*, this should be reported as two one-off advice services.

Any advice agreements that were cancelled, with no initial *adviser charge* being paid, or where any initial charge paid was returned to the *retail client*, should not be reported. However, any initial advice services where the *retail client* paid an *adviser charge* to the adviser, even if the *retail client* did not act on the recommendations of that adviser, should be reported.

To illustrate the difference between data reported by an *independent advice firm* in row 6 and that previously provided in rows 4 and 5 (or where *restricted advice* has been provided, the difference between the data reported in row 11 and that previously provided in rows 9 and 10) please see example 8.

SUP\_16\_ann\_18B\_03.pdf

To extend this example into the next reporting period (rp2):

- Assume the same *firm* provided an initial advice service to four *retail clients* in the reporting period rp2 but did not provide any ad hoc services to any other *retail clients*.
- Each *retail client* paid the *adviser charges* for the initial advice services by a lump sum within the reporting period.
- The *retail client* that received an initial advice service on an investment where regular contributions were being made in the previous reporting period (rp1), and was paying their *adviser charge* in two equal instalments across two reporting periods, was due to pay the final instalment within the reporting period rp2.

Again assuming all *retail clients* paid the *adviser charge* directly from their bank account and *independent advice* was given by the *firm*, the form for reporting period rp2 would be completed as follows:

SUP\_16\_ann\_18B\_04.pdf

Retail clients paying for ongoing advice services (rows 12 – 14)

Number of *retail clients* paying      *Firms* should report the number of *retail clients* paying for ongoing

for ongoing advice services at the end of the reporting period (row 12)	<p>advice services (i.e. paying ongoing <i>adviser charges</i>) at the end of the reporting period.</p> <p>This would include any <i>retail clients</i> who have an ongoing adviser charging agreement, even if the <i>adviser charges</i> due are, fully or partially, offset with trail commission received from a <i>retail investment product</i> provider in respect of an investment held by that <i>retail client</i> before 31 December 2012. Any <i>retail clients</i> on a contract entered into before 31 December 2012, whereby the <i>retail client</i> has not entered into an ongoing adviser charging agreement and any ongoing advice received is fully funded through provider commission, should be excluded. Any such commission payments would need to meet the rules in COBS 6.1A.4AR and COBS 6.1A.4AAG.</p>
Number of <i>retail clients</i> who start paying for ongoing advice services during the reporting period (row 13)	<p><i>Firms</i> should report the number of <i>retail clients</i> that started paying for an ongoing advice service (i.e. paying ongoing <i>adviser charges</i>) within the reporting period. This could include:</p> <ul style="list-style-type: none"><li>• new <i>retail clients</i> to the <i>firm</i> that agreed to start paying for an ongoing advice service;</li><li>• existing <i>retail clients</i> of the <i>firm</i> that may, for example, have previously received an initial advice service but had started paying for ongoing advice in the reporting period;</li></ul> <p>existing retail clients of the <i>firm</i> that were previously on a commission-based agreement established before 31 December 2012, but moved to an adviser charging agreement and started paying ongoing <i>adviser charges</i> in the reporting period.</p>
Number of <i>retail clients</i> who stop paying for ongoing advice services during the reporting period (row 14)	<p><i>Firms</i> should report the number of <i>retail clients</i> that were paying an <i>adviser charge</i> for ongoing advice during the reporting period, but stopped paying for ongoing advice by the end of the reporting period.</p>

In completing rows 12 to 14, some *firms* may find it easier to report the number of ongoing advice agreements with *retail clients* rather than the number of *retail clients* receiving ongoing advice. For example, if a *firm* has a single advice agreement with a couple, this agreement can be reported as '1' on the return even though, in effect, two *retail clients* are receiving advice. In contrast, if a *firm* has separate advice agreements for each individual member of the couple, this should be reported as '2' on the return.

Types of adviser charging structures (rows 15 – 22)

*Firms* should provide data for all charging structures which are relevant to their *firm*, with those that are not relevant left blank. The minimum and maximum *adviser charge* reported should be reported to two decimal places.

Some *firms* may operate a range of different *adviser charges* relating to different advice services they offer or the amount invested by a *retail client*, such as 0.25% for a basic ongoing advice service and 0.75% for a premium ongoing service. In this example, 0.25% should be reported as the minimum *adviser charge* in row 20 and 0.75% as the maximum. Likewise, if 0.75% was charged for the first £50,000 under advice and 0.50% for amounts exceeding £50,000 – 0.50% should be reported as the minimum and 0.75% as the maximum.

Where a *firm* charges different hourly rates dependent on which individual in the *firm* undertakes work on behalf of the *retail client*, *firms* should ensure that their typical charging structure reflects, as closely as practicable, the total *adviser charge* the *retail client* will pay. So, for example, where it is unlikely that a *retail client* could simply pay for one hour of a paraplanner's time, as an adviser would always need to be involved to provide a *personal recommendation*, it would be misleading to quote the paraplanner's hourly rate as the minimum hourly *adviser charge* levied by the *firm*. Instead the minimum charge should be based on the total *adviser charge* payable for the service as a whole.

The data provided in this section can be based on the *firm's* published tariff or price lists for disclosing the costs of adviser services to *retail clients* and will only require updating as and when the tariff is updated (although *firms* are required to resubmit this data in every reporting period). The only exception

to this will be when the *firm* offers a combined charging structure (reported in rows 18 and 22), such as where there is a fixed fee and also a percentage of investment charge. Under these types of combined charging structure arrangements, *firms* should record the actual minimum and maximum charges charged in the reporting period. For example, where the *firm's* charging structure is a combination of a fixed fee element and a percentage basis, the *firm* will need to work out what the actual maximum and minimum *adviser charges* charged in the reporting period were in order to report values as a monetary amount.

Where a *firm* has no range in their charging structure, the minimum and maximum *adviser charges* should be recorded as the same.

Where a *retail client* agrees an initial *adviser charge* for a *retail investment product* for which an instruction for regular contributions is in place and the *adviser charge* is payable in instalments, to complete rows 15 to 22 *firms* should report the total *adviser charge*, even if that advice is paid over different reporting periods. This is illustrated in example 9.

Example 9 – Reporting the adviser charging structures invoiced as regular payments

A *firm* provides advice on a *retail investment product* where regular contributions are being made, with a 2% *adviser charge* payable in three equal instalments over different reporting periods. For the purpose of completing row 16, the *adviser charge* would be 2.00%.

Likewise, if the *adviser charge* was £600 as a fixed fee payable in three equal instalments over different reporting periods, for the purpose of completing row 17, the *adviser charge* would be £600.00.

Where an ongoing *adviser charge* is payable more frequently than once a year (e.g. the ongoing *adviser charge* is payable monthly, quarterly or six-monthly), the annualised amount due from the *retail clients* should be reported in rows 20 and 21. This is illustrated in example 10.

Example 10 – Reporting ongoing adviser charging structures where retail clients pay the ongoing adviser charge on a monthly, quarterly or six-monthly basis

A *firm* charges its *retail clients* between £20 and £50 per month for ongoing advice. For the purpose of completing row 21, the annual amount due from the *firm's retail clients* should be reported. So, in this example, the minimum ongoing *adviser charge* would be £240 and the maximum £600.

Another *firm* charges its *retail clients* a flat 0.5% of assets under advice for providing an ongoing advice service during the year. Even where this charge is levied monthly, quarterly or six-monthly, 0.50% should be reported in row 20.

Section M Pension Transfer Specialist advice

The data in this section should only relate to advice on *pension transfers* or *pension conversions*, meaning advice on the merits of a *pension transfer* or a *pension conversion* from *defined benefits pension schemes* or other *safeguarded benefits* but excluding transfers from or conversions of *safeguarded benefits* that are *guaranteed annuity rates*. A *retail client* transferring or converting multiple defined benefit pensions should be counted as a single *retail client* within RMA-M.

For this *guidance* on section M, all questions below relate to activity in the reporting period.

Guide for completion of individual fields

Qualifying question		
1	Has the <i>firm</i> or its <i>appointed representatives</i> provided advice to <i>retail clients</i> on converting or transferring from <i>defined benefits (DB) pension schemes</i> or other pensions with <i>safeguarded benefits</i> (excluding <i>guaranteed annuity rates</i> ) in the reporting period?	This should include advice that was either <i>full pension transfer</i> or <i>conversion advice</i> or <i>abridged advice</i> .  If the answer to the qualifying question is no, then no further questions need to be answered.
Part 1 – Business model		
2	How many <i>retail clients</i> in total did the <i>firm</i> and its <i>appointed representatives</i> provide with	This should only include the total number of <i>retail clients</i> that were provided with <i>full pension</i>



Qualifying question		
	only <i>full pension transfer or conversion advice</i> ?	<i>transfer or conversion advice</i> , including those that were recommended not to transfer or convert. It should exclude <i>retail clients</i> that were only provided with <i>abridged advice</i> .
3	How many <i>retail clients</i> in total did the <i>firm</i> and its <i>appointed representatives</i> provide with <i>abridged advice</i> ?	This should include the total number of <i>retail clients</i> that were provided with <i>abridged advice</i> , including those that were recommended not to transfer or convert and those that proceeded to take <i>full pension transfer or conversion advice</i> .
4	How many <i>pension transfer specialists</i> were employed by, or working under the responsibility of, the <i>firm</i> and its <i>appointed representatives</i> at the end of the reporting period? Please provide the full-time equivalent numbers.	This should include all <i>pension transfer specialists</i> providing advice under the authorisation of the <i>firm</i> completing this return. This should not include <i>pension transfer specialists</i> working alongside the <i>firm</i> , but under responsibility of another authorised <i>firm</i> . Please express as full-time-equivalent numbers eg an individual working 4 out 5 days per week should be recorded as 0.80 FTE. Data must be entered to 2 decimal places.
5	How many introductions for advice on <i>pension transfers</i> and <i>pension conversions</i> were accepted by the <i>firm</i> , or its <i>appointed representatives</i> , from other authorised <i>firms</i> ?	This should include introductions for <i>full pension transfer or conversion advice</i> and <i>abridged advice</i> . This should not include introductions from <i>firms</i> or individuals that are not authorised.
6	How many introductions for advice on <i>pension transfers</i> and <i>pension conversions</i> were accepted by the <i>firm</i> , or its <i>appointed representatives</i> , from introducer <i>firms</i> that were not authorised?	This should include introductions for <i>full pension transfer or conversion advice</i> and <i>abridged advice</i> . This should not include referrals not done by way of business, for example by friends or family. Nor should it include referrals from <i>UK</i> accredited accountancy or legal <i>firms</i> that are regulated by a <i>designated professional body</i> .  For more information on introducers, please see our website: <a href="https://www.fca.org.uk/news/news-stories/investment-advisers-responsibilities-accepting-business-unauthorised-introducers-lead-generators">https://www.fca.org.uk/news/news-stories/investment-advisers-responsibilities-accepting-business-unauthorised-introducers-lead-generators</a>
7	Of the total <i>retail clients</i> in Question 2, how many did the <i>firm</i> and its <i>appointed representatives</i> provide with <i>full pension transfer or conversion advice</i> but not on the investment	This is specifically looking for the number of <i>retail clients</i> where the choice of investment for the proceeds of the transfer has been recommended by another authorised <i>firm</i> or chosen

Qualifying question		
	of proceeds of the transfer or conversion?	by the <i>retail client</i> (whether based on information provided by an introducer or not).
Part 2 – Appointed representatives		
8	Of the <i>retail clients</i> who were reported under Question 2, how many were advised by an <i>appointed representative</i> of the <i>firm</i> ?	This is specifically looking for the number of <i>retail clients</i> advised by the <i>firm's appointed representatives</i> .
9	Of the <i>retail clients</i> reported in Question 3, how many were given <i>abridged advice</i> by an <i>appointed representative</i> of the <i>firm</i> ?	As with Question 8, this is specifically looking for the number of <i>retail clients</i> advised by <i>appointed representatives</i> .
10	Focusing on the <i>appointed representative</i> that gave <i>full pension transfer or conversion advice</i> to the most <i>retail clients</i> , how many <i>retail clients</i> did they advise?	<i>Firms</i> should identify the <i>appointed representative</i> that provided <i>full pension transfer or conversion advice</i> to the highest number of <i>retail clients</i> .
Part 3 – Personal recommendations to transfer		
11	Of the <i>retail clients</i> reported in Question 2, how many did the <i>firm</i> and its <i>appointed representatives</i> provide with a <i>personal recommendation</i> to transfer or convert their pension?	This should include the total number of <i>retail clients</i> that were provided with <i>full pension transfer or conversion advice</i> , excluding those that were recommended not to transfer or convert.
12	Of the <i>retail clients</i> in Question 11, what was the total transfer value of the <i>pension transfers</i> and <i>pension conversions</i> ?	This should be the total transfer value of <i>pension transfers</i> and <i>pension conversions</i> collected by the <i>principal firm</i> and <i>appointed representatives</i> from those <i>retail clients</i> provided with a <i>personal recommendation</i> to transfer or convert their pension (as reported under Question 11).
13	Of the <i>retail clients</i> reported in Question 11, what was the total revenue derived from initial <i>advisory charges</i> for <i>full pension transfer advice</i> , including advice on the investment of the proceeds?	This should be the total revenue collected by the <i>principal firm</i> and <i>appointed representatives</i> for the initial <i>advisory charges</i> for <i>full pension transfer or conversion advice</i> . This should include all initial charges for the <i>full pension transfer or conversion advice</i> , including the investment advice on the proposed destination where relevant, and arranging a <i>pension transfer</i> or <i>pension conversion</i> . It should exclude any ongoing charges the <i>retail client</i> has agreed to pay. It should also exclude any separate initial charges for <i>abridged advice</i> .

Qualifying question		
14	Of the <i>retail clients</i> reported under Question 11, how many satisfied the requirement for one or more of the exceptions to the ban on contingent charging and so charged in full or partially on a contingent basis?	<p>This should include the total number of <i>retail clients</i> that were provided with a <i>personal recommendation</i> to transfer or convert their pension, that were also charged in full or partially on a contingent basis.</p> <p>Only <i>retail clients</i> that satisfy the requirement for the serious ill-health carve-out exemption and/or the serious financial difficulty carve-out exemption may be charged in full or partially on a contingent basis.</p>
Part 4 – Personal recommendations not to transfer		
15	Of the <i>retail clients</i> reported in Question 2, how many did the <i>firm</i> and its <i>appointed representatives</i> provide with a <i>personal recommendation</i> not to transfer or convert their pension after receiving <i>full pension transfer or conversion advice</i> ?	This should include the total number of <i>retail clients</i> that were provided with a <i>personal recommendation</i> NOT to transfer or convert their pension after receiving only full pension transfer or conversion advice. This should not include <i>abridged advice</i> recommendations.
16	Of the <i>retail clients</i> reported in Question 3, how many did the <i>firm</i> and its <i>appointed representatives</i> provide with a <i>personal recommendation</i> not to transfer or convert their pension after receiving <i>abridged advice</i> ?	This should include the total number of <i>retail clients</i> that were provided with a <i>personal recommendation</i> NOT to transfer or convert their pension after receiving only <i>abridged advice</i> . This should not include <i>full pension transfer or conversion advice</i> recommendations.
17	Of the <i>retail clients</i> reported in Question 15, what was the total transfer value of the <i>pension transfers</i> and <i>pension conversions</i> ?	This should include the total transfer value of <i>retail clients</i> provided with a <i>personal recommendation</i> not to transfer or convert their pension after receiving <i>full pension transfer or conversion advice</i> .
18	Of the <i>retail clients</i> reported in Question 15, what was the total revenue derived from the initial <i>advisory charges</i> for <i>full pension transfer or conversion advice</i> on the <i>pension transfers</i> and <i>pension conversions</i> ?	<p>This should be the revenue collected by the principal <i>firm</i> and <i>appointed representatives</i>.</p> <p>This should not include transfer revenue from <i>abridged advice</i> recommendations.</p>
19	Of the <i>retail clients</i> reported in Question 16, what was the total revenue derived from <i>abridged advice</i> on <i>pension transfers</i> and <i>pension conversions</i> ?	This should be the revenue collected by the principal <i>firm</i> and <i>appointed representatives</i> .
20	For how many <i>retail clients</i> did the <i>firm</i> arrange a <i>pension transfer or conversion</i> on an insistent client basis after provid-	<i>Retail clients</i> should only be considered insistent clients if the <i>firm</i> or its <i>appointed representatives</i> initially provided a per-

Qualifying question

21	<p>ing <i>full pension transfer or conversion advice</i>?</p> <p>Of the <i>retail clients</i> that satisfied the requirement for one or more of the exceptions to the ban on contingent charging and charged in full or partially on a contingent basis, what was the total initial revenue derived from the <i>firm</i> accepting to process the <i>pension transfers</i> or <i>pension conversions</i> on a non-insistent client basis (including providing advice on the investment of the proceeds)?</p>	<p>sonal recommendation not to transfer following <i>full pension transfer or conversion advice</i>.</p> <p>This should be the total initial revenue derived from <i>retail clients</i> that satisfy the requirement for one of the exceptions to the ban on contingent charging and charged in full or partially on a contingent basis, and that <b>WERE NOT</b> processed on an insistent client basis.</p> <p>Only <i>retail clients</i> that satisfy the requirement for the serious ill-health carve-out exemption and/or the serious financial difficulty carve-out exemption may be charged in full or partially on a contingent basis.</p>
22	<p>Of the <i>retail clients</i> that satisfied the requirement for one or more of the exceptions to the ban on contingent charging and charged in full or partially on a contingent basis what was the total initial revenue derived from the <i>firm</i> accepting to process the <i>pension transfers</i> or <i>pension conversions</i> on an insistent client basis (including providing advice on the investment of the proceeds)?</p>	<p>This should be the total initial revenue derived from <i>retail clients</i> that satisfy the requirement for one of the exceptions to the ban on contingent charging and charged in full or partially on a contingent basis, and that <b>WERE</b> processed on an insistent client basis.</p> <p>Only <i>retail clients</i> that satisfy the requirement for the serious ill-health carve-out exemption and/or the serious financial difficulty carve-out exemption may be charged in full or partially on a contingent basis.</p>
<p>Part 5 – Ongoing services</p> <p>23</p>	<p>How many <i>retail clients</i> did the <i>firm</i> arrange a <i>pension transfer</i> or <i>pension conversion</i> for?</p>	<p>This should be measured at the point of receiving the <i>retail client's</i> request to arrange a <i>pension transfer</i> or <i>pension conversion</i>.</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>•those advised to transfer or convert by the <i>firm</i> or its <i>appointed representatives</i> (as reported in Question 11);</li> <li>•insistent client transfers or conversions (as reported in Question 20); and</li> <li>•any <i>retail client</i> that did not receive advice on the transfer or conversion by the <i>firm</i> (for example, for less than £30k pots or those transfers or conversions executed by the <i>firm</i> where the <i>retail client</i> had re</li> </ul>

Qualifying question		
24	Of the <i>retail clients</i> in Question 23, how many agreed to an ongoing advice service provided by the <i>firm</i> its <i>appointed representatives</i> ?	ceived advice from a different <i>firm</i> ). This should be the total number of <i>retail clients</i> that the <i>firm</i> arranged a <i>pension transfer</i> or <i>pension conversion</i> for, that also agreed to an ongoing advice service provided by the <i>firm</i> or its <i>appointed representatives</i> ?
Part 6 – Charging structures		
25	Of the <i>retail clients</i> reported in Question 2, how many were advised under a charging structure which meant the advisory charge was only payable if the retail client proceeded with the transfer or conversion (charging fully or partially contingent on a transfer or conversion taking place)?	This should be the total number of <i>retail clients</i> that were eligible one or more of the exemptions to the ban on contingent charging and charged in full or partially on a contingent basis.
26	Of the <i>retail clients</i> reported under Question 2, how many were advised under a charging structure which meant that the <i>advisory charge</i> remained the same whether or not the <i>retail client</i> proceeded with the transfer or conversion? (charging completely non-contingent)	This should be the total number of <i>retail clients</i> that were not eligible for one or more of the exceptions to the ban on contingent charging and charged in full on a non-contingent basis. This excludes <i>retail clients</i> who only received <i>abridged advice</i> .
Part 7 – Product and investment solutions		
27	How many <i>retail clients</i> proceeded to transfer or convert into an investment solution that had annual ongoing product and investment charges (excluding ongoing advice charges) of 0.75% or less?	This should include all charges associated with the ongoing investment eg discretionary fund management, platform, product, tax wrapper or investment charges. This should not include ongoing advice charges. Where the cost is expected to vary over time, include the average for the first 5 years. This should not include <i>retail clients</i> that did not plan to have any money remain invested, such as those immediately making a full encashment or purchasing an annuity with the full balance of the transfer.
28	How many <i>retail clients</i> proceeded to transfer or convert into an investment solution that had annual ongoing product and investment charges (excluding ongoing advice charges) of more than 0.75% and less than or equal to 1.5%?	This should include all costs associated with the ongoing investment eg discretionary fund management, platform, product, tax wrapper or investment charges. This should not include ongoing advice charges. Where the cost is expected to vary over time, include the average for the first 5 years. This should

Qualifying question

29	How many <i>retail clients</i> proceeded to transfer or convert into an investment solution that had annual ongoing product and investment charges (excluding ongoing advice charges) of more than 1.5%?	not include <i>retail clients</i> that did not plan to have any money remain invested, such as those immediately making a full encashment or purchasing an annuity with the full balance of the transfer.  This should include all costs associated with the ongoing investment eg discretionary fund management, platform, product, tax wrapper or investment charges. This should not include ongoing advice charges. Where the cost is expected to vary over time, include the average for the first 5 years. This should not include <i>retail clients</i> that did not plan to have any money remain invested, such as those immediately making a full encashment or purchasing an annuity with the full balance of the transfer.
30	How many <i>retail clients</i> proceeded to transfer into a solution that had higher ongoing charges than their workplace pension?	This should include <i>retail clients</i> advised to transfer and insistent client transfers. This should not include <i>retail clients</i> that planned to immediately withdraw the full balance on transfer. It should also not include <i>retail clients</i> without a workplace pension or where the workplace pension would not accept a transfer.
31	How many <i>retail clients</i> proceeded to transfer into a workplace pension?	This question refers to those <i>retail clients</i> that proceeded to transfer to a workplace pension covered by 0.75% charge cap.
32	How many <i>retail clients</i> proceeded to transfer or convert where the investment solution included investments subject to regulatory restrictions on retail distribution?	This should include <i>retail clients</i> advised to transfer and insistent client transfers. For investments subject to restrictions on retail distribution see COBS 9.3.5G: <a href="https://www.handbook.fca.org.uk/handbook/COBS/9/3.html?date=2016-03-07">https://www.handbook.fca.org.uk/handbook/COBS/9/3.html?date=2016-03-07</a>
33	How many <i>retail clients</i> proceeded to transfer into a qualifying recognised overseas pension scheme (QROPs) or another overseas pension scheme?	This should include <i>retail clients</i> advised to transfer and insistent client transfers.
Part 8 – Guidance		
34	How many <i>retail clients</i> were provided with guidance (eg through a triage service) in the reporting period?	This should include <i>retail clients</i> that were provided with guidance from the <i>principal firm</i> and its <i>appointed representative</i> only.

Qualifying question		
35	Of the <i>retail clients</i> reported under Question 2, how many were provided with guidance (eg through a triage service)?	This should include the total number of <i>retail clients</i> that the <i>firm</i> and its <i>appointed representatives</i> provided with <i>full pension transfer or conversion advice</i> that were also provided with guidance.





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## **Mortgage Lenders & Administrators Return ('MLAR')**

This annex consists only of one or more forms. Forms are to be found through the following address:

*Mortgage Lenders and Administrators Return ('MLAR') - SUP 16 Annex 19A R*



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## **Mortgage Lenders & Administrators Return ('MLAR') - sub-forms for second charge regulated mortgage activity**

This annex consists only of one or more forms. Forms are to be found through the following address:

Mortgage Lenders & Administrators Return ('MLAR') - sub-forms for second charge regulated mortgage activity - SUP 16 Annex 19AA R



Notes for completion of the Mortgage Lenders & Administrators Return ('MLAR')

Contents	
Introduction:	General notes on the return
Section A:	Balance Sheet
Section B:	Profit & Loss Account
Section C:	Capital
Section D:	Lending: Business Flows & Rates
Section E:	Residential Lending to Individuals: New Business Profile
Section F:	Lending: Arrears Analysis
Section G:	Mortgage Administration: Business profile
Section H:	Mortgage Administration: Arrears analysis
Section J:	Fee tariff measures
Section K:	Sale and rent back (SRB agreement) business
Section L:	Credit risk
Section M:	Liquidity

INTRODUCTION: GENERAL NOTES ON THE RETURN

1. Introduction

This section covers a number of points that have relevance across the return generally:

- Overview
- Purpose of reporting requirements
- Regulated mortgage contracts and the wider mortgage market
- Home reversion plans and Home purchase plans
- Sale and rent back business
- Accounting conventions
- Accuracy
- Time period
- Loans made before 31 October 2004
- Second charge regulated mortgage contracts
- Specific items:
  - (i) positions to be reported gross
  - (ii) foreign currencies

2. Overview of reporting requirements

The data requirements for *firms* carrying on the *regulated activities* of *home finance providing activity* and *administering a home finance transaction* consist of quarterly, half yearly and annual information. The same data requirements apply to a *P2P platform operator* facilitating *home finance transactions* where a lender or provider does not require permission to enter into the transaction, and references to *home finance providers* or *home finance administrators* should be read as including such *P2P platform operators*, where relevant.

This *guidance* deals only with the quarterly requirements, however, which are referred to as the Mortgage Lenders and Administrators Return (*MLAR*). The remaining data requirements are applied to *firms* through existing rules within the following sections of the *Handbook*:

- the Dispute Resolution: Complaints sourcebook for complaints reporting; and
- Chapter 16 of the Supervision manual for controllers reports (section 16.4), close links report (section 16.5) and annual accounts (section 16.12).

Because the *MLAR* is activity based, not all sections are applicable to all types of *home finance activity firm*. The applicability of each section is explained in the table below:

Section	Applicability:
A1 and A2: Balance sheet	Applies to all <i>home finance activity firms</i> except: <ul style="list-style-type: none"><li>• A <i>firm</i> that is required to submit a balance sheet by a lower numbered <i>regulated activity group</i>, as described in SUP 16.12.3R(1)(a)(iii)</li><li>• An <i>incoming EEA firm</i> (note a)</li></ul>
A3: Analysis of loans to customers	Applies to all <i>home finance activity firms</i>
A4: Analysis of second charge loans to customers	Applies to all <i>home finance activity firms</i> in respect of <i>second charge regulated mortgage contracts</i> .
B1: Income statement	Applies to all <i>home finance activity firms</i> except: <ul style="list-style-type: none"><li>• A <i>firm</i> that is required to submit an income statement by a lower numbered <i>regulated activity group</i>, as described in SUP 16.12.3R(1)(a)(iii)</li><li>• An <i>incoming EEA firm</i> (note a)</li></ul>
B2: Provisions analysis	Applies to all <i>home finance activity firms</i>
C: Capital	Applies to all <i>home finance activity firms</i> except: <ul style="list-style-type: none"><li>• A <i>firm</i> that is required to submit a capital adequacy data item by a lower numbered <i>regulated activity group</i>, as described in SUP 16.12.3R(1)(a)(iii)</li><li>• An <i>incoming EEA firm</i> (note a)</li><li>• A <i>firm</i> which is a solo-consolidated subsidiary of an authorised <i>credit institution</i></li><li>• A <i>firm</i> which exclusively carries on <i>home finance activities</i> in relation to <i>second charge regulated mortgage contracts</i>, as set out in SUP 16.12.18BR (note 4).</li></ul>
D: Lending: business flows and rates	Applies to all <i>firms</i> with <i>permission</i> to undertake a <i>home finance providing activity</i> except: <ul style="list-style-type: none"><li>• <i>SRB agreement providers</i></li><li>• <i>SRB administrators</i></li></ul>
D(a): Second charge business flows and rates	Applies to all <i>home finance providing activity firms</i> in respect of <i>second charge regulated mortgage contracts</i> .

Section	Applicability:
E: Residential lending to individuals: new business profile	Applies to all <i>firms</i> with <i>permission</i> to undertake a <i>home finance providing activity</i> except: <i>SRB agreement providers</i> <i>SRB administrators</i>
E1(a) and E2(a): Second charge lending to individuals	Applies to all <i>home finance providing activity firms</i> in respect of <i>second charge regulated mortgage contracts</i> .
F: Lending: Arrears Analysis	Applies to all <i>firms</i> with <i>permission</i> to undertake a <i>home finance providing activity</i> except: • <i>SRB agreement providers</i> • <i>SRB administrators</i>
F(a): Second charge lending: Arrears analysis	Applies to all <i>home finance providing activity firms</i> in respect of <i>second charge regulated mortgage contracts</i> .
G: Mortgage Administration: Business Profile	Applies to all <i>firms</i> with <i>permission</i> to undertake <i>administering a home finance transaction</i> , except: • <i>SRB administrators</i>
H: Mortgage Administration: Arrears analysis	Applies to all <i>firms</i> with <i>permission</i> to undertake <i>administering a home finance transaction</i> , except: • <i>SRB administrators</i>
H(a): Second charge mortgage administration: Arrears analysis	Applies to all <i>firms</i> with <i>permission</i> to undertake <i>administering a home finance transaction</i> , in respect of <i>second charge regulated mortgage contracts</i> .
J: Fee tariff measures	Applies to all <i>home finance activity firms</i>
K: Sale and rent back business	Applies to <i>SRB agreement providers</i> and <i>SRB administrators</i>
L: Credit risk	Applies to a <i>firm</i> that meets the conditions of SUP 16.12.18BR (notes 2 and 4).
M: Liquidity	Applies to a <i>firm</i> that meets the conditions of SUP 16.12.18BR (notes 3 and 4).
Note (a): <i>Credit Institutions</i> passporting under BCD for mortgage lending (which also includes mortgage administration), or other <i>firms</i> passporting under another EU Directive for a non-mortgage activity and holding a <i>top-up permission</i> from the appropriate regulator for mortgage lending and/or mortgage administration. Also includes <i>firms</i> classed as "Treaty firms" under Schedule 4 of the Act. But any other EEA firm type should complete in full all sections of the MLAR described above this table, as it would not be eligible for any reduction in reporting requirements.	

## 3. Purpose of reporting requirements

The reasons why the FCA requires this data from *home finance providers* and *administrators* are as follows:

- to assess the probability of the failure of *firms* and the impact of failure on the ability of the FCA to meet its statutory objectives, including an assessment of compliance with the *threshold conditions*;
- to assist with prudential supervision of *firms*; and
- to help assess the risks in the home finance market as a whole to inform, for example, the FCA's thematic work. By this we mean that we will use some of our supervisory resources to examine issues (known as 'themes') that affect a number of *firms* rather than *firms* individually. The data collected will

be considered alongside other information we receive, to identify trends and issues that inform our supervision of *firms*.

The *MLAR* requires *home finance providers* and *administrators* to submit four types of data:

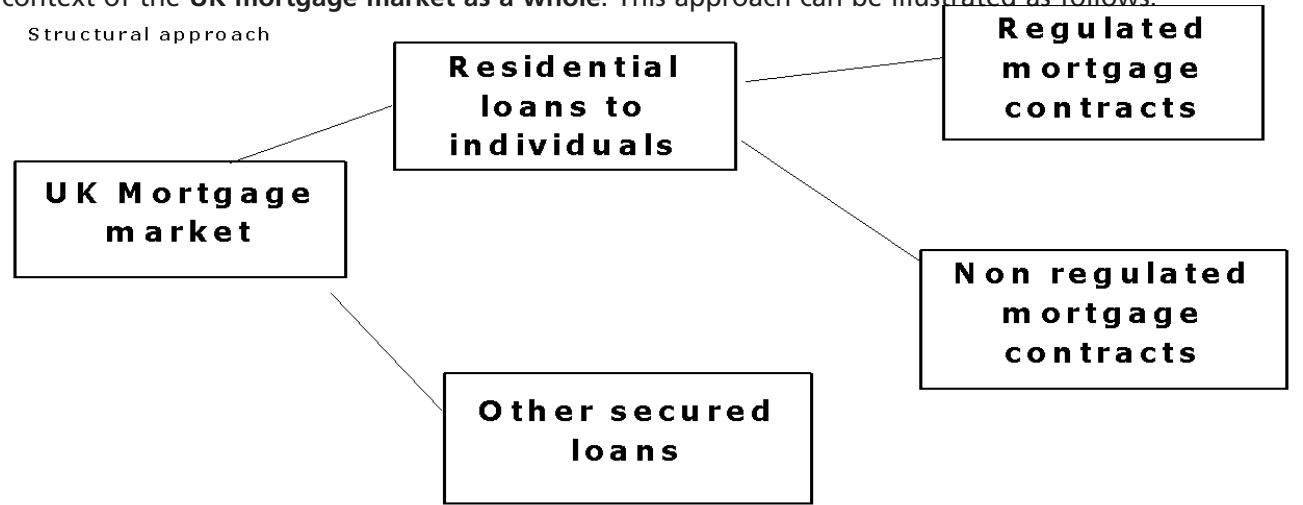
- financial data to assist in the prudential supervision of *home finance providers* and *administrators*. A quarterly financial return is required, including a balance sheet and profit and loss account;
- quarterly reporting of quantitative and qualitative data by all *home finance providers* and *administrators* to enable monitoring of compliance with the requirements of *MCOB*;
- quarterly provision of qualitative home finance information by all *home finance providers* and *administrators* to enable the *FCA* to understand developments in the home finance markets as a whole, and to inform future policy developments and prudential supervision; and
- annual reporting of information on fee tariff measures.

The reporting requirements set out in the *MLAR* enable the *FCA* to realise these information needs. In particular:

Tables A to C, L, M:	provide the framework for the <i>FCA</i> ’s financial monitoring and prudential supervision of <i>home finance providers</i> and <i>administrators</i> ;
Tables D to F:	provide the framework for the provision of qualitative home finance information by <i>home finance providers</i> ;
Tables G, H:	provide the framework for the <i>FCA</i> ’s monitoring of <i>administering a home finance transaction activity</i> ;
Table J:	provides information on fee tariff measures for <i>home finance providers</i> and <i>administrators</i> ;
Table K:	provides the framework for the <i>FCA</i> ’s monitoring of <i>SRB agreement providers</i> and <i>SRB administrators</i> .

4. Regulated mortgage contracts and the wider mortgage market

Given this background to reporting requirements, the *FCA*’s approach to obtaining information on *mortgage lending* has been structured so that *regulated mortgage contracts* are seen within the wider context of the **UK mortgage market as a whole**. This approach can be illustrated as follows:



Each of these key terms is explained below:

(i) UK mortgage market



This refers to all lending secured on land and buildings in the *United Kingdom*, whether to individuals, housing associations or corporates. However, given the importance of mortgages to individuals we have chosen to look at the market in terms of two components, namely 'residential lending to individuals' and 'other secured lending'. Loans and mortgages secured on land in the *EEA* other than the *UK* should be reported in 'other loans' in section A3 of the *MLAR*.

## (ii) Residential loans to individuals

This is a discrete category of the mortgage market, and has characteristics (e.g. in terms of products, lending criteria and methods of credit assessments) that are often markedly different from those applying to other types of secured lending (e.g. to corporates).

It is lending to individuals secured by mortgage on land and buildings where the lender has either a first or second (or subsequent) charge, where at least 40% of the land and buildings is used for residential purposes, and where the premises are for occupation by either the borrower (or dependant), or any other third party (e.g. it includes 'buy to let' lending to individuals).

Only loans where there is a one-to-one correspondence between the loan and a specific security should be included within 'residential loans to individuals'. Do not include here any residential loans to individuals that are part of a 'business loans' type package (involving multiple loans and multiple securities, where there is no one-to-one correspondence between a loan and a specific security), but report them under 'other secured lending'.

*Regulated mortgage contracts* that are secured on UK land are therefore a subset of this market category.

Examples of **non-regulated mortgage contracts** which fall under the wider category of residential loans to individuals include: buy-to-let loans and other types of loan where the property is not for use by the borrower (or qualifying dependants). Prior to 21 March 2016, non-regulated mortgage contracts also included second charge mortgage lending.

## (iii) Other secured lending

This covers all other forms of lending secured on land and buildings in the *United Kingdom*. Primarily it covers secured lending to corporate bodies (including to housing associations), but it also includes lending to individuals which, although being secured on land and buildings, is not deemed to be residential (e.g. the residential element is less than 40%). A corporate body for this purpose is any entity other than an individual. Loans and mortgages secured on land in the *EEA* other than the *UK* should be reported in 'other loans' in section A3 of the *MLAR*.

It also includes any residential lending to an individual that forms part of a 'business loan' type package. These arrangements between a lender and a borrower are usually offered by a lender's specialist business or corporate lending departments. They typically involve a number of loans secured against a range of securities including the borrower's residential property, business premises and the business itself. Such packages involve no specific one-to-one correspondence between a single loan and a single security, and instead the lender assesses loan cover against the basket of securities in the package. Given the business nature of this type of lending, it would therefore be misleading to try and classify some or all of the loan elements in such cases to any part of 'residential lending to individuals', and hence all such lending should be reported under 'other secured lending'. This is for *MLAR* reporting purposes only; the actual categorisation or treatment for *MCOB* purposes remains unchanged.

## (iv) Regulated mortgage contract

This is defined in the *Handbook* as follows:

- (a) (in relation to a contract) a contract which:
  - (i) (in accordance with article 61(3) of the *Regulated Activities Order*) at the time it is entered into, meets the following conditions:
    - (A) a lender provides credit to an individual or to trustees (the 'borrower'); and

(B) the obligation of the borrower to repay is secured by a mortgage on land in the EEA, at least 40% of which is used, or is intended to be used, in the case of credit provided to an individual, as or in connection with a dwelling; or (in the case of credit provided to a trustee who is not an individual), as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a *related person*;

(ii) is not a *home purchase plan*, a limited payment second charge bridging loan, a second charge business loan, an investment property loan, an exempt consumer buy-to-let mortgage contract, an exempt equitable mortgage bridging loan, an exempt housing authority loan or a limited interest second charge credit union loan within the meaning of article 61A(1) or (2) of the *Regulated Activities Order*; and

(iii) if the contract was entered into before 21 March 2016:

(A) at the time the contract was entered into, entering into the contract constituted the *regulated activity* of *entering into a regulated mortgage contract*; or

(B) the contract is a consumer credit back book mortgage contract within the meaning of article 2 of the *MCD Order*.

(b) (in relation to a *specified investment*) the *investment*, specified in article 88 of the *Regulated Activities Order*, which is rights under a *regulated mortgage contract* within (a).

[Note: articles 3(1)(a) and 4(2) of the *MCD*]

Loans and mortgages secured on land in the EEA other than the UK, although regulated mortgages, should be reported in 'other loans' in section A3 of the *MLAR*.

#### (v) Second charge regulated mortgage contract

A *second charge regulated mortgage contract* is defined in the *Handbook* as a *regulated mortgage contract* which is not a *first charge legal mortgage*. Therefore, it includes second and subsequent charge mortgages.

Data which is provided in relation to a *second charge regulated mortgage contract* in A3(a), D(a), E(1)(a), E(2)(a), F(a), or H(a) in ■ SUP 16 Annex 19AAR will also need to be provided as part of the *data items* in A3, D, E, F or H, as the case may be, in ■ SUP 16 Annex 19AR.

The guidance on how to submit the *data items* in A3, D, E, F or H of ■ SUP 16 Annex 19AR applies to A3(a), D(a), E(1)(a), E(2)(a), F(a) or H(a) of ■ SUP 16 Annex 19AAR where the same terms are used in the corresponding parts of ■ SUP 16 Annex 19AAR.

### 4a. Home reversion and home purchase plans

#### Definitions

*A home reversion plan*

This is defined in the *Handbook* as follows:

(in accordance with article 63B(3) of the *Regulated Activities Order*) an arrangement comprised in one or more instruments or agreements which meets the following conditions at the time it is entered into:

(a) the arrangement is one under which a *person* (the *reversion provider*) buys all or part of a *qualifying interest in land* from an individual or trustees (the *reversion occupier*);

(b) the *reversion occupier* (if he is or she an individual) or an individual who is a beneficiary of the trust (if the *reversion occupier* is a trustee), or a related person, is entitled under the arrangement to occupy at least 40% of the land in question as or in connection with a dwelling and intends to do so; and

(c) the arrangement specifies that the entitlement to occupy will end on the occurrence of one or more of:

- (i) a *person* in (b) becoming a resident of a care home;
- (ii) a *person* in (b) dying; or
- (iii) the end of a specified period of at least twenty years from the date the *reversion occupier* entered into the arrangement;

in this definition "related person" means:

- (A) that *person's* spouse or civil partner;
- (B) a *person* (whether or not of the opposite sex) whose relationship with that *person* has the characteristics of the relationship between husband and wife; or
- (C) the *person's* parent, brother, sister, child, grandparent or grandchild.

## Guidance to home reversion (HR) and home purchase plan (HPP) firms on the completion of the MLAR

It is recognised that HR and HPP products are not loans as such, being effectively sale and lease products. However, in order to use the *MLAR* as a vehicle for capturing some data on these products, they are to be treated for *MLAR* purposes as if they were loan products. This means that:

- (i) For a *firm* which is a provider of HR and/or HPP products:
  - HR and HPP products are to be included in the balance sheet within A1.6 "Loans to Customers". This may differ from the reporting of such products in a *firm's* published accounts.
  - Within section A3, which contains a further breakdown of "Loans to Customers", HR and HPP products are to be reported within the single category A3.5 "Other Loans".
  - As a consequence, the *FCA* will be able to capture the key balances outstanding on these products (including any which may have been securitised).
- (ii) For a *firm* which is undertaking administration of HR and/or HPP products (and where that *firm* did not also act as provider of these products):
  - HR and HPP products being administered for third parties are to be reported in section G.
  - Within G1 and G2 they are to be reported within the "Other firms" category. They should however be shown under "regulated loans" solely for the purposes of recording their administration in the *MLAR*.
  - In section G2.2, when entering the "name of firm" in column 2, add "HR" and/or "HPP" in brackets after the name, as appropriate.

## 4b. Sale and rent back (SRB) agreement business

### Definitions

*A regulated sale and rent back agreement*

This is defined in the *Handbook* as follows:

(in accordance with article 63J(3)(a) of the *Regulated Activities Order*) an arrangement comprised in one or more instruments or agreements, in relation to which the following conditions are met at the time it is entered into:

- (a) the arrangement is one under which a *person* (an agreement provider) buys all or part of the *qualifying interest in land* in the *United Kingdom* from an individual or trustees (the "agreement seller"); and

(b) the agreement seller (if they are an individual) or an individual who is the beneficiary of the trust (if the agreement seller is a trustee), or a related person, is entitled under the arrangement to occupy at least 40% of the land in question as or in connection with a dwelling, and intends to do so;

but excluding any arrangement that is a regulated home reversion plan.

## Guidance to regulated SRB firms on the completion of the MLAR

This section explains how SRB *firms* should complete the *MLAR*.

SRB providers and administrators should complete the following sections of the *MLAR*:

- Section A (balance sheet);
- Section B (profit and loss account);
- Section C (capital);
- Section J (fees tariff measures): and
- Section K (sale and rent back business).

SRB *firms* should **not** complete sections D to H, L or M in respect of their SRB business.

SRB providers should note the following in relation to their reporting of SRB agreements and SRB assets:

### In section A

- Do **not** enter any information on SRB agreements in A1.6 'Loans to customers' or A3.5 'Other loans'.
- Report SRB assets in A1.11.
- Report any liabilities incurred in acquiring SRB assets in A2.7.

### In section B

- Where applicable, information on SRB agreements should be entered in B2.5 'Other loans'.

As a consequence the *FCA* will be able to capture key information on these products.

## 5. Accounting conventions

Unless the contrary is stated in these guidance notes, the return should be compiled using generally accepted accounting practice.

However, information in respect of lending (e.g. balances, advances, interest rates, arrears etc) to be reported in sections D, E, F, G, H and J of the return should not be fair-valued but should be reported as the contractual position (i.e. as between lender and borrower).

All amounts should be shown in one of the reporting currencies accepted by the relevant platform provided by the *FCA*, unless otherwise specified in the *Handbook*.

## 6. Accuracy

It is expected that entries on the return will be actual values, or in some cases close approximations established or drawn from the *firm's* systems and prepared on the basis of being the best information in the time available for their compilation.

If such 'close approximations' are considered by the *firm* as likely to be materially different from the underlying actual values, the *firm* should advise its supervisory team of data items affected.

## 7. Time periods

Where stock figures are required (e.g. balance sheet, capital position) the information is required as at the *firm's* accounting reference date and the three quarter ends following this date (see ■ SUP 16.3.13R).

Where flow figures are required, these are either for **3 months only** (i.e. the latest quarter) as in for example lending figures in tables D and E, or **cumulative in the 'year to date'**, (e.g. profit and loss in table B), covering the period from the *firm's* accounting reference date to the end of the reporting quarter.

## 8. Loans made before 31 October 2004

This section does not apply to *second charge regulated mortgage contracts*.

## (i) Classifying the 'back book'

Many loans made before 31 October 2004 became *regulated as regulated mortgage contracts* on 21 March 2016 or, depending on the nature of the loan and the applicable transitional provisions, on a date no later than 21 March 2017; these loans should be treated as *regulated mortgage contracts* in the *MLAR* accordingly. Loans made before 31 October 2004 which continue not to be *regulated as regulated mortgage contracts* fall into the following categories:

- residential loans to individuals which, for the purposes of the *MLAR*, should be classified as non-regulated (see Introduction, section 4(ii)); for example at A3.3 and D1.2.
- other secured loans (see Introduction, section 4(iii)); for example at A3.4 and D1.3 .
- other loans (see Guidance for A3.5).

The approach to classification for pre-31 Oct 2004 loans will, of necessity, need to be a pragmatic one. We do not, for example, envisage the need to look at individual paper loan files. Rather, we expect the *firm* to apply its knowledge of its various loan books, products and their characteristics, to come up with some realistic allocation rules. This enables the *firm* to apply some automatic process to its computerised loan records, and thereby classify individual loans into each of the relevant categories used in the *MLAR*. Such a process may not be perfect, and it may result in a few loans being wrongly allocated, but it will be sufficient for the purpose.

## (ii) Specific treatment of residential loans to individuals

Any loans made before 31 October 2004 that have not become regulated as *regulated mortgage contracts*, should be reported as non-regulated loans in the various parts of the *MLAR*.

This reporting basis for loans should continue until such time, if ever, that a subsequent transaction on the loan causes it to be formally treated as a regulated contract.

## (iii) Further advances on loans made before 31 October 2004 which have not already become regulated as regulated mortgage contracts

We cannot be prescriptive about whether a further advance (or any other variation) to a pre-31 October 2004 mortgage which has not already become regulated as a *regulated mortgage contract* (see (i) above) will have the effect of creating a new *regulated mortgage contract*. Whether a variation amounts to creating a new contract will depend on each lender's individual mortgage documentation. This documentation will differ, possibly significantly, between *firms*. Each lender will need to review its existing documentation and take a view on the scope that this provides for making changes.

In practice this means that:

- If the lender can make a further advance without creating a new contract (i.e. makes a variation to the existing mortgage contract), then the further advance should be added to the original loan and the combined loan treated as a single loan for *MLAR* reporting. This combined loan should be reported as 'non-regulated';
- If making a further advance creates a new contract, (and this further advance is a *regulated mortgage contract*) then the correct reporting approach will be determined as follows:

(a) where the original loan was made before 31 October 2004, has not in the meantime become a *regulated mortgage contract* (for example, because it is not a *regulated credit agreement*) but would otherwise satisfy the specific requirements of a *regulated mortgage contract*, and the further advance is documented in a new loan agreement separate from the original loan (and is not a variation to the existing mortgage contract), the original loan and further advance may be treated as one for *MLAR* reporting, being shown as 'regulated' under "Residential loans to individuals";

(b) where the original loan did not satisfy the defined conditions of a *regulated mortgage contract* at the time it was entered into and has not in the meantime become a *regulated mortgage contract*, and the further advance is documented in a new loan agreement separate

from the original loan (and is not a variation to the existing mortgage contract), the old loan and further advance will be treated as two separate loans for most aspects of *MLAR* reporting, the former being ‘unregulated’ while the latter will be reported as ‘regulated’. However, for the LTV and Income Multiple analysis, while the *firm* should only show the amount of the further advance in the relevant “cell”, the “cell” should be determined by using the total amount of the loan (old loan + further advance) when deciding which LTV band and which Income Multiple band are applicable; and

(c) where the lender decides to combine the original loan and the further advance to create a single new contract that replaces the existing mortgage contract and is a *regulated mortgage contract*, this should be reported as ‘regulated’.

9. Specific items

(i) Positions to be reported gross

In general, liabilities and assets should be shown gross, and not netted off (unless there is a legal right of set-off). Thus an account which moves from credit to debit will move from one side of the balance sheet to the other.

A notable exception to this however concerns the reporting of loan assets, which should follow ■ MIPRU 4.2.14R to ■ MIPRU 4.2.16G. Such assets should be shown in the balance sheet net of linked funding; similarly in other tables where balances are reported on the same basis. Only sections A3, D2, G and H require the reporting of such loan assets on a ‘gross’ basis.

The treatment of loan assets that are being operated as part of a current account **offset mortgage** product (or similar products where *deposit* funding is offset against loan balances in arriving at a net interest cost on the account) will depend on the conditions pertaining to the mortgage product. The balance outstanding on such loans will need to be reported on the basis of the contractually defined balance according to the terms of the mortgage product. This might be the amount of loan excluding any offsetting funds, or it might be the net amount.

(ii) Foreign currencies

*Firms* should report in the currency of their annual audited accounts, where this is Sterling, Euro, US Dollars, Canadian Dollars, Swedish Kroner, Swiss Francs or Yen. Where annual audited accounts are reported in a currency outside those specified above, please translate these values into an equivalent within the list using an appropriate rate of exchange at the reporting date, or where appropriate, at the rates of exchange fixed under the terms of any relevant currency hedging transaction, and use that value in the return. Please report in thousands where stated on the return. *Firms* should apply the same accounting treatment as for their published accounts.

SECTION A: BALANCE SHEET

Balance sheet analysis

A1, A2	The balance sheet is intended to reflect the practices used in compiling published or other accounts, although its format in the MLAR (with 'total assets' and 'total liabilities') will not necessarily be the same as that used by firms in their regular accounts. 'Loans to customers' is expected to be the <i>customer</i> balance after any write-offs have been taken.
A1.6	<b>Loans to customers</b> may be a non-standard accounting sub-head for some <i>firms</i> whose business is not primarily mortgage related. But since this is an explicit <i>MLAR</i> data requirement, it should be split out from the sub-head under



A1.11	<p>which it is routinely shown in the <i>firm's</i> other accounts. Include <i>HR</i> and <i>HPP</i> products here.</p> <p><b>Other current assets</b> should include all assets measured at fair value not included in any other asset category on the return. Include any SRB assets here.</p>
A2.1	<p><b>Shareholders' funds</b> should include any unrealised gains or losses resulting from the fair valuation of available-for-sale financial assets, and any fair value gains or losses arising on cash flow hedges of financial instruments measured at cost or amortised cost.</p>
A2.7	<p><b>Other liabilities</b> should include all liabilities measured at fair value not included in any other liability category on the return. Include any liabilities incurred in acquiring SRB assets here.</p>
A3	<p><b>Analysis of loans to customers</b></p> <p>This section recognises that some lenders may have securitised loans on their balance sheet, and hence provides for unsecuritised/securitised loans to be shown separately.</p> <p><b>Unsecuritised balances</b> are analysed in terms of three elements: gross loan balances (before deduction of any provisions); provisions balances in respect of those balances; and the net balances after deduction of such provisions.</p> <p><b>Securitised balances</b> are analysed in a similar way, except that 'gross' also means before the deduction of any linked non-recourse funding, the amount of which is also to be shown separately.</p>
A3.1-4	<p>See Introduction (paragraphs 4(i) to (iv)) for details of the coverage of these terms.</p>
A3.5	<p><b>Other loans</b> refers to any lending secured on land and buildings outside of the <i>UK</i>, any loan for which security is provided other than by land and buildings, together with all unsecured loans (e.g. consumer credit, personal loans, or such loans to corporates). Loans and mortgages secured on land in the <i>EEA</i> other than the <i>UK</i> should be reported here.</p>
A3.6	<p>It is expected that net balances on unsecuritised loans plus net balances on securitised loans will equal the entry shown at A1.6 in the main balance sheet analysis of assets.</p>

SECTION B: PROFIT & LOSS ACCOUNT

B0	<p><b>Financial year to date</b></p> <p>In terms of reporting period, the analysis should be compiled on a 'year to date' basis, covering successively 3, 6, 9 or 12 <i>months</i> from the <i>firm's</i> accounting reference date.</p>
B1	<p><b>Profit &amp; Loss Account</b></p> <p>The P&amp;L section is intended to reflect the practices used in compiling accounts prepared under</p>

	<p>the Companies Acts, although its format in the <i>MLAR</i> (with explicit focus on financial items such as interest, fees &amp; commissions etc) will not necessarily be the same as that used by <i>firms</i> in their regular accounts.</p> <p>The reason for this approach is that most lenders to which this section is applicable are mortgage specialists, and as such it is considered desirable to put their P&amp;L format onto a similar basis as that used for <i>banks</i> and <i>building societies</i>.</p> <p>The analysis therefore requires the <i>firm's</i> profit &amp; loss account to be re-structured in a way that makes a number of items explicit in the interests of achieving consistency with other reporting <i>firms</i>.</p>
B1.1	<b>Focuses on gross profit from non-financial activities</b>
B1.2-1.7	Covers a range of income elements which are more closely related to financial activities, including in particular those associated with mortgage lending. In particular B1.7 Other income should include unrealised gains in respect of assets and liabilities which have been measured on a fair value basis.
B1.9-1.13	Covers a range of expenditure elements, including those related to non-financial and also to financial (including mortgage related) activities. In particular B1.13 Other expenses should include unrealised losses in respect of assets and liabilities which have been measured on a fair value basis.
B1.15	Operating Profit is total income less total expenses.
B1.16	Provisions covers write-offs and provisions charges on bad and doubtful debts, (including for example on mortgage loans); any suspended interest (i.e. any interest included in Interest receivable which, through loan default, impairment or otherwise, is deemed unlikely to be received); and any other provisions for contingent liabilities.
B2	<b>Provisions analysis</b> <p>This supplementary analysis draws together the key movements in provisions balances from the <i>firm's accounting reference date</i> up to the reporting quarter end.</p> <p>The two 'flow items', namely write-offs and provisions charges, are those relating to the period from the <i>firm's accounting reference date</i> up to the reporting date.</p> <p>The total of provisions charges in line B2.6 (column 3) will not necessarily be the same as the provisions charge in the Profit &amp; Loss analysis at B1.16 (since this latter item may include further provisions against other asset items not included in B2.6, or provisions arising from other sources).</p>

SECTION C: CAPITAL



INTRODUCTION

The *threshold conditions* state that the resources of a firm must be adequate in the opinion of the FCA in relation to the *regulated activities* that the *firm* seeks to carry on or carries on. In addition, a *firm* is required to maintain 'adequate financial resources'. A *home finance administrator* or *lender* should have adequate capital and funding in order to be able to meet these requirements.

In addition, the FCA and the PRA are required to identify the main risks to their statutory objectives. In assessing *firm*-specific risks we are required to assess the risks arising from the financial failure of a *firm* (due to business risks from the external environment, or control risks arising from the *firm* itself) which might affect both the market and individual *customers*. The specific FCA objectives that are potentially impacted are those relating to market confidence and consumer protection.

Details provided in this section on Capital are drawn from the appropriate provisions of ■ MIPRU 4 (Capital Resources).

C1-2

CAPITAL RESOURCES

C1 and C2 set out the individual components of **eligible capital** and the **separate deductions** that should be made to arrive at capital resources.

Components of eligible capital are:

(1) Share capital

*Share* capital must be fully paid (i.e. the *firm* is under no obligation to repay this capital unless and until the *firm* is wound up) and may include ordinary *share* capital or preference *share* capital (excluding preference *shares* redeemable by shareholders within two years).

See paragraph (7) Subordinated loans below for details of the limits that may apply to the inclusion of redeemable preference shares in capital resources.

(2) Partnership or sole trader capital

*Partnership* capital is capital made up of the *partners'* capital account. The capital account is an account into which capital contributed by the *partners* is paid and from which, under the terms of the *partnership* agreement, an amount representing capital may be withdrawn by a *partner* only if he or she ceases to be a *partner* and an equal amount is transferred to another such account by his or her former *partners* or any *person* replacing him or her as their *partner*, or the *partnership* is otherwise dissolved or wound up.

*Sole trader* capital is the net balance on the *firm's* capital account and current account.

(3) Reserves

Reserves are accumulated profits retained by the *firm* (after deduction of tax, dividends and proprietors' or *partners'* drawings) and other reserves created by appropriations of *share* premiums and similar realised appropriations. Reserves also include gifts of capital, for example, from a parent company. For *partnerships*, reserves include *partners'* current accounts according to the most recent financial statement. Reserves must be audited unless the *firm* is eligible to include unaudited reserves in its capital resources calculation under MIPRU 4.4.2R.

The reserves figure is subject to the following adjustments, where appropriate:

- (a) any unrealised gains must be deducted or, where applicable, any unrealised losses added back in on cash flow hedges of financial instruments measured at cost or amortised cost;
- (b) any unrealised gains must be deducted or, where applicable, any unrealised losses added back in on debt instruments held in the available-for-sale financial assets category. Any unrealised gains or losses on equities held in the available-for-sale financial assets category should be reported at C1.5;

(c) in respect of a *defined benefit occupational pension scheme*, any *defined benefit asset* must be derecognised;

A *firm* may substitute for a *defined benefit liability* the *firm's deficit reduction amount* provided that that election is applied consistently in respect of any one *financial year*.

#### **(4) Interim net profits and partners' interim current accounts**

A *firm* is not required to take into account interim net profits. However, if it does, the profits have to be verified by the *firm's* external auditors, net of tax, anticipated dividends or proprietors' drawings and other appropriations unless the *firm* is eligible to include unverified interim net profits in its capital resources calculation under MIPRU 4.4.2R.

In terms of the verification for inclusion, for the first, second and third financial quarters *firms* may include interim profits in their *MLAR*, on the understanding that the *firm* will obtain the required verification from its external auditors within two months of the financial quarter end. (The *FCA* may ask for a copy of the verification statement.) For the fourth quarter the *FCA* will rely on the forthcoming audited accounts as providing verification and accordingly the full year's profits should be included in the make-up of eligible capital under interim profits in the return.

#### **(5) Revaluation reserve**

*Firms* should report reserves relating to the revaluation of fixed assets.

#### **(6) General/collective provisions**

*Firms* should report general/collective provisions that are held against potential losses that have not yet been identified, but which experience indicates are present in the *firm's* portfolio of assets. Such provisions must be freely available to meet these unidentified losses wherever they arise. General/collective provisions must be verified by external auditors and disclosed in the *firm's annual report and accounts* annual report and accounts unless the *firm* is eligible to include unaudited general and collective provisions in its capital resources calculation under MIPRU 4.4.2R.

#### **(7) Subordinated loans**

Subordinated debt (i.e. the amount of principal outstanding before amortisation) must not form part of the capital resources of a *firm* unless it meets the following conditions:

- (1) it has an original maturity of at least five years or is subject to five years' notice of repayment;
- (2) the claims of the subordinated creditors must rank behind those of all unsubordinated creditors;
- (3) the only events of default must be non-payment of any interest or principal under the debt agreement or the winding up of the *firm*;
- (4) the remedies available to the subordinated creditor in the event of non-payment or other default in respect of the subordinated debt must be limited to petitioning for the winding up of the *firm* or proving the debt and claiming in the liquidation of the *firm*;
- (5) the subordinated debt must not become due and payable before its stated final maturity date except on an event of default complying with (3);
- (6) the agreement and debt are governed by the law of England and Wales, or of Scotland, or of Northern Ireland;

- (7) to the fullest extent permitted under the rules of the relevant jurisdiction, creditors must waive their right to set off amounts they owe the *firm* against subordinated amounts owed to them by the *firm*;
- (8) the terms of the subordinated debt must be set out in a written agreement or instrument that contains terms that provide for the conditions set out in (1) to (7); and
- (9) the debt must be unsecured and fully paid up.

For a *mortgage lender* or *mortgage administrator* undertaking business connected to *regulated mortgage contracts* (unless its *Part 4A permission* prevents it from undertaking new business), [MIPRU 4.4.8R](#) limits the amount of subordinated loans and redeemable preference *shares* that can be included in eligible capital.

In Table C of the *MLAR* the *firm* will deduct from capital resources under item C2.3a any amount by which the subordinated loans and redeemable preference *shares* exceed the limit in [MIPRU 4.4.8R](#).

Treatment of eligible capital items (listed above) in section C1:

- C1.1 **Reserves:** include items
  - reserves
  - revaluation reserves
- C1.2 **Interim profits:** include items
  - interim net profits
  - *partners’* interim current accounts
- C1.3 **Issued capital:** include items
  - *share* capital
  - *partnership* or *sole trader* capital
- C1.3a **Subordinated loans**
- C1.4 **General/collective provisions**
- C1.5 **Other eligible capital:** includes
  - any other item of eligible capital not required to be included in items C1.1 to C1.4, including any unrealised gains or losses on equities held in the available for sale financial assets portfolio.
- C1.6 **Total eligible capital**

This is the sum of the components listed in C1.1 to C1.5.
- C2 **Deductions from capital**
- C2.1 **Investments in own shares** represents any investment in the *shares* of the company, quantified as fixed assets in the balance sheet.
- C2.2 **Intangible assets** are the full balance sheet value of goodwill, capitalised development costs, brand names, trademarks and similar rights and licences.
- C2.3 **Interim net losses** refers to the cumulative amount covering the period from the *firm’s accounting reference date* to the end of the current quarter. All the current year’s losses should be reported. Unpublished losses from the previous accounting period should also be shown here.

C2.3a	<p><b>Subordinated loan and redeemable preference share restriction</b></p> <p>This is the amount of any excess as computed under the restriction explained in paragraph (7) of the C1-2 CAPITAL RESOURCES section above.</p>
C2.4	<p><b>Other deductions from capital:</b> include</p> <ul style="list-style-type: none"> <li>• <b>Excess of drawings over profits for partnerships or sole traders:</b> firms should report the difference between the personal drawings of a <i>partnership or sole trader</i> and the profit in the period, where the drawings exceed the profit for the period.</li> </ul>
C2.5	<p><b>Total deductions</b></p> <p>This is the sum of the components listed in C2.1 to C2.4.</p>
C3	<b>CAPITAL RESOURCES CALCULATION</b>
C3.1	<p><b>Capital resources</b></p> <p>This is total eligible capital less total deductions (C1.6 to C2.5).</p>
C3.2	<p><b>Capital requirement</b></p> <p>This is the amount calculated in sections C4.6(e) or C5.5(c), whichever is applicable.</p>
C3.3	<p><b>Surplus/(Deficit) of resources</b></p> <p>This is the capital resources less the capital requirement (C3.1 to C3.2).</p>
C4	<b>CAPITAL REQUIREMENTS</b>
	<b>Capital requirement for a lender, or an administrator with administered assets on its balance sheet</b>
C4.1	The capital requirement for lenders or administrators that have the <i>regulated mortgage contracts</i> that they administer on their balance sheet is asset-based, and the information required is detailed in C4.2 to C4.6.
C4.2	<b>Total assets:</b> this is the total value of assets as shown at line A1.12 in section A of the <i>MLAR</i> .
C4.2a	<p><b>Assets subject to the credit risk requirement</b></p> <p>This is the amount of assets subject to the credit risk requirement computation as shown at line 6A in section L of the <i>MLAR</i>.</p> <p>This is relevant for a <i>mortgage lender</i>; or <i>mortgage administrator</i> with its administered assets on balance sheet, that undertakes business connected to <i>regulated mortgage contracts</i> and has one or more exposures which satisfy the conditions set out in MIPRU 4.2A.4R.</p>
C4.3	<p><b>Undrawn commitments</b></p> <p>Undrawn commitments means the total of those amounts which a borrower has the right to draw down from the <i>firm</i> but which have not yet been drawn down (see MIPRU 4.2.12R and MIPRU 4.2.13G).</p> <p>However, undrawn commitments should not be included in the calculation of capital requirements if they have an original maturity of up to one year or if they can be unconditionally cancelled at any time by the lender.</p> <p>Similarly, existing mortgage offers should not be included in the calculations of capital requirements if the offer has an original maturity of up to one year or can be unconditionally cancelled at any time by the lender.</p>
C4.4	<b>Intangible assets:</b> this is the amount shown at C2.2.
C4.5	<b>Total adjusted assets:</b> this is the sum of C4.2 and C4.3, less C4.2a and C4.4.

<b>C4.6</b>	<p><b>CAPITAL REQUIREMENT</b></p> <p>This section sets out how to calculate the capital requirement for a lender, or an administrator with administered assets on its balance sheet (see <a href="#">MIPRU 4.2.12R</a>, <a href="#">MIPRU 4.2.18R</a> and <a href="#">MIPRU 4.2.23R</a>):</p> <ul style="list-style-type: none"> <li>(a) is the minimum requirement of £100,000;</li> <li>(b) is 1% of the amount shown as total adjusted assets at C4.5, i.e. the assets that are not subject to the credit risk requirement calculation;</li> <li>(c) is the credit risk requirement as shown at line 9E in section L of the <i>MLAR</i>;</li> <li>(d) is the total of (b) and (c); and</li> <li>(e) is the capital requirement which is the higher of the fixed amount at (a) and the sum shown at (d).</li> </ul>
<b>C5</b>	<b>Capital requirements for an administrator not having administered assets on its balance sheet</b>
<b>C5.1</b>	<p>This section sets out the income-based capital requirements applicable to <i>administrators</i> that do not have the assets that they administer on their balance sheet. The information requirements are detailed in C5.2 – 5.5.</p> <p><i>Firms</i> should report the following amounts from both their most recent annual financial statement and their estimated accounts for the current reporting year.</p>
<b>C5.2</b>	<p><b>Total income</b></p> <p><i>Firms</i> should report the amount of total income in their most recent (or other) financial statements, and an estimate of income for the current reporting year.</p> <p>Total income should include both revenue and gains arising in the course of the ordinary activities of a <i>firm</i>. Revenue consists of commissions, fees, net interest income, dividends, royalties and rent. Only gains that are recorded in the profit and loss account should be included in income. What is relevant for the calculation of income is the amount of actual income generated rather than the gross cash streams of any one transaction (see <a href="#">MIPRU 4.3.7R</a>).</p>
<b>C5.3</b>	<p><b>Relevant adjustments</b></p> <p>The following exceptional items must be deducted from the <i>firm's</i> total income:</p> <ul style="list-style-type: none"> <li>(1) profit on the sale or termination of an operation;</li> <li>(2) profit arising from a fundamental reorganisation or restructuring having a material effect on the nature and focus of the <i>firm's</i> operations; and</li> <li>(3) profits on the disposal of fixed assets, including <i>investments</i> held in long-term portfolio.</li> </ul>
<b>C5.4</b>	<p><b>Total relevant income</b></p> <p>Is the sum of C5.2 minus C5.3.</p>
<b>C5.5</b>	<p><b>CAPITAL REQUIREMENT</b></p> <p>This sets out how to calculate the capital requirement for an <i>administrators</i> administrator not having administered assets on its balance sheet (see <a href="#">MIPRU 4.2.19R</a>):</p>

- (a) is the minimum requirement of £100,000;
- (b) is 10% of the amount shown as total relevant income at C5.4 above; and
- (c) is the capital requirement which is the higher of the minimum amount at (a) and the calculation shown at (b).

## SECTION D1: LENDING – BUSINESS FLOWS AND RATES

**D1-D4** For details of the terms '**Residential lending to individuals**' (and regulated/unregulated), and '**other secured loans**', see Introduction, paragraphs 4 (i) – (iv).

### **D1 Loans: Advances/Repayments – Row & Column Analysis**

For the two categories of loan assets, details are requested under various **transaction columns** that explain the transition from the previous quarter's balances to the current quarter's balances.

### **D1 Loans: Advances/Repayments – Transactions (columns)**

**Advances made in quarter** should include:

- (a) instalments released in the quarter for instalment advances;
- (b) re-advances, i.e. where previous charge cancelled;
- (c) further advances;
- (d) in the case of loans that have a facility to draw down extra amounts over and above the sum originally advanced, the total of any further amounts drawn down in the quarter;
- (e) the deduction from advances made of advance cheques cancelled;

but should exclude:

- (f) the amount of any loan books acquired in the quarter (which should be reported in 'other debits/credits etc');
- (g) retentions imposed, which should be included as they are released;
- (h) sundry debits, i.e. any items not approved and not included in commitments, e.g. insurance debits, fines, insurance guarantees, valuation fees, arrangement fees (unless formally treated as part of loan, that is where such amounts are repaid over the period of the loan);
- (i) any movements on overdrafts.

**Repayment of principal** should include:

- (a) repayment of principal including capital repayments, full or partial redemptions and the principal element of the normal monthly payment;
- (b) mortgage receipts temporarily posted to *investment* accounts;
- (c) transfers from *investment* accounts to mortgage accounts;

but should exclude:

- (d) the amount of any loan book sold during the quarter (to be reported in 'other debits/credits etc');

- (e) sundry credits to accounts, such as insurance premiums, fines, fees, etc;
- (f) advance cheques cancelled;
- (g) *investment* receipts temporarily posted to mortgage accounts;
- (h) any movement in overdrafts.

In determining the amount shown under **repayment of principal**, it is recognised that *firms* may need to estimate the amount of interest repaid where amounts repaid include both interest and principal, and/or where the amount of interest repayable is not the same as the amount charged (e.g. annual review or deferred interest schemes, or where a loan is not being fully serviced).

## Write-offs in quarter

This is the amount of written off mortgage balances in the quarter (and of provisions charged to the income and expenditure account) and is to be on a basis consistent with amounts shown in the *firm's* published accounts as 'written off' within the analysis of changes in loss provision usually appearing as Notes to the Accounts.

The amount written off may arise for example from:

- (a) sale of a property in possession where there is a shortfall; or
- (b) a decision to write down the mortgage debt on a loan still on the books. This may arise where the *firm* has taken the view that it is certain that a loss will arise and that it is prudent to write down the mortgage debt rather than carry the full debt and an offsetting provision. Examples might include certain fraud cases, or where arrangements have been reached with the borrower to reduce the mortgage debt repayable;
- (c) the amount should be net of any write-backs in the quarter. If there are more write-backs than write-offs the net figure should be shown as a negative.

## Other debits/(credits) and transfers (net) should include:

- (a) interest charged to the loan account in the period;
- (b) interest repaid during the period;
- (c) amounts charged to loan accounts and amounts received from borrowers in respect of such items as insurance premiums, valuation fees, and fines etc;
- (d) mortgage balances acquired following takeover / merger;
- (e) loan books acquired from other lenders in the quarter;
- (f) loan books sold to other lenders in the quarter;
- (g) loan books securitised during the quarter;
- (h) the transfer of any securitised assets back onto the balance sheet (e.g. following the closure of a securitised pool of loans);
- (i) transfers (net) should include any reclassified loans (e.g. where there has been a change in the use of the land on which the loan is secured to/from residential; or a change in status of loan from/to regulated/non-regulated etc);
- (j) all movements on overdrafts (that is, net change in overdraft balances), other than write-offs.

NB: Balances on loan books acquired/sold/securitised should be as at the date of the relevant event and not be subject to any revaluation factors.



Overdraft analysis (final 3 columns of D1):

The term “overdraft” here and in other columns of D1, is used to cover two types of revolving credit facilities: overdrafts and credit cards.

The balance at end of quarter in column 6 is further analysed into loan balances excluding overdrafts and, separately, balances on overdrafts.

The final column in D1 represents the sum total, across all overdraft accounts included in the penultimate column, of the individual credit limits on each such overdraft.

D2    Loans: Book movements

The 'transactions in the quarter' columns are analyses of amounts already included within the 'other debits/(credits) and transfers (net)' column of section D1.

- (a) 'loans acquired' represents balances on any relevant loan books acquired during the quarter from other lenders;
- (b) 'loans sold' represents balances on any relevant loan book (i.e. parcel of loans) sold during the quarter to another lender;
- (c) 'loans securitised' represents balances on any loans that the *firm* has securitised in the quarter. It includes balances on loans subject to securitisation transactions which should follow MIPRU 4.2.14R to MIPRU 4.2.16G. Securitised loans brought back onto the balance sheet in the quarter should also be included and the amount here should be net of them. If the amount of securitised loans brought back onto the balance sheet is greater than the securitised balance then the net figure should be reported as a negative; and
- (d) 'other' represents the net amount of other transaction amounts included in 'other debits/(credits) and transfers (net)' in D1.

NB: As a result, D2 (item (a) – item (b) – item (c) + item (d)) should equal D1 (item 'other debits/(credits) and transfers (net)').

The final column 'balance at end quarter on loan assets subject to non-recourse funding' represents all such loan assets (and not just the amount treated as transactions in the quarter), and requires the 'gross amount' of such loan assets to be reported against relevant line item categories. Non-recourse funding can be established either by contract or in-substance. The 'gross amount' is the amount of any such loan that would be shown in a *firm's* published or other balance sheet as X in the example below:

gross loan asset	=	X
less non-recourse funding	=	Y
net loan asset	=	X-Y

In the analysis here at D2, it is therefore the gross loan asset at the end of the reporting quarter that should be reported in the final column. Once securitised, it is recognised that end quarter gross balances will not necessarily remain constant (due either to borrower repayments, the possibility of any further advances, or other arrangements for 'topping up' a pool of securitised loans, etc).

D3    Loans: Interest rates

Basis

Interest rates in this table are **nominal annual rates** charged to the *customer* on loan accounts excluding overdrafts (as defined in D1). They should ignore the effect of any interest rate swaps or other hedging contracts that might exist, and also ignore the effect of any offsetting deposit account (as for example in the case of an offset mortgage).

This provides an analysis of weighted average interest rates for the loan assets reported under 'Loans excluding overdrafts' in column 7 of D1 above. 'Interest rates at end of quarter' (columns 4, 5, and 6 of section D3) means rates applying at least throughout the last day of



the quarter, so *firms* should not use rates which only come into operation at the beginning of the next quarter. Points to note on specific columns are:

### (1) Balances at end quarter

**Accrued interest** should be included (even though it is excluded when computing the weighted average rate).

The first 'of which' analysis is designed to obtain information on balances subject to **fixed rates** of interest and balances subject to **variable rates** of interest. (The two amounts should add to the balance in column 1). For these purposes:

'**fixed**' means the rate of interest is fixed for a stated period. It should also include any products with a 'capped rate' (i.e. subject to a guaranteed maximum rate) and any products that are 'collared loans' (i.e. subject to a minimum and a maximum rate). Annual review or stabilised payment loans should be excluded (since the purpose is merely to smooth cash flow on variable rate loans);

'**variable**' includes all other interest rate bases (i.e. other than those defined above as 'fixed') applying to particular products, including those at, or at a discount or premium to, one of the *firm's* administered lending rates and those linked to an index. However if any such loan products are subject to a 'capped rate', then treat as 'fixed'.

The second 'of which' analysis is designed to obtain information on loan balances according to whether the nominal annual interest rate charged to the customer at the quarter-end is higher than the prevailing Bank of England Base (or repo) Rate (BBR). For these purposes the BBR is that applying on the last day of the reporting quarter. The analysis is subdivided into four categories:

- (a) loan balances where the rate charged is **less than 2% above BBR**. Include here also all loan balances where the rate charged is less than BBR (as a result the sum of these four columns will equal the figure in the TOTAL column);
- (b) loan balances where the rate charged is **2% or up to 3% above BBR**;
- (c) loan balances where the rate charged is **3% or up to 4% above BBR**;
- (d) loan balances where the rate charged is **4% or more above BBR**.

### (2) Weighted average nominal annual rates

- (a) Interest rates reported in Table D3 provide a broad indication of **market rates**. **They should ignore the effect of any interest rate swap or hedging**. For each line item the weighted average rate should be derived as follows:
  - (i) identify the various nominal/quoted interest rates that apply to elements of this line item; then
  - (ii) for each separate nominal/quoted rate, multiply that rate by the amount of end quarter balances (excluding accrued interest) for which that rate applies; and
  - (iii) add up the results of (ii) for all the different rates for this line item; and
  - (iv) divide the total calculated in (iii) by the corresponding end quarter balance in column 1, 2 or 3 less accrued interest (against the line item concerned).

NB: in the 'of which' analysis that requires separate reporting of weighted 'fixed' and 'variable' rates, a cross **check for each row** is that the weighted average nominal rate on all balances is equal to the weighted average of the reported fixed and variable rates in the subsequent two columns.

### D3.1 – Other Points

#### 3.8

The interest rate to be used is the rate charged to the loan account, which in certain circumstances will differ from the interest rate 'payable' by a borrower. These circumstances include deferred interest loans, interest roll-up loans, annual review schemes or where the loan is not performing.

**Advances in quarter** refers to the same amount as covered under 'advances in quarter' in the Loans: Advances/Repayments analysis in Section D1 above.

D4	<p><b>Loans: Commitments (columns)</b></p> <p><b>Commitments made since end of previous quarter</b></p> <p>should include:</p> <p>(a) the aggregate of formally agreed advances (whether or not the mortgage offer has been accepted by the prospective borrower), including amounts recommended for retention, all instalment elements, and further advances;</p> <p>but should exclude:</p> <p>(b) commitments from previous quarters that have been cancelled in the current quarter;</p> <p>(c) retentions imposed and subsequently not released;</p> <p>(d) instalment commitments that have not been taken up;</p> <p>(e) advance cancellations that are not re-issued;</p> <p>(f) sundry debits, e.g. insurance debits, fines, insurance guarantees, valuation fees, arrangement fees etc (unless formally treated as part of the loan, that is where such amounts are repaid over the period of the loan).</p> <p><b>Cancellations in quarter</b></p> <p>Includes (b), (c), (d) and (e) above.</p> <p><b>Advances made in quarter</b></p> <p>This refers to the same amount as covered under 'advances in quarter' in section D1 above.</p> <p><b>Other debits/(credits) and transfers (net)</b></p> <p>This is unlikely to be needed on a routine basis. It is intended to cover less frequent events such as loan commitments acquired on merger with another firm or acquisition of a loan book; or transferred on sale of a package of loans; or where 'commitments outstanding' need adjusting for reasons not attributable to other columns.</p>
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SECTION E: RESIDENTIAL LOANS TO INDIVIDUALS - New business profile

E1-6	<p><b>Gross advances in quarter</b></p> <p>Covers actual advances made in the quarter. For these purposes separate advances (e.g. stage payments) made in the period on the same mortgage should count as a single advance for the 'number' column in sections E3, E4, E5 and E6.</p> <p>NB: 'gross advances' should be compiled on the same basis as in section D1 above and therefore relevant totals for each section in E1 to E6 should also agree with the amount of gross advances reported in D1.</p>
E3-6	<p><b>Balances outstanding</b></p> <p>Covers balances at end of the quarter. Relevant sub-totals should agree with corresponding balances shown under 'Loans excluding overdrafts' in column 7 of D1.</p>
E1/2	<p><b>By Income Multiple and LTV (Loan to Valuation ratio)</b></p> <p>The amount to be included in the table is the <b>gross advance</b>, but its allocation to a specific cell is determined according to income multiple and LTV which are both defined using the size of the loan (as defined below).</p> <p>For <i>second charge regulated mortgage contracts</i>, the calculation of income multiples and LTVs are to also include the outstanding balance of the <i>first charge regulated mortgage contract</i> and any higher priority <i>second charge regulated mortgage contracts</i>.</p>
E1/2	<p><b>By Income Multiple and LTV</b></p> <p><b>Income multiple based on single or joint incomes</b></p> <p>For this analysis, 'income' should be taken as <b>gross annual income</b> before tax or any other deductions.</p>

The loan should first of all be categorised to 'single' or 'joint' income basis, and the income multiple calculated as described below:

- (i) **Single income basis.** This means only one person's income was taken into account when making the lending assessment/decision.  
  
The income multiple here is the total loan amount divided by the borrower's total income (total of the borrower's main income and any other reckonable income, e.g. overtime, to the extent that the *firm* takes such additional income into account in whole or in part).
- (ii) **Joint income basis.** This means that two or more persons' incomes were used in the lending assessment/decision.  
  
The income multiple here is the total loan amount divided by the aggregate income of the two or more borrowers.
- (iii) **Other.** This category is to be used when the loan assessment is based, only partly or not at all, on one or more persons' incomes. Thus include here:  
**Under Single Income section (E1.6/E1.13)**
  - **Buy to let loans** where the loan assessment is based on the rental yield of the property (but not buy to let loans based solely on one or more persons' incomes which should be shown against the relevant income multiple category);
  - **Lifetime mortgages** since in most if not all instances, the concept of a supporting income is not applicable;
  - **Other products** (no current examples)**Under Joint Income section (E2.6/E2.13)**
  - **Business loans**, where typically the loan assessment will be based on mixed sources of business/personal income or perhaps just on the capacity of a person's business to support the loan;
  - **Other products** that have similar characteristics, that is where the loan assessment is based on either mixed income sources or non-personal incomes.
- (iv) **Not evidenced.** This 'of which' analysis applies to loans made on the basis of one or more persons' incomes, and therefore should exclude any loans reported in "Other" (defined in (iii) above).  
  
It covers loans where: the lender has no independent documentary evidence to verify income (e.g. as provided by an employer's reference, a bank statement, a salary slip, a P60, or audited/certified accounts).

For the purpose of **income multiples**, the multiple is of **loan** to income where **loan** is as defined below.

**Loan to valuation ratio LTV**

Should be based on the following:

- (i) **loan** is defined for:
  - (a) **new borrowers** - as the amount of actual advance or, in the case of loans where the amount advanced in the period is less than the total amount of the loan which the *firm* has agreed to lend (for example loans with additional drawing facilities or loans involving instalments/stage payments/retentions), is the amount of committed advance (including any committed drawing facilities);
  - (b) **existing borrowers** - as the total amount of debt outstanding including the further advance plus any committed drawing facilities at the time of the further advance;

and will include MIG ("mortgage indemnity guarantee"), building and other insur-

ance premiums and other sundry items if these are included in the amount advanced;

- (ii) **valuation** is to be taken as the most recent valuation of the property which is subject to the mortgage (the existence of additional collateral on any other property should be ignored when calculating LTV). For these purposes, "recent valuation" can either be based on an actual valuation, or an estimated valuation using indexed valuation methodology applied to an original actual valuation. In the case of staged construction or self-build schemes, valuation means 'expected final value of the property' at the time the *firm* is committed to making the loan (i.e. takes the lending decision).

### E3 Credit history

This seeks to categorise lending in terms of a borrower's previous credit history, as measured at the point when the new advance is made. For these purposes, it is only necessary to establish a borrower's credit history at a single point in time, i.e. at the time of making the loan. In practice this will usually be done at the 'offer' stage of making a loan. It is not intended that credit history should be reassessed after the loan has been made. However, if a further advance is made, then it will be necessary to re-assess.

In particular the aim is to separately identify under the heading 'Impaired credit history', those loans where it appears that the borrower has some form of adverse credit history:

- (i) at the point when the new advance is made and the loan is reported under 'Gross advances';
- (ii) subsequently for reporting under 'Balances outstanding', the amount of the loan at the quarter end to such a borrower (who at the point when the present loan was advanced, was deemed to have had an adverse credit history).

However, if there is subsequently a further advance on the loan (which will be reported under 'Gross advances' in E3), this is an occasion to re-assess the borrower's credit history. At that stage, the total amount of the loan (including further advance) should be classified under 'Balances outstanding' on the basis of the credit history as determined at the time of making the further advance. This means that the further advance and total loan amount will be reported on a consistent basis.

#### E3.1 Impaired credit history

If any of the following conditions are met at the time of making the loan, the borrower should be reported as having **an impaired credit history**:

- (i) arrears on a previous (or current) mortgage or other secured loan within the last two years, where the cumulative amount overdue at any point reached three or more monthly payments;
- (ii) arrears on a previous (or current) unsecured loan within the last two years, where the cumulative amount overdue at any point reached three or more monthly payments;
- (iii) one or more county court judgments (CCJs), with a total value greater than £500, within the last three years;
- (iv) being subject to an Individual voluntary arrangement (IVA) at any time within the last three years;
- (v) being subject to a bankruptcy order at any time within the last three years;

**but** *firms* should not include technical arrears as part of the above definition. Technical arrears means circumstances where the borrower has been the victim of a banking error giving rise to late payment.

NB: In (i) to (v), *firms* should ignore whether the borrower has subsequently paid off arrears, or has satisfied/discharged a CCJ or IVA or bankruptcy.

In the case of loans involving **two or more borrowers**, the impaired credit test is whether any one of the borrowers individually meets any of the five listed impaired credit conditions.

E4	<b>Payment type</b> This section analyses loans in terms of how the borrower is contractually expected to service the loan, and is split into four categories: <ul style="list-style-type: none"><li>• repayment;</li><li>• interest only;</li><li>• combined; and</li><li>• other.</li></ul>						
E4.1	<b>Repayment (capital and interest)</b> This is the traditional payment option available to borrowers. Such loans involve regular periodic payments covering interest for the period and some repayment of capital.						
E4.2	<b>Interest only</b> This is the type of loan which requires the borrower to make regular payments of interest only (i.e. without any obligation to make periodic payments of capital). It includes 'endowment' type loans, others having an independent ultimate repayment vehicle (e.g. PEP, ISA or pension mortgages), as well as other interest-only loans where there is either no specific ultimate repayment vehicle in place or where the lender does not formally require one to be in place.						
E4.3	<b>Combined</b> This section is for loans where both of the above payment types are in place (i.e. part of the loan is 'repayment', and part is 'interest only').						
E4.4	<b>Other</b> This category will contain loans where no regular periodic payment obligation is in place, for example secured overdraft facilities or secured credit cards, and <i>lifetime mortgages</i> .						
E5	<b>By drawing facility</b> These are loans which include an option to draw down further amounts (i.e. where, at the outset of the loan, extra drawing rights exist over and above the original amount advanced, <b>but not</b> those arising only in relation to previous overpayments). The drawing facility category is also meant to indicate a facility that is only exercisable by the borrower (e.g. via a cheque book, on line transaction or on demand). It would therefore not apply to situations where a loan is merely subject to retentions or stage payments, since the borrower does not have a draw-down option that they can exercise.						
E5.1	<b>Extra drawing facility</b> These are loans which in general are structured as follows: <b>Example structure when flexible loan contract agreed</b> <table><tr><td>Amount of loan advanced</td><td>£65,000</td></tr><tr><td>Amount of extra drawing facility agreed to (but not advanced at outset of loan)</td><td>£15,000</td></tr><tr><td>Total loan facility up to</td><td>£80,000</td></tr></table>	Amount of loan advanced	£65,000	Amount of extra drawing facility agreed to (but not advanced at outset of loan)	£15,000	Total loan facility up to	£80,000
Amount of loan advanced	£65,000						
Amount of extra drawing facility agreed to (but not advanced at outset of loan)	£15,000						
Total loan facility up to	£80,000						
E5.1	<b>(a) Loans including unused facility</b> This means the total loan facility i.e. the sum of the amount of loan advanced and the amount of extra drawing facility agreed (but not advanced at the outset of the loan):  (i) <b>gross advances in quarter</b> should detail those loans that include an extra drawing facility: show the number and amount of such loans;						

- (ii) **loans outstanding** means the end quarter balances (on original advance plus any subsequent draw downs) plus the residual amount of any unused drawing facility that remains available to the borrower: show the number and amount of such loans.

**(b) Unused facility** This is the amount of the extra drawing facility that has not been drawn down by the borrower:

- (i) **gross advances** in quarter should detail the unused facility element of such loans: show the amount;
- (ii) **loans outstanding** means the end quarter balances of any unused extra drawing facility that remains available to the borrower: show the amount.

**(c) Net loans**

This can be calculated by subtracting the entry in row b) from the entry in row a).

**E5.2 Loans with no extra drawing facility**

*Firms* should report all other loans here.

**E5.3 TOTAL**

This figure should be calculated as follows:

- (i) for 'Number' by adding E5.1(a) and E5.2, and
- (ii) for 'Amount' by adding E5.1(c) and E5.2.

**E6 By purpose**

**E6.1/2 House purchase**

Loans where the borrower is purchasing a house (or flat etc). *Firms* should include stage payments on such transactions here and not in 'further advances'. A distinction is drawn between loans for house purchase where the purpose is for owner occupation, or for buying with a view to letting ('buy to let').

Loans for owner occupation are required to be sub divided into those to first time buyers (FTBs, that is where the tenure of the main borrower immediately before this advance was not owner-occupier) and those to other buyers.

**E6.2 Buy to let (BTL)**

Such loans typically involve the borrower purchasing a residential property with the intention of letting it out on a rental basis.

The majority of BTL loans will be those used by the borrower to acquire a property with the intention of letting it on a commercial basis to unrelated third parties. That is to persons who, in relation to the borrower, are not '*related persons*' (where '*related persons*' are those set out in subsections (A), (B) and (C) of section 4 (iv) of the Introduction). These BTL loans are not *regulated mortgage contracts* and hence should be shown in columns 5 to 8 of E6.2 under 'Non regulated loans'.

However, where a BTL loan is used by the borrower to acquire a residential property that will be occupied by a *related person*, such a loan will normally be a *regulated mortgage contract* (providing it satisfies the other requirements of a *regulated mortgage contract*) and should therefore be shown in columns 1 to 4 of E6.2 under 'Regulated loans'. An example of such a loan is where a parent buys a house or flat for use by a student son or daughter, with a plan to take in other students on a rental basis.

Further advances and remortgages on any BTL loans should be included within E6.2.

**Further advances and drawdowns**



### E6.3

A further loan (either as a further advance, or as a second charge loan where the *firm* has the first charge) to an existing borrower of the *firm*, secured on the same property; or a drawdown on a flexible mortgage.

The underlying purpose of the further advance or drawdown is not relevant and could include e.g. purchasing freehold interest in a currently owned leasehold property; buying a second property on the security of the first; as a consumer loan fully secured on residential property.

However, further advances and drawdowns on existing buy to let loans, and on *lifetime mortgage* loans should instead be reported against E6.2 and E6.6 respectively.

### E6.4/5 Re-mortgage

Loans where the borrower is not moving house but is refinancing an existing loan, either one already with the *firm* or one from another lender. The whole amount of the new advance should be classified as a 're-mortgage' even if it is larger than the existing loan.

Re-mortgages from another lender are well understood, and need no further comment.

But a 're-mortgage' by one of a firm's existing borrowers (i.e. 'own borrower' in E6.4) will not always be transacted in exactly the same way by different lenders. The following comments are designed to provide some illustrative examples, and indicate how the actual transaction between lender and borrower should be reported:

- **Example 1:** borrower changes from variable rate to fixed rate, with loan amount unchanged, at say £100k. Some lenders' systems formally treat this as a redemption and a new loan advance which is reportable under "advances" in D1 (in which case report as "re-mortgage" under this analysis of advances in E6), but other lenders treat it as an interest variation and not as a new advance (so not included in advances in D1 or E).
- **Example 2:** borrower changes from variable rate to fixed rate and takes out additional loan at the same time, say extra £25k on top of existing £100k. Some lenders will treat as a redemption of £100k and a new advance of £125k (in which case the £125k is a re-mortgage), but others may treat as two loans (with first loan regarded as just subject to an interest rate variation, and the extra loan as a "further advance").
- It is recognised that practices vary among lenders when it comes to further advances or re-mortgages. What is important is that the actual transaction between the lender and the borrower is reflected in the MLAR.
- Thus if a firm genuinely treats the advance of new money as a further advance (perhaps setting up a second sub-account), then that should be reported as such (e.g. at E6.3).
- However if the old loan is formally replaced with a new loan (at the same or increased size) and this is reported in "advances" in D1, then the new loan should similarly be reported in E, and in E6.4 shown as a "re-mortgage".

NB: However, re-mortgages on existing buy to let loans, and on *lifetime mortgage* loans, should instead be reported against E6.2 and E6.6 respectively.

### E6.6 Lifetime mortgages

#### (i) Regulated loans: Lifetime mortgages (columns 1 to 4)

This is defined in the *Handbook* as follows:

- (1) an *article 3(1)(b) credit agreement* or a *regulated mortgage contract* which is not a *retirement interest-only mortgage*, under which:
  - (a) entry into the mortgage is restricted to older *customers* above a specified age; and
  - (b) the lender may or may not specify a mortgage term, but will not seek full repayment of the loan (including interest, if any, outstanding) until the occurrence of one or more of the *specified life events*; and

- (c) while the *customer* continues to occupy the mortgaged land as their main residence:
- (i) no instalment repayments of the capital and no payment of interest on the capital (other than interest charged when all or part of the capital is repaid voluntarily by the customer) are due or capable of becoming due; or
  - (ii) although interest payments may become due, no full or partial repayment of the capital is due or capable of becoming due; or
  - (iii) although interest payments and partial repayment of the capital may become due, no full repayment of the capital is due or capable of becoming due; or
- (2) an *MCD exempt lifetime mortgage* which is not a *retirement interest-only mortgage*.

**(ii) Non- regulated loans: 'Lifetime mortgage' (columns 5 to 8)**

Loans to be included under these columns include:

- loans having broadly similar characteristics to those set out in (i)(a), (b) and (c) above, but which were advanced before 31 October 2004. Such loans will usually have been known as 'equity release loans';
- loans made after 31 October 2004, which whilst not satisfying the full criteria needed to be classed as a *regulated mortgage contract* (e.g. since a second but not a first charge is taken), nonetheless match the characteristics set out in (i)(a), (b) and (c) above.

**(iii) Further advances and re-mortgages** on any of the loans described in (i) and (ii) above, should be included within E6.6

**E6.7 Other**

Would include for example where a borrower is not moving house but takes a loan on the security of his previously unmortgaged property.

**SECTION F: LENDING - ARREARS ANALYSIS**

**Introduction**

The guidance notes in this section serve two purposes: they provide guidance for

- (i) Items **F1 to F5** shown in *MLAR* table F.

For these sections, the analysis of lending refers to onbalance sheet loan assets only, but excluding overdrafts (i.e. as included under 'Loans excluding overdrafts' in column 7 of section D1 of table D).

The responsibility for completing table F lies with the authorised lender, irrespective of whether the lender administers the loans itself or out-sources the administration elsewhere. The information should therefore appear as part of the lender's *MLAR*.

- (ii) Items **H1 to H5** shown in *MLAR* table H.

For these sections, which cover reporting of arrears by *firms* with a *mortgage administrator's* activity, the analysis should include arrears in respect of the types of residential loans to individuals set out in the guidance notes for table G, but only where the firm is acting as 'principal administrator'. For *guidance* on items H1 to H5 see corresponding guidance against items F1 to F5. Similarly references in the *guidance* notes to any items F1 to F5 should also be read as referring to items H1 to H5 when completing table H.



F1 – F4

### Arrears categorisation by type of loan

For these sections, the analysis of lending is divided into two main types:

- (i) residential loans to individuals (split between regulated and non-regulated business);
- (ii) all other secured loans.

The analysis is based on expressing **the amount of arrears** on each loan as a percentage of the *customer's balance outstanding* on the loan, allocating cases to relevant arrears bands, providing details of cases moving up into more serious arrears bands in the quarter, and giving information on loan performance during the quarter. (In cases where there is more than one loan secured on a single property, these should be amalgamated, where possible, in reporting details of arrears cases.)

**Definitions of terms** used above, and those related to them, are given below in sections having side headings numbered 1, 2, 3, 4, 5 and 6.

F1.6/  
F2.6 &  
F3.6/ F4.6

**In possession:** cases should be included here where the property is taken in possession (through any method e.g. voluntary surrender, court order). For development loans in particular, cases should also be included where the appointment of a receiver and/or a manager has been made, or where the security is being enforced in other ways (which may or may not also involve the existence of arrears e.g. building finance case with interest roll-up, no arrears, but a current valuation is less than the outstanding debt).

### 1. Balance outstanding (columns 3 and 6)

**1.1** This is the amount of total debt at the reporting date, and should comprise the total amount outstanding (after deducting any write-offs but without deduction for any provisions) in respect of:

- (i) the principal of the advance (including any further advances made);
- (ii) interest accrued on the advance (but only up to the reporting date), including any interest suspended;
- (iii) any other sum which the borrower is obliged to pay the *firm* and which is due from the borrower, e.g. fees, fines, administration charges, default interest and insurance premiums;

and is intended to be consistent with the basis used for presentation of gross balances outstanding shown in the balance sheet section of the return (i.e. at A3 Column 1 for on-balance sheet or unsecuritised balances, and at A3 column 4 for securitised balances), with the addition for tables F and H of any interest suspended not included in the balance sheet.

### 2. Amount of arrears (columns 2 and 4)

**2.1** Arrears will arise through the borrower failing to service any element of his debt obligation to the *firm*, including capital, interest, fees, fines, administrative charges, default interest or insurance premiums.

**2.2** At the reporting date, the **amount of arrears** is the difference between:

- (i) the accumulated total amounts of (monthly or other periodic) **payments due** to be received from the borrower; and
- (ii) the accumulated total amount of **payments actually made** by the borrower.

**2.3** Only amounts which are **contractually due** at the reporting date should be included in 2.2(i) above. That is:

- (i) include accrued interest only up to the reporting date but not beyond; and
- (ii) only include a proportion of any annual insurance premium if the *firm* permits such amounts to be paid in periodic instalments. However if the terms of the loan or the lender's practice are such as to permit insurance premiums to be added to the loan principal then do not treat such amounts as contractually due;
- (iii) similarly, where 'any other sum' has been added to the loan (see 1.1 (iii) above), only include such proportions as are contractually due (e.g. if it is the practice in particular circumstances to add the sum/charge to the loan and require repayment over the residual term of the loan);
- (iv) in assessing 'payments due' when a borrower has a **flexible loan**, it is important to apply the contractual terms of the loan: for example, payment holidays which satisfy the terms of the loan should not be treated as giving rise to an arrears position;
- (v) do not however include 'Deeds Store' loans in the arrears figures (that is, loans where the debt is de minimis e.g. £100, but the borrower still has insurance premiums to pay and perhaps some instalments are overdue).

**2.4** In the case of **annual review schemes** the 'payment due to be received' under 2.2(i) is that calculated under the scheme. This may well differ from the amount charged to the account but should not of itself give rise to any arrears, providing the borrower is making the level of payments advised by the *firm*. The same principles apply to deferred interest products - if the borrower is making the payments that are required under the loan arrangements then he or she is not in arrears, even though the debt outstanding is increasing.

**2.5** Where a *firm* makes a **temporary 'concession'** to a borrower (i.e., an agreement with the borrower whereby monthly payments are either suspended or less than they would be on a fully commercial basis) for a period, the amounts included in 2.2(i) are those contractually due (and at commercial rates of interest). Hence the borrower will continue to be in arrears and the level of arrears will in fact continue to increase until such time as he or she is able fully to service the debt outstanding.

**2.6** Where the terms of the loan do not require payment of interest (or capital) until a stated date or until redemption or until certain conditions are triggered, as for example in the case of certain building finance loans, then the loan is not in arrears until such time as contractual repayments are overdue. There may be circumstances however where, even though the loan is not in arrears, it falls to be reported under F1.6, F2.6, F3.6 or F4.6. (See notes on F1.6/F2.6/F3.6/F4.6 at the beginning of Section F.)

**2.7** The reporting treatment of cases where arrears have been capitalised is dealt with in section 3 below.

**2.8** Where a '**capitalisation**' case has at one time been correctly removed as fully performing (see section 3) but at some later time defaults, then this should be treated as a new default and the amount of arrears taken as that arising from this new default. That is, the previously capitalised arrears should not be reinstated as current arrears.

### 3. Capitalisation of arrears and reporting criteria

**3.1** By '**capitalisation**' we mean a formal arrangement agreed with the borrower to add all or part of a borrower's arrears to the amount of outstanding principal (i.e. advance of principal including further advances less capital repayments received during the period of the loan) and then treating that amount of overall debt as the enlarged principal. This enlarged principal is then used as the basis for calculating future monthly payments over the remaining term of the loan. Where less than the full amount of arrears is capitalised (or indeed where none of the arrears is capitalised) then, providing there are arrangements made for the borrower to repay the non-capitalised arrears over a shorter period ranging for example from 3 to 18 months, this type of arrangement should also be regarded as an equivalent of 'capitalisation'.

**3.2** The decision to 'capitalise' (or treat as if capitalised) is a business decision between the *firm* and the borrower. However for the purposes of consistency in reporting arrears

- cases in table F (and reporting capitalisations in section F5) the following **reporting criteria** should be used where a *firm* has capitalised the loan (or treated as if capitalised) and reset the monthly payment:
- (i) such an arrears case should continue to be included in sections F1 – F4 as an arrears case until the loan has been '**fully performing**' (see (ii) below) for a period of six consecutive months (any temporary increase in arrears during this qualifying period has the effect of requiring six consecutive months of fully performing **after** such an event). Until that time it should be included in table F, and be allocated to the arrears band applicable at each reporting date as if 'capitalisation' had not taken place;
  - (ii) for these purposes a loan is considered to be 'fully performing' only where the borrower has been meeting all obligations on the loan with regard to repayments of principal, interest (at a normal mortgage rate on the full balance outstanding, including as appropriate any relevant past arrears), any payment towards clearing past arrears as agreed with the *firm* and any default payments due levied in respect of previous missed repayments. That is, amounts may be either added to the principal of the loan or otherwise repaid over a shorter period than the residual term of the mortgage, as agreed between *firm* and borrower. But then this revised payment schedule must be fully maintained for a six month period before the arrears can qualify to be treated as capitalised for reporting purposes and hence removed from the arrears cases in table F;
  - (iii) arrears cases qualifying as 'fully performing' under (ii) **should then be omitted from sections F1-F4**, and should then be reported in section F5 for the same reporting period during which the removal occurs.

**4. Cases entering higher (i.e. more serious) arrears band in quarter (columns 1 to 3)**

This refers to those cases now included in a particular arrears band which may have been classified in a **less severe (i.e. lower numerical) band** at the end of the previous quarter, but which have deteriorated sufficiently during the quarter to move to a more severe arrears band. This would mean, for example, that cases that were previously excluded from the arrears table being less than 1.5% in arrears would now be entered in the '1.5 < 2.5%' arrears band (i.e. greater than 1.5% and less than 2.5%) in F1.1, and F1.6 (and F2.6/F3.6/F4.6) will show details of those cases taken into possession during the quarter which were previously classified as in arrears under any of F1.1-1.5 (or F 2.1-2.5/ 3.1-3.5/4.1-4.5, as the case may be). Cases which have improved during the quarter and which could now be classified in a less severe arrears band should not be included in these 3 columns.

**5. Number (of cases) (Columns 1 and 4)**

- 5.1** In cases where there is more than one loan secured on a single property, these should be amalgamated, where possible, in reporting details of arrears cases.
- 5.2** In cases involving, for example, arrears on loans to property developers (which would come under F4), the loan should count as a single case in the number column irrespective of the number of properties on the development itself.

**6. Performance of current arrears cases (column 7)**

**6.1** This analyses all those arrears cases included in columns 4 to 6 and gives a measure of performance covering all of the loans in a particular arrears band at the end of the quarter. The measure, which compares 'actual' with 'expected' payments, is required to be calculated for a single time period: the 3 months covered by the firm's latest financial quarter. For this time period, the performance measure should be calculated as a percentage as follows:

total of 'payments received' from borrowers x 100 total of 'payments due' from borrowers

where:

- (i) 'payments due' means amounts due under normal commercial terms (and not the lesser amounts which may have been agreed as part of any temporary arrangement) fully to service the loans: that is the balances outstanding including those elements referred to in 1.1 above such as insurance, fees and fines. (If for some reason this is not readily available then a suitable approximation can be derived for each relevant quarter by applying one quarter of the annual interest rate to the appropriate balance outstanding, and adding in other payments due for example insurance, fees and fines); and
- (ii) 'payments received' should be limited to regular repayment of interest, capital and other sundry charges to the loan account, and should exclude abnormal repayments (e.g. sale proceeds of property in possession, and large lump sum repayment of part or all of the outstanding balance). The reasoning behind this is that excess payments on one or more arrears cases would otherwise have the effect of compensating for underpayment on other arrears cases and, as a result, give an overstated performance measure. Therefore, in compiling aggregate payment received figures (as part of the payment performance ratio) the contribution from an individual loan in arrears should be limited to no more than the 'payment due' amount.

**6.2** The amount to be entered on the return is a percentage to 2 decimal places. Given the limitation described in 6.1 (ii), it cannot exceed 100%.

**6.3** In calculating the performance measure on possession cases (F1.6, F2.6, F3.6 and F4.6), the following points are relevant:

- (i) 'payments received': in many cases these may be nil, but not always since the property in possession may be let out and a rental income received. In each case the payment received should be included for the purposes of calculating the performance measure;
- (ii) 'payments due': in recognition of the fact that amounts of interest will still be charged to the borrower's account, then the 'payments due' should be calculated as three months' interest at normal commercial rates of interest;
- (iii) however, in F1.6, F2.6, F3.6 and F4.6, it is likely that the performance measure will in most instances be zero;
- (iv) the relevance of the above however, is that 'payments due' on possession cases need to be computed in order to feed into the overall performance measure at F1.6, F2.6, F3.6 and F4.6.

**6.4** The overall measure of performance at F1.7 (and similarly at F2.7, F3.7 and F4.7) includes possessions, and is the ratio of:

- (i) 'payments received' on all cases in F1.1 to F1.6
- (ii) 'payments due' on all cases in F1.1 to F1.6 The same approach should be used for F2.7, F3.7 and F4.7.

**F5**

**Arrears management**

**Number of sales/Number of (arrears) cases**

In cases where there is more than one loan secured on a single property, these should be amalgamated where possible in reporting details of possession cases sold during the period in F5 (column 1), and details of arrears cases in F5 (columns 3 and 4).

**Balance outstanding**

In F5 (columns 2 and 5) this is as defined in section F/1 paragraph 1.1 (including in the case of properties sold the costs of sale where these have been debited to the borrower's account), and should be the balance at the end of the quarter.

**Possession sales during quarter**

*Firms* should include in F5 (columns 1 and 2) **all** properties sold in the quarter irrespective of whether losses have occurred.

#### Capitalisation of arrears cases in quarter

Details should be given in respect of those cases which, having previously been in the reported figures in table F on arrears, have now been capitalised (or treated as if capitalised), have satisfied certain performance criteria for six months, and have been **re-moved** during the latest quarter from the arrears figures which now appear in sections F1 – F4. See paragraph 3 of section F of the *guidance notes*.

#### Cases involving temporary concession or arrangement

In respect of the number of cases in arrears at the end of the quarter (i.e. reported in F1 to F4.7), details should be given of those cases for which the lender has taken steps to assist the borrower in some way.

Specifically, *firms* should state in how many cases a **temporary concession** has been made (see paragraph 2.5 in Section F), and in how many cases a formal **arrangement** to capitalise has been made (see paragraph 3.1 in section F, which also includes within the term 'arrangement' the example of a borrower making increased monthly payments to reduce some or all existing arrears). The balancing number should be shown in the next column 'No concession/arrangement'.

## SECTION G: MORTGAGE ADMINISTRATION – BUSINESS PROFILE

### Introduction

Article 61 of the Regulated Activities Order establishes *administering a regulated mortgage contract* as a *regulated activity*. This applies equally to those *firms* that are lenders, and those whose principal business is to undertake mortgage administration on behalf of third parties.

For *firms* that are authorised as *mortgage administrators* only, the information sought in this section will enable the *appropriate regulator* to establish the extent and nature of the *firm's* mortgage administration business. The *appropriate regulator* will be able to assess the potential risks posed by the *firm's* business activities and tailor its regulatory response accordingly.

A *mortgage administrator* is a *firm* with *permission* (or which ought to have *permission*) for administering a *regulated mortgage contract* and where, as defined in article 61(3)(b) of the *Regulated Activities Order*, *administering a regulated mortgage contract* consists of either or both of:

- notifying the borrower of changes in interest rates or payments due under the contract, or of other matters of which the contract requires them to be notified; and
- taking any necessary steps for the purposes of collecting or recovering payments due under the contract from the borrower;

But a person is not to be treated as administering a regulated mortgage contract merely because they have or exercise, a right to take action for the purposes of enforcing the contract (or to require that such action is or not taken).

You should note that this section applies to *firms* with just a *mortgage administrator's* activity and those with both a *mortgage lender's* and *mortgage administrator's* activity.

You should also note, however, that if you have both a *mortgage lender's* activity and a *mortgage administrator's* activity to administer your own book and do not have any off-balance sheet loans to administer, then you should answer only the first question of section G of the *MLAR* ("Do you need to complete tables G and H?"), leaving the rest of section G and section H blank.

### 'Principal' and 'Other' Administrators

Because of the extent of specialisation and separation of activities in the provision of mortgage lending and administration services, we need to identify whether a firm that is authorised as a *mortgage administrator* is acting for *MLAR* purposes as a 'principal administrator' or as an 'other administrator':

- **Principal administrator:** this is where your *firm*:  
(a) is administering its own off-balance sheet mortgages; or



(b) is authorised to undertake a *mortgage administrator's* activity, and is exercising that activity on behalf of either a lender or another *person* that is not itself authorised to undertake a *mortgage administrator's* activity, or has entered into a contract to do so but has outsourced the *mortgage administrator's* activity to another *person*.

• **Other administrator:** this is where your *firm* is undertaking loan administration for either a lender or another *firm* which itself is also authorised to undertake a *mortgage administrator's* activity. In this situation, your *firm* is not regarded as the 'principal administrator', and you are merely acting on behalf of an authorised *mortgage administrator*.

16	<b>G1</b>	<b>Mortgage contracts administered at end-quarter</b> <b>Where your firm is acting as Principal administrator (columns 1-3)</b> Collects data on mortgage contracts administered as at the end of the quarter, but only where you are formally acting as principal in exercising a <i>mortgage administrator's</i> activity. It therefore excludes the reporting of: <ul style="list-style-type: none"><li>• any loan administration where you, being a <i>firm</i> without a <i>mortgage administrator's</i> activity, are merely providing an outsourced service for a third party which does have a <i>mortgage administrator's</i> activity; and</li><li>• any loan administration where you, a <i>firm</i> having a <i>mortgage administrator's</i> activity, are acting as agent and providing an outsourced service for a third party which itself has a <i>mortgage administrator's</i> activity.</li></ul> If you also have a <i>mortgage lender's</i> activity, then you should treat your own on and off-balance sheet loans as follows: <ul style="list-style-type: none"><li>(i) your <i>firm's</i> on-balance sheet loans should be excluded from G1.1 a) and G1.2 a). These items will therefore only include loans administered for third party lenders who do not themselves have a <i>mortgage administrator's</i> activity;</li><li>(ii) your <i>firm's</i> off-balance sheet loans should be included in G1.1 c) and G1.2 c). These will be the loans you have shown in section A3 'Securitised balances' under 'gross balances'. (These items G1.1 c) and G1.2 c) will also include loans you administer for other <i>special purpose vehicles</i> where you are formally exercising your <i>mortgage administrator's</i> activity).</li></ul> <b>Where your firm is acting as Other administrator (columns 4-6)</b> Record under these columns all of the mortgage contracts administered at the end of the quarter where you are not acting as a principal administrator.
	<b>G1.1</b>	<b>Number of loans</b> You should detail the number of <i>regulated mortgage contracts</i> administered as at the end of the quarter for <i>firms</i> with a <i>mortgage lender's</i> activity, for other <i>persons</i> (including unauthorised purchasers of your off-balance sheet mortgages for whom you administer mortgages) and for <i>special purpose vehicles</i> .  You should also detail the number of non-regulated loans administered as at the end of the quarter for <i>firms</i> with a <i>mortgage lender's</i> activity, for other <i>persons</i> (including unauthorised purchasers of your off-balance sheet mortgages for whom you administer mortgages) and for <i>special purpose vehicles</i> .  The total (all loans) is the sum of <i>regulated mortgage contracts</i> and non-regulated loans.
	<b>G1.2</b>	<b>Balance outstanding on loans</b> You should detail the balances outstanding on all <i>regulated mortgage contracts</i> that you administer as at the end of the quarter for <i>firms</i> with a <i>mortgage lender's</i> activity, for other <i>firms</i> (i.e. lenders for which you administer mortgages but they themselves do not have a <i>mortgage lender's</i> activity) and for <i>SPVs</i> .

	<p>You should detail the balances outstanding on all non-regulated loans that you administer as at the end of the quarter for <i>firms</i> with a <i>mortgage lender's</i> activity, for other <i>firms</i> (i.e. lenders for which you administer mortgages but they themselves do not have a <i>mortgage lender's</i> activity) and for <i>SPVs</i>.</p> <p>The total (all loans) is the sum of <i>regulated mortgage contracts</i> and non-regulated loans.</p>
G2	<p><b>Persons for whom mortgage administration was being carried out at quarter-end</b></p> <p>Collects data only on the top five <i>persons</i> for each category by value (i.e. the largest five <i>persons</i> by value, based on balances outstanding on regulated loans) for whom mortgage administration was being carried out at the quarter-end. (Details on other <i>persons</i> are not required to be shown, over and above the top five listed in each category.)</p> <p>The analysis required in G2 covers all <i>mortgage administration</i> activity undertaken by your <i>firm</i>, irrespective of whether your <i>firm</i> is acting as a 'principal' or 'other' administrator. The final column of the analysis, however, asks you to indicate your status for each <i>person</i> listed, namely whether acting as 'Principal' or as 'Other' administrator.</p>
G2.1	<p><b>Firms with a mortgage lender's activity</b></p> <p>Please detail the top five <i>firms</i> (by value) for whom <i>mortgage administration</i> was being carried out at the quarter-end.</p> <p>You should include the <i>firm's</i> reference number in addition to the name of the <i>firm</i>.</p> <p>You should indicate the value of <i>regulated mortgage contracts</i> and non-regulated loans for each of the top five <i>firms</i> for whom you administer such contracts.</p> <p>The total (all loans) for each <i>firm</i> listed is the sum of <i>regulated mortgage contracts</i> and non-regulated loans.</p>
G2.2	<p><b>Other persons who own loans</b></p> <p>Please detail the top five other <i>persons</i> who own beneficially the rights of the lender under the relevant mortgage contracts (by value) for whom <i>mortgage administration</i> was being carried out at the quarter-end (but who themselves do not have a <i>mortgage lender's</i> activity; these <i>persons</i> may be <i>authorised persons</i> or <i>unauthorised persons</i>).</p> <p>You should indicate the value of <i>regulated mortgage contracts</i> and non-regulated loans for each of the top five other <i>persons</i> who own beneficially the rights of the lender under the relevant mortgage contracts and for whom you administer.</p> <p>The total (all loans) for each <i>person</i> listed is the sum of <i>regulated mortgage contracts</i> and non-regulated loans.</p>
G2.3	<p><b>Special purpose vehicles</b></p> <p>Please detail the top five <i>special purpose vehicles</i> (by value) for whom <i>mortgage administration</i> was being carried out at the quarter-end. If your <i>firm</i> has off-balance sheet loans (which it has reported in G1.1 c) and G1.2 c) then please show your <i>firm</i> as one of these five <i>special purpose vehicles</i> as follows:</p> <ul style="list-style-type: none"><li>• group together all <i>special purpose vehicles</i> for which your <i>firm</i> is the originator and show the aggregated amounts on a single line (irrespective of whether the total of regulated loans for all such <i>special purpose vehicles</i> would rank within the top five);</li><li>• under "firm reference" column, put your <i>firm's</i> reference number;</li><li>• under "Name of firm" column, put your <i>firm's</i> name followed by "own <i>special purpose vehicles</i>" in brackets, for example XYZ firm name (own <i>special purpose vehicles</i>).</li></ul> <p>You should indicate the value of <i>regulated mortgage contracts</i> and non-regulated loans for each of the top five <i>special purpose vehicles</i> for whom you administer.</p>

The total (all loans) for all *special purpose vehicles* listed is the sum of regulated mortgage contracts and non-regulated loans.

SECTION H: MORTGAGE ADMINISTRATION – Arrears analysis

Type of loans to be reported

This arrears analysis should cover only those types of loan listed below, in respect of which your *firm* is formally acting as principal administrator. Thus, irrespective of whether your *firm* has a *mortgage administrator's* activity, if you are merely acting as an administrator for a third party that itself has a *mortgage administrator's* activity, then you should not include any such loans in this analysis.

The types of loans to be included in the analysis are:

- (i) Loans administered for *firms* which do not themselves have a *mortgage lender's* activity. These loans are reported at G1.2 b) in table G.
- (ia) Loans administered for any other *person*, including loans which your *firm* originated but which have been securitised off-balance sheet (and are therefore not reported in section A3 of Table A under “Securitised balances”). These loans are also reported at G1.2 b) in table G.
- (ii) Loans administered for *special purpose vehicles*. These loans are reported at G1.2 c) in table G.
- (iii) [deleted].

The information presented in table H should represent the total of all such loan types listed above, in a single version of the table.

H1 – H5	<p><b>Guidance on arrears items</b></p> <p>The <i>guidance</i> for these items is provided in section F of these guidance notes, where items H1 to H5 correspond to items F1 to F5.</p> <p>The arrears analysis is of loan balances excluding overdrafts, as is the case in section F.</p>
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SECTION J: FEE TARIFF MEASURES

J1	<p><b>Introduction</b></p> <p>The purpose of this section is to enable the <i>firm</i> to provide data on the current <b>fee tariff measures</b> that apply to each of the regulated activities of <i>home finance providing activity</i> and <i>administering a home finance transaction</i>.</p> <p>This section also distinguishes between the fee tariff measures that apply to the <i>FCA</i> and <i>FOS Ltd</i> (Financial Ombudsman Service Limited).</p> <p>Since the relevant fee tariff measures may change from time to time, these guidance notes merely define where the current definitions of fee tariff measures are to be found. Accordingly, please refer to the relevant part of the <i>FCA's Handbook</i> where such details can be found:</p> <p>* FEES 4 Annex 1AR and Annex 2AR of the <i>Handbook</i> for the <i>FCA</i> fee tariff*</p> <p>* FEES 5 Annex 1R, Annex 2R and Annex 3R of the <i>Handbook</i> for the <i>FOS Ltd</i> fee tariff*</p> <p>To the extent that the <i>FOS Ltd</i> fee tariff measure requires other relevant activities that the <i>firm</i> carries out to be taken into account, these should be included in J1.3.</p> <p>In relation to section J of the <i>MLAR</i>, firms must report the information required by this section solely in their year-end <i>MLAR</i>. <i>Firms</i> with an <i>account</i></p>
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ing reference date of between 31 December and 31 March (inclusive) must report the information required by this section as at 31 December of the calendar year immediately before the relevant fee period. All other *firms* must report the information required by this section as at 31 December of the previous calendar year. For example, for 2006/07 fees, for *firms* with an *accounting reference date* of between 31 December 2005 and 31 March 2006 (inclusive) the information required by section J is that calculated as at 31 December 2005. For all other *firms* the information required by section J is that calculated as at 31 December 2004.

SECTION K: SALE AND RENT BACK BUSINESS (SRB)

Introduction

This section must be completed as follows:

- *SRB agreement providers* must complete K1 to K4;
- *SRB administrators* must complete K5;
- *Firms* that are both *SRB agreement providers* and *SRB administrators* must complete K1 to K5.

SRB: Residential sales by individuals

It is expected that *firms* will have the following to report:

- regulated SRB agreements: in respect of transactions entered into since SRB became a *regulated activity*, and
- non-regulated SRB agreements: in respect of transactions of a similar nature entered into before SRB became a *regulated activity* which are still being administered; and also any new contract that, while not meeting the precise conditions for a regulated contract, nonetheless has similar characteristics (for example cases where the purchaser is not regulated or where the *firm* has purchased a property under value and rents an alternative property to the seller).

This approach means that all new and existing sale and rent back agreements – whether regulated or not, and whether transacted before or after SRB became a *regulated activity* – must be included in the information reported by the *firm* in section K.

K1	<p><b>Overall business summary</b></p> <p>This section looks at the <i>firm's</i> SRB position at the start of the reporting quarter, at the various movements in the quarter, and at the end quarter position. Details required are:</p>
K1.1	<p><b>SRB agreements at start of quarter:</b> those agreements that existed at the end of the previous quarter. This line should normally agree with figures reported as at the previous quarter-end.</p>
K1.2	<p><b>New sales in quarter:</b> new SRB agreements transacted in the quarter, where the <i>firm</i> has obtained title to the property and monies have been paid to the SRB seller. 'Amount' is the sale value (paid to seller) and should be reported gross, that is, before the deduction of any fees and charges.</p>
K1.3	<p><b>Disposals in quarter:</b> SRB agreements where the <i>firm</i> has sold the actual property. 'Amount' is the SRB value of the contract as used for the same contract reported in K1.1. Transfers or sales of SRB agreements should be reported under 'Business transfers-sales' below.</p>
K1.4	<p><b>Business transfer-acquisitions:</b> where the <i>firm</i> acquires one or more existing SRB agreements from another party or parties.</p>
K1.5	<p><b>Business transfer- sales:</b> where the <i>firm</i> sells one or more existing SRB agreements to another party or parties. Include also transfers of such agreements to any party.</p>

K1.6	<p><b>Other:</b> include any other amounts which affect the balances reported in K1.1 and K1.7, that is which reflect any change in the book value of any SRB agreements during the quarter. This is to capture any 'amounts' that will affect the overall position but are not covered by K1.2-K1.5. A value is required to be recorded in the 'Amount' column only.</p>
K1.7	<p><b>SRB agreements at end of quarter:</b> the number and book value of SRB contracts in existence at the end of the quarter.</p>
K1.8	<p><b>SRB agreements arranged for unauthorised persons:</b> The number of SRB agreements arranged where an unauthorised person has obtained title to the property and monies have been paid to the SRB seller. The 'Amount' is the sale value (paid to seller) and should be reported gross, that is, before the deduction of any fees and charges.</p> <p>NB: it is expected that figures in K1.7 will reconcile with those in other rows as follows:</p> <ul style="list-style-type: none"> <li>• For 'Numbers': <math>K1.7 = K1.1 + K1.2 - K1.3 + K1.4 - K1.5</math></li> <li>• For 'Amounts': <math>K1.7 = K1.1 + K1.2 - K1.3 + K1.4 - K1.5 + K1.6</math></li> </ul>
K2	<p><b>New business in the quarter</b></p> <p>This section looks at various aspects of new business that has been transacted in the quarter: each is described below. For each aspect:</p> <ul style="list-style-type: none"> <li>• The 'sale value' means the gross amount paid to the seller before any fees and charges have been deducted.</li> <li>• The 'All sales' line should agree with figures reported in K1.2.</li> </ul>
K2.1 to K2.3	<p><b>Sales: analysed by discount on open market value (OMV)</b></p> <p>Here SRB transactions are classified into different bands, according to the amount of <b>discount</b> expressed as a percentage of the open market value of the property that is subject to the SRB contract. Discount is the open market value minus the sales value.</p> <p>Values are required to be recorded in both the 'Number' and 'Amount' columns. So for example, for those SRB agreements where the discount is 30% to under 40%, enter the total number of such sales and the total sales values of those agreements in the relevant boxes on the K2.2 line.</p>
K2.4	<p><b>Average of all sales</b></p> <p>The average discount is recorded as an amount. This value should therefore be recorded in the 'Amount' column only. For example, if 4 properties with an open market value of £100,000 were bought at a 25% discount and 4 properties with an open market value of £120,000 at a 35% discount, the average amount of discount is £33,500.</p>
K2.5 to K2.6	<p><b>Sales: analysed by provider fees charged</b></p> <p>Here, SRB transactions are classified into two different bands, according to the amount of provider fees charged to the SRB agreement. Enter the total number of such sales in the 'Number' column and the total sales values of those agreements in the 'Amount' column.</p>
K2.7	<p><b>Average fees charged</b></p> <p>The average amount of provider fees is recorded here. This value should be recorded in the 'Amount' column only. For example, if 8 new agreements were entered into during the quarter with provider fees totalling £4000, enter £500 (£4000 divided by 8) in the 'Amount' column.</p>
K2.8 to K2.9	<p><b>Sales: analysed by annual rent as percentage of sales values</b></p>

K2.8	Here the total number of new SRB agreements (entered in the 'Number' column) and the amount of average monthly rent being charged at the outset of the agreements (entered in the 'Amount' column) is recorded.
K2.9	The average rental yield percentage is calculated as the total annual rent for all new SRB agreements in the quarter divided by the total sales values, entered in the 'Amount' column.
K3	<b>SRB agreements terminated or transferred in the quarter</b>  This analyses SRB agreements terminated by either the provider or seller, and also those SRB agreements transferred to other parties.
K3.1 to K3.6	<b>Agreements terminated:</b>  By firm:  This is where the seller has breached the terms and conditions of the SRB agreement and the provider has exercised the right to terminate the contract. Here, terminations are analysed according to the duration of the contract in particular time bands. For each time band, enter the total number of such terminations.  At the end of the quarter, some or possibly all of these agreements in K3.1 to K3.6 will also be included in end-quarter figures at K1.7. Those not included may already have been disposed of (reported at K1.3), or sold or transferred to third parties (reported at K1.5).  By seller:  This is where the seller has exercised the right to buy back the property under the SRB agreement, or where the seller has terminated the tenancy agreement before the end of the fixed term. Here, redemptions are analysed according to the duration of the contract in particular time bands.  For each time band, enter the total number of such transactions.
K3.7 to K3.9	<b>Transfers and disposals</b>  <b>Transfers</b>  This covers SRB agreements which are sold or transferred to third parties, but where the contract itself remains in being.  The analysis looks into the status of each SRB agreement when it is sold or transferred.  <i>Firms</i> should report: <ul style="list-style-type: none"><li>• original SRB values: the gross sales value paid to the seller;</li><li>• current SRB values: the book value of the contract at time of sale/transfer; and</li><li>• actual disposal/transfer values: the value of the contract as recognised in the agreement with the acquiring party.</li></ul> <b>Disposals</b>  This covers disposals made during the normal course of business, and does not include business transfers. This is a further analysis of 'disposals' reported in K1.3.  <i>Firms</i> should report: <ul style="list-style-type: none"><li>• original SRB values: the gross sales value paid to the seller;</li><li>• current SRB values: the book value of the contract at time of disposal; and</li><li>• actual disposal/transfer values: the price obtained on sale (before deducting any costs of sale).</li></ul>

K4	<p><b>SRB agreements at end of quarter: cases 10% or more in arrears</b></p> <p><i>Firms</i> should report those SRB contacts where the total amount of arrears on rental payments is 10% or more of the annual rental amount. Cases should be allocated to the relevant arrears band according to the percentage in arrears.</p> <p>For each arrears band, report the number of such cases, the amount of arrears, and the amount of the expected annual rent on these cases.</p>
K5	<p><b>SRB administrators</b></p> <p><i>Firms</i> holding SRB administration permissions must complete the number of regulated SRB agreements that they administer, the number of non-regulated SRB agreements that they administer and the number of SRB agreements that they administer for other firms.</p> <p>The agreements administered for third parties must be further broken down by the number of SRB agreements administered for the largest five <i>firms</i> that they administer regulated SRB agreements for.</p>

SECTION L: CREDIT RISK

Introduction

The purpose of this *data item* is so that a *firm* can provide an analysis of its *credit risk capital requirement* as calculated under ■ MIPRU 4.2A, ■ 4.2B and ■ 4.2C. But this section does not apply to a *firm* which exclusively carries on *home finance administration* or *home finance providing activities* (or both) in relation to *second charge regulated mortgage contracts* or *legacy CCA mortgage contracts* (or both): see■ SUP 16.12.18BR, Note 4.

This data item is only relevant to firms that meet the criteria set out in note 2 of SUP 16.12.18BR. If that is the case then all relevant exposures must be included in the credit risk capital requirement calculation. See MIPRU 4.2A.4R.

Please note that this *data item* is intended to be a summary of the credit risk capital calculation as calculated under ■ MIPRU 4.2A, ■ MIPRU 4.2B and ■ MIPRU 4.2C and is not a detailed work schedule.

**Data elements:** These are referred to by row first then by column, so data element 2B will be the row numbered 2 in column B.

Section L is structured in three parts. The first part (rows 1-7) focuses on the breakdown of the credit risk capital requirement by types of exposure. The second part (rows 8-14) is a memo section that requests further detail on specific elements that will already be incorporated within the first part. The third part (rows 15 and 16) requests transaction level information on a *firm's* securitisations.

Part 1 – Rows 1 to 7

This part of the *data item* focuses on providing a breakdown of a *firm's* credit risk capital requirement under the two categories of 'loans/exposures that are not securitised' and 'loans/exposures securitised'. The category 'loans/exposures not securitised' is further broken down into four loan/exposure types. A *firm* should report its credit risk capital requirement across the five loan/exposure types under the two categories of 'loans/exposures that are not securitised' and 'loans/exposures securitised' in rows 1 to 5.

Please note: This part cannot be used as a worksheet to calculate the credit risk capital requirement for each loan/exposure type, because some loan/exposure types may contain more than one risk weighting within the row.

Row 1 – Loans with mortgages on residential property

A *firm* should include in this row all loans entered into with mortgages on residential property that have not been securitised. This includes loans that are past due, buy-to-let loans on residential property, second charge and subsequent mortgages on residential property, and mortgages on residential property irrespective of the loan to value.

Row 2 – Loans with mortgages on commercial property

A *firm* should include in this row all loans with mortgages on commercial property that have not been securitised. This includes loans that are past due, buy-to-let loans on commercial property, and second charge and subsequent mortgages on commercial property.

## Row 3 – Other Loans

A *firm* should include in this row all loans that are not included in rows 1, 2, 4 and 5.

## Row 4 – Collective Investment Undertakings

A *firm* should include in this row all positions in collective investment undertakings.

## Row 5 – Securitisation (originated only)

A *firm* should include in this row all positions in assets that have been included in securitisations originated by the *firm*. Rows 15 and 16 request further detail on these exposures. See ■ MIPRU 4.2B for more information on calculating the credit risk capital requirement for securitisations.

## Column A

A *firm* should report the exposure value of assets for each of the five loan/asset types. This should be the balance sheet value (i.e. net of any provisions). See ■ MIPRU 4.2A.6R.

## Column B

A *firm* should report here the amount of credit risk mitigation for each of the five loan/asset types. See ■ MIPRU 4.2C.

## Column C

A *firm* should report here any other credit valuation adjustments for each of the five loan/asset types.

## Column D

For each of the five loan/asset types, a *firm* should report the total *risk weighted exposure amount*. A *firm* should have regard to ■ MIPRU 4.2A.7R to ■ MIPRU 4.2A.18G when calculating risk weighted exposure amounts.

## Column E

This contains the credit risk capital requirement for each of the five loan/asset types, which is 8 per cent of the relevant *risk weighted exposure amount* in Column D.

## Columns F and G

These are memorandum item columns. For each of the five loan/exposure types, a *firm* should report the total value of individual (specific) and collective (general) impairment balances/provisions that were made BEFORE arriving at the balance sheet exposure value of loans/exposures reported in Column A.

## 5A Total exposure value of securitisations

This is the total exposure value of assets that have been securitised and originated by the *firm*. This should equal the sum of the value of assets reported in columns B, C and D of the table in element 15.

## 6A Total Exposure Value T

his is the total balance sheet value of assets that have been included in the credit risk capital requirement calculation, being the sum of data elements 1A to 5A. This should also be the value of assets reported in *data element* C4.2a in MLAR Section C.

## 7E Total credit risk capital requirement

This is the total credit risk capital requirement, being the sum of *data elements* 1E to 5E. This should also be the credit risk capital requirement reported in *data element* C4.6(c) in MLAR Section C.

## Part 2 – Rows 8 to 14

This part of the data item contains memorandum items on specific elements that have already been recorded in Rows 1 to 7. The aim of this part of the data item is to obtain targeted prudential information on certain loan types. As a result, a *firm* should not omit data from Part 2 on the grounds that it has already included that data in Part 1. Equally, a *firm* should not omit data from Part 1 on the

grounds that the data will be included in Part 2. For example, if a *firm* has a past due loan on a mortgage on a residential property, that data should be included in the credit risk capital requirement calculation in row 1 **and** in row 8. Another example is a second charge mortgage on a residential property, where the data will be included in the row 1 **and** in row 13.

## Column A

A *firm* should report the exposure value of assets for each specific loan type. This should be the balance sheet value (i.e. net of any provisions). See ■ MIPRU 4.2A.6R.

## Column D

For each specific loan type, a *firm* should report the total risk weighted exposure amount. A *firm* should have regard to ■ MIPRU 4.2A.7R to ■ MIPRU 4.2A.18G when calculating *risk weighted exposure amounts*.

## Column E

This contains the credit risk capital requirement for each specific loan type, which is 8% of the relevant *risk weighted exposure amount* in Column D.

## Columns F and G

For each specific loan type, a *firm* should report the total value of individual (specific) and collective (general) impairment balances/provisions that were made BEFORE arriving at the balance sheet exposure value reported in Column A.

## Row 8 – Past due item on loans with mortgages on residential property

A *firm* should report in this row all past due loans with mortgages on residential property. See ■ MIPRU 4.2A.17R.

## Row 9 – Past due item on loans with mortgages on commercial property

A *firm* should report in this row all past due loans with mortgages on commercial property. See ■ MIPRU 4.2A.17R.

## Row 10 – Past due items on other loans

A *firm* should report in this row all past due loans on other loans. See ■ MIPRU 4.2A.17R.

## Row 11 – Buy-to-let mortgages on residential property

A *firm* should report in this row all buy-to-let mortgages on residential property.

## Row 12 – Buy-to-let mortgages on commercial property

A *firm* should report in this row all buy-to-let mortgages on commercial property.

## Row 13 – Second charge mortgages on residential property

A *firm* should report in this row all second charge and subsequent mortgages on residential property.

## Row 14 – Second charge mortgages on commercial property

A *firm* should report in this row all second charge and subsequent mortgages on commercial property.

## Part 3 – Rows 15 and 16

This part of MLAR Section L provides transaction-level information on the securitisations that a *firm* has originated. A *firm* will report each securitisation programme in a different row and complete columns A to L for each securitisation programme.

## Column A

A *firm* should report the name of the securitisation programme.

## Columns B, C and D

A *firm* should record the value of the securitisation that has been retained by the *firm* under each of the headings: Senior, Mezzanine and Equity.



For the purposes of completing columns B, C and D of Part 3 of *MLAR* section L, Senior is the value of securitisation tranches that have *credit quality step 1* (see the appropriate standardised approach table at <http://www.fca.org.uk/your-fca/documents/fsa-ecais-securitisation>); Equity is the value of securitisation tranches that have *credit quality step 4, 5* or 'all other credit assessments' and Mezzanine is the value of securitisation tranches that are not Senior or Equity tranches. Purely for the purposes of completing columns B, C and D of Part 3, all unrated securitisation tranches should be classified as Equity tranches.

## Columns E, F and G

A *firm* should record the value of the securitisation that has been purchased by investors (and therefore no longer being held by the *firm*) under each of the headings: Senior, Mezzanine and Equity.

For the purposes of completing columns E, F and G of Part 3 of *MLAR* section L, Senior is the value of securitisation tranches that have credit quality step 1 (see the appropriate standardised approach table at <http://www.fca.org.uk/your-fca/documents/fsa-ecais-securitisation>

); Equity is the value of securitisation tranches that have *credit quality step 4, 5* or 'all other credit assessments' and Mezzanine is the value of securitisation tranches that are not Senior or Equity tranches. Purely for the purposes of completing columns E, F and G all unrated securitisation tranches should be classified as Equity tranches.

## Column H

This is the total credit risk capital requirement for the assets that are included in the securitisation programme but before the effect of the securitisation. The value reported in this column should be based on all assets included in the securitisation programme even though a *firm* will subsequently retain only a portion of the securitisation.

## Column J

This is the total credit risk capital requirement for the securitisation programme that has been retained by a *firm* based on the credit risk weights in ■ MIPRU 4.2B.

## Column K

This is the total significant risk transfer add-on that should be added to the capital requirement for the securitisation programme.

## Column L

This is the total credit risk capital requirement for the securitisation programme. This should be the sum of columns J and K for each securitisation programme.

## 16L Total capital requirement after securitisation

This is the total capital requirement for securitisation positions originated by a *firm*. This should equal the value reported in 5E.

## SECTION M: LIQUIDITY

### Introduction

The purpose of this *data item* is for a *firm* to confirm that it complies with the liquidity resources requirements in ■ MIPRU 4.2D. But this section does not apply to a *firm* which exclusively carries on *home finance administration* or *home finance providing activities* (or both) in relation to *second charge regulated mortgage contracts* or *legacy CCA mortgage contracts* (or both): see ■ SUP 16.12.18BR, Note 4.

This *data item* is only relevant to a *firm* that does not have a restriction on its *Part 4A permission* that prevents it from undertaking new *home financing* or *home finance administration* (with mortgage assets on balance sheet) connected to *regulated mortgage contracts*.

In relation to the questions in *MLAR* Section M Liquidity Questionnaire (with the exception of question 2), a *firm* should, as appropriate, answer "yes", "no", or "not applicable". For those questions where the answer is "no" or "not applicable", a *firm* must explain why in column B.

## Part 1 – Adequacy of liquidity resources

Question 1 – In answering this question a *firm* should have regard to ■ MIPRU 4.2D.2R and ■ MIPRU 4.2D.3G. If a *firm* answers “no” or “not applicable”, it should explain why in column B and the *firm* does not need to complete the rest of MLAR Section M.

Question 2 – In deciding on the amount of liquidity resources that a *firm* holds or is able to generate a *firm* should have regard to ■ MIPRU 4.2D.3G. The figure should be entered in 000’s.

## Part 2 – Systems and controls

Question 3 – In answering this question a *firm* should have regard to ■ MIPRU 4.2D.4R and ■ MIPRU 4.2D.5R.

Please note that Part 5 of MLAR Section M covers senior management oversight separately.

## Part 3 – Stress testing

Question 4 – In answering this question a *firm* should have regard to ■ MIPRU 4.2D.8R, ■ MIPRU 4.2D.10R and ■ MIPRU 4.2D.11G.

Question 5 – In answering this question a *firm* should have regard to ■ MIPRU 4.2D.8R, ■ MIPRU 4.2D.9R(1) and (2), ■ MIPRU 4.2D.10R and ■ MIPRU 4.2D.11G.

Question 6 – In answering this question a *firm* should have regard to ■ MIPRU 4.2D.9R(1) and (2).

Question 7 – In answering this question a *firm* should have regard to ■ MIPRU 4.2D.9R(3).

## Part 4 – Contingency funding plans

Question 8 – In answering this question a *firm* should have regard to ■ MIPRU 4.2D.13R.

Question 9 – In answering this question a *firm* should have regard to ■ MIPRU 4.2D.13R(2)(a).

## Part 5 – Senior management oversight

Question 10 – In answering this question a *firm* should have regard to ■ MIPRU 4.2D.6R.

Question 11 – In answering this question a *firm* should have regard to ■ MIPRU 4.2D.7R.

Question 12 – In answering this question a *firm* should have regard to ■ MIPRU 4.2D.10R, ■ MIPRU 4.2D.13R and ■ MIPRU 4.2D.14R.



Products covered by the reporting requirement in SUP 16.11

This is the *guidance* referred to in ■ SUP 16.11.6G.

■ SUP 16.11.3R, ■ SUP 16.11.5R and ■ SUP 16.11.5AR require certain *firms* to report product sales data and, in respect of *regulated mortgage contracts* other than *legacy CCA mortgage contracts*, performance data. For reporting purposes, a reportable sale applies (other than in the case of a mortgage transaction) where the contract has been made and the premium has been paid.

In the case of mortgage transactions, the reporting requirement applies to loans for house purchase, remortgages, internal product transfers (including those effected by a new mortgage contract and those effected as contract variations) and further advances. In the case of sales data, a reportable mortgage transaction applies where the mortgage transaction has completed (i.e. funds have been transferred and have been applied for the purpose of the mortgage).

In the case of *high-cost short-term credit* and *home credit loan agreements*, a reportable transaction has taken place where the loan monies have been advanced to the *borrower*.

In the case of a group section 32 buy-out, the figure reported for the ‘total premium amount’ in form PSD002 should be the aggregate figure of all the individual members’ premiums added together. *Firms* should not provide an average premium figure. Where form PSD002 requests individual details (e.g. customer postcode) the firm can, only for group section 32 buy-out transactions, leave the fields blank.

Part 1 - Products

The following tables provide *guidance* on the products for which sales data is to be reported. These tables are not intended to be a complete list of relevant products; *firms* should report sales data on all products which would fall within the scope of *retail investments*, *pure protection contracts*, and *regulated mortgage contracts* and other *home finance transactions*, *high-cost short-term credit* and *home credit loan agreements*.

Table 1 – RETAIL INVESTMENTS

Relevant products include:

- Unit trust scheme IOEIC
- Investment trust
- ISA
- Structured capital-at-risk product
- With profit bond
- Unit linked bond
- Distribution bond
- Mortgage Endowment
- With profit endowment
- Endowment savings plan
- Guaranteed income/growth/investment bond
- Trustee investment bond
- Life annuity
- Pension annuity

Long term care insurance contract  
Stakeholder pension  
Self-invested personal pension  
Personal pension  
Group personal pension  
FSAVC  
Individual pension transfer  
Pension opt out  
Section 32 buy out  
Group section 32 buy out  
Income drawdown  
Executive pension  
SSAS  
Group money purchase  
AVC final salary  
AVC group money purchase

Table 2 - PURE PROTECTION CONTRACTS

Relevant products include:

Income protection  
Standalone critical illness  
Critical illness sold as a rider benefit to mortgage protection and mortgage term assurances

Table 3 - MORTGAGES

Relevant mortgage types include:

Fixed rate mortgages  
Discounted variable rate mortgages  
Tracker mortgages  
Capped rate mortgages  
Standard variable rate mortgages

Table 4 – OTHER HOME FINANCE TRANSACTIONS

Relevant products include:

Home reversion plans  
Home purchase plans  
Regulated sale and rent back agreements

Table 5 – SHORT TERM LOANS

Relevant loan types comprise:  
High-cost short-term credit  
Home credit loan agreements

Part 2: Supporting product definitions/guidance for product sales data reporting

Part 2 contains *guidance* on the terms used in part 1 and on other relevant material.

Where products have not been defined in the *Glossary*, an explanatory description is provided.

## Retail investments

PRODUCT	Guidance
With profit bond	Includes all single premium policies where a lump sum is paid into a with profits fund made up of <i>investments</i> such as company shares, fixed interest <i>securities</i> , commercial property and <i>money</i> . Unitised with profit bonds should be reported under this category.
Unit linked bond	A contract where the premium buys, or is deemed to buy investment units in a selected fund. The value of the <i>policyholder's</i> fund is linked to the value of the <i>units</i> (see <i>guidance relating to distribution bonds</i> ).
Distribution bond	<p>A single premium <i>investment</i> policy. The funds are invested in equities and gilts and an income is paid each year to the <i>policyholder</i>, dependent on the performance of the <i>investments</i>.</p> <p>Only report as a distribution bond where over 50% of the fund allocation relates to the distribution fund. If less than a 50% allocation is made, the product should be reported as a unit linked bond.</p>
Guaranteed income/ growth/ investment bond	This includes income and growth bonds which include guaranteed income and guaranteed equity bonds that include guarantees and pay a percentage of the movement of more one or more index.
Structured capital-at-risk product	Defined in the Handbook <i>Glossary</i> .
Life/pension annuity	<p>An arrangement by which a life company pays someone a regular income, usually for life, in return for a lump sum premium. This would include</p> <ul style="list-style-type: none"> <li>• deferred and immediate annuities</li> <li>• compulsory purchase annuities</li> <li>• home income plans; and</li> <li>• all other types of life annuities</li> </ul>
Unit trust scheme	Defined in the Handbook <i>Glossary</i> .
Investment trust	Defined in the Handbook <i>Glossary</i> .
ISA	<p>Defined in the Handbook <i>Glossary</i>.</p> <p>Cash and insurance ISAs should not be reported</p>
Endowment savings plan	An endowment plan with a fixed term with benefits paid on death within the term or on maturity
Mortgage endowment	This should include any regular premium low cost endowments plus unitised with profit endowments
Long-term care insurance contract	[The FSA consulted in CP 200 on the definition of <i>long-term care insurance contract</i> that will apply from 14 January 2005. The guidance here will cross-refer to the finalised definition.]
Stakeholder Pension	See Handbook <i>Glossary</i> for definition of ' <i>stakeholder pension scheme</i> '.
Self-invested personal pension	See Handbook <i>Glossary</i> for definition of ' <i>self-invested personal pension</i> '.

PRODUCT	Guidance
<b>Personal pension</b>	See Handbook <i>Glossary</i> for definition of ' <i>personal pension scheme</i> '. For reporting purposes do not include Rebate Only Pension business.
<b>Group personal pension</b>	See Handbook <i>Glossary</i> for definition of ' <i>group personal pension scheme</i> '.  Phased retirement should include transfer plans that permit staggered annuities to subsequently be purchased.  Deferred transfer plans should be excluded.  Report each individual policy as a separate case.
<b>FSAVC</b>	Defined in the Handbook <i>Glossary</i> .  Do not include Rebate Only Pension business.
<b>Individual pension transfer</b>	See Handbook <i>Glossary</i> for definition of ' <i>pension transfer</i> '.
<b>Pension opt out</b>	Defined in the Handbook <i>Glossary</i> .
<b>Section 32 buy out/ Group section 32 buy out</b>	An arrangement where trustees accept capital from employees who have left <i>occupational pension scheme</i> service and the transfer value is reinvested in an attempt to provide better benefits when the employee retires.
<b>Income drawdown</b>	See Handbook <i>Glossary</i> for definition of ' <i>income withdrawal</i> '.  This should include transfer plans that allow income from a pension plan in advance of an annuity being purchased
<b>Executive pension scheme</b>	An arrangement where each premium paid is identifiable to an individual employee and where an employer has discretion as to whether a pension arrangement is made for a particular employee and to the level of contribution or target benefit under the policy.  Report each individual policy as a separate case.  Pension premiums should be reported gross.
<b>SSAS</b>	Defined in the Handbook <i>Glossary</i> .  Pension premiums should be reported gross.  SSAS business should not be reported if you only provide an administration service.  Report each individual policy as a separate case.
<b>Trustee investment bond</b>	A lump sum <i>investment</i> vehicle designed for use by <i>pension scheme</i> trustees. Includes SSAS Trustee Investment Bonds and SIPP Trustee Investment Bonds
<b>Group money purchase</b>	An <i>occupational pension scheme</i> which provides <i>money-purchase benefits</i> which is available to employees of the same employer or of employers within a group.
<b>AVC Final salary</b>	Pension premiums should be reported gross.
<b>AVC Group money purchase</b>	Pension premiums should be reported gross.

## Mortgages

(a) Types of interest or reversion rate

Types of interest or reversion rate	Description
Fixed rate	where the interest rate is fixed for a stated period.
Discounted variable rate	where a discount is applied to a variable rate, usually for a limited period of time.
Bank of England Base Rate tracker	where the interest rate is guaranteed to move in line with the Bank of England Base (or Repo) Rate.
LIBOR tracker	where the interest rate is guaranteed to move in line with LIBOR (the London InterBank Offered Rate).
Other tracker	where the interest rate is guaranteed to move in line with an index other than the Bank of England Base (or Repo) Rate or LIBOR.
Capped (and collared) rate mortgage	where the interest rate is guaranteed not to exceed a stated maximum rate (the 'capped' rate) for specific period of time, but where the standard variable interest rate applies when the rate is lower than the capped rate. Also includes products where the interest rate is subject to a minimum rate (the 'collared' rate).
Standard variable rate	the lender's underlying interest rate.

(b)Features

Data Item	Description
Flexible mortgage	<p>A mortgage where you can change the monthly payments and pay off part or all of the loan whenever you like. It is normally linked to any interest rate type.</p> <p>Details vary from one mortgage to another, but for reporting purposes, to be reported as a flexible mortgage, the mortgage should have the following features:</p> <ul style="list-style-type: none"><li>• interest must be calculated monthly or daily; and</li><li>• must have an overpayment facility</li></ul>
Cashback	a cash amount paid by a <i>mortgage lender</i> to a <i>customer</i> (typically at the beginning of a contract) as an inducement to enter into a <i>regulated mortgage contract</i> with the <i>mortgage lender</i> .
Offset mortgage – positive and/or negative offset	An offset mortgage will typically have similar facilities to a flexible mortgage, but will also allow the borrower to offset positive (savings and/or current account) and/or negative balances (credit card and/or personal loans) against their outstanding mortgage balance.
Mortgage with a shared equity loan attached	where the lender is aware that the <i>customer</i> will also have a shared equity loan secured on the property.
Mortgage with indemnity insurance attached	where a mortgage has attached indemnity insurance to protect the lender in the case of default, whether arranged by the lender privately or through a government scheme.

Pure protection contracts

Policy Type	Description
Standalone critical illness	These policies are 'pure' critical illness policies i.e. there is no life cover sold alongside them. Under these policies the <i>insurer</i> provides the sum insured to the <i>policyholder</i> in the event of diagnosis of a life threatening condition.
Critical illness sold as a rider benefit to term assurance	For reporting purposes, this applies where critical illness is offered as a rider benefit to either a mortgage protection policy (a <i>life policy</i> that provides by means of decreasing term assurance for a mortgage to be paid off in the event of the borrower's death) or a protection term assurance contract.
Income protection	Insurance contracts arranged by an individual to provide for payment of income during a period of incapacity, due to ill health or accident.

Other home finance transactions

Finance Type	Description
Home reversion plan	Defined in the Handbook <i>Glossary</i>
Home purchase plan	Defined in the Handbook <i>Glossary</i>
Regulated sale and rent back agreement	Defined in the Handbook <i>Glossary</i>

Short-term loans

Loan Type	Description
High-cost short-term credit	Defined in the Handbook <i>Glossary</i>
Home credit loan agreements	Defined in the Handbook <i>Glossary</i>

## Reporting Fields

This annex consists only of one or more forms. Forms are to be found through the following address:

*Reporting Fields* - SUP Chapter 16 Annex 21 R





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Data items for SUP 16.12

This annex consists only of one or more forms. Forms are to be found through the following address:  
SUP Chapter 16 Annex 24R



Guidance notes for data items in SUP 16 Annex 24R

This annex consists only of one or more forms. Forms are to be found through the following address:  
Guidance notes for data items in SUP 16 Annex 24R - SUP Chapter 16 Annex 25G





Guidance notes for data items in SUP 16 Annex 24R

[deleted – please see ■ SUP 16 Annex 25]



Guidance on designated liquidity groups in SUP 16.12

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## Authorised Payment Institution Capital Adequacy Return

This annex consists only of one or more forms. Firms are required to submit the returns using the electronic means made available by the FCA.

SUP 16 Annex 27C D



## Notes on completing FSA056 (Authorised Payment Institution Capital Adequacy Return – SUP 16 Annex 27CD)

### FSA056 Authorised Payment Institution Capital Adequacy Return

#### Valuation

Firms should follow their normal accounting practice wherever possible.

#### Currency

Some questions require you to answer in GBP, whilst some require you to answer in EUR. The exchange rate entered at Element 53 should be used throughout the return to convert GBP to EUR where required.

- Elements 67-69, 90-107, and 52, must be completed in GBP.
- Element 77 must be answered in GBP and EUR.
- All other monetary answers must be in EUR

#### Type of payment service: special instructions

- Registered account information service providers Registered account information service providers (as defined in the Payment Services Regulations 2017, "PSRs 2017") should only answer Elements 67-69 (income), and 79 - 83 (AIS).
- Authorised payment institutions that only provide payment initiation services Authorised payment institutions (APIs) that ONLY provide payment initiation services (PIS) should only answer Elements 67-69 (income), Element 3 (initial capital), Part Two (capital resources), Element 66 (Agents), 70-75 (payment systems) and 84-89 (PIS).
- APIs that provide PIS / AIS and/or other payments services should answer all Elements, including the relevant sections of Part 4 (depending on whether they provide AIS / PIS or both).

#### Data elements

These are referred to by row first, then by column, so data Element 2B will be the element numbered 2 in column B.

Figures should be entered in single units in the currency specified. For example, €1,234,567.50 should be entered as 1234567

### INTRODUCTORY MATTERS

**Element 1B:** You must only answer 'Yes' to this question if both parts of the question apply to the API required to submit this report (i.e. if the API falls within paragraph 2(b) of regulation 22: (a) the API is included in the consolidated supervision of a parent credit institution pursuant to the Capital Requirements Directive 2013/36/EU and (b) that all of the conditions in Article 7(1) of the Capital Requirements Regulations (EU) 575/2013 are met in respect of the API and its parent. If either part of this question does not apply, you should enter "no".

**Element 2B:** If you have answered "yes" to 'Element 1B' then please enter the Firm Reference Number of your firm's parent credit institution. If you have answered "yes" to 'Element 2B' then you do not need to answer Elements 4 to 33 (own funds requirement).

**Element 67B:** State, in GBP, the total income of the whole legal entity, across all activity, for the reporting period. Follow your firm's normal accounting practice when answering this question (i.e. this should be the same figure as the total income figure in your annual accounts).

**Element 68B:** State, in GBP, the total income for the reporting period derived from payment services. Follow your normal accounting practice when answering this question.

**Element 69B:** State, in GBP, the total operating profit or loss of the whole legal entity for the reporting period. Operating profit or loss is calculated after ordinary operating expenses are deducted from the gross profit, but before interest, tax, dividend payments and any extraordinary items are deducted.

## Part One: CAPITAL REQUIREMENT

### *Initial capital requirement*

**Element 3B:** State, in EUR the firm's initial capital requirement at authorisation (Part 1, Schedule 3 of the PSRs 2017).

### *Own Funds Requirement*

**Elements 4B – 6B:** Firms should indicate which of the three methods they use to calculate their own funds requirement, as described in Part 2 of Schedule 3 of the PSRs 2017

Firms only need to complete those parts of the form that apply to their chosen method of calculating own funds.

If your firm has not completed a full financial year of business, then, in lieu of the figure for the "preceding year" or the "previous financial year", you must use the projected figure(s) that your firm submitted to the FCA when applying for authorisation (subject to any adjustments that the FCA required or may require).

Please refer to Chapter 9 (Capital resources and requirements) of our Payment Services and Electronic Money Approach Document for further detail on how to calculate the own funds requirement.

### *Method A Calculation*

**Element 7B:** State, in EUR, the total fixed overheads for the preceding year. Please refer to Chapter 9 of our Approach Document for further guidance on fixed overheads.

**Element 8B:** State, in EUR, the figure equal to 10% of the figure you have reported in 'Element 7B'.

**Element 9B:** State, the larger of the two figures you have reported in 'Element 3B' and 'Element 8B'.

### *Method B Calculation*

**Element 10B:** "Payment volume" means the total amount (i.e. value) of payment transactions executed by the API in the preceding financial year divided by the number of months in that year (paragraph 9(3), Part 2, Schedule 3 of the PSRs 2017). This figure should include transactions executed by agents of the API.

**Element 11B:** State, in EUR, the figure that equals 4% of the first €5m of payment volume.

**Element 12B:** State, in EUR, the figure that equals 2.5% of payment volume between €5m and €10m. If your firm has undertaken less than €5m in payment volume, insert a zero in this box.

**Element 13B:** State, in EUR, the figure that equals 1% of payment volume between €10m and €100m. If your firm has undertaken less than €10m in payment volume, insert a zero in this box.

**Element 14B:** State, in EUR, the figure that equals 0.5% of payment volume between €100m and €250m. If your firm has undertaken less than €100m in payment volume, insert a zero in this box.

**Element 15B:** State, in EUR, the figure that equals 0.25% of all payment volume over €250m. If your firm has undertaken less than €250m in payment volume, insert a zero in this box.

**Element 16B:** State, in EUR, the sum of the values from 'Elements 11B to 15B' above.

**Element 17B:** The "scaling factor" is:

- 0.50 for a payment institution that is authorised to provide only the payment service specified in paragraph 1(f) of Schedule 1 PSRs 2017 (money remittance); and
- 1.00 for a payment institution that is authorised to provide any other payment service specified in paragraph 1(a) to (e) of Schedule 1 PSRs 2017.

The scaling factor should be entered to 2 decimal places.

**Element 18B:** This figure is calculated using the following equation: 'Element 16B x Element 17B'.

**Element 19B:** Insert the larger of the two figures you have reported in 'Element 3B' and 'Element 18B'.

*Method C calculation*

## Relevant Indicator

**Element 20B – Element 23B:** these figures should be entered in EUR and should cover the expenses or income generated over the reporting period. Please refer to Chapter 9 (Capital resources and requirements) of our Payment Services and Electronic Money Approach Document for further detail on the Elements that make up the relevant indicator.

Firms should have regard to paragraphs 10(4)(a)-(d), Part 2, Schedule 3 of the PSRs 2017 for the purposes of calculating the relevant indicator:

- each element must be included in the sum with its positive or negative sign;
- income from extraordinary or irregular items must not be used;
- expenditure on the outsourcing of services rendered by third parties may reduce the relevant indicator if the expenditure is incurred from a payment service provider;
- the relevant indicator is calculated on the basis of the twelve-monthly observation at the end of the previous financial year;
- the relevant indicator must be calculated over the previous financial year; and
- audited figures must be used unless they are not available in which case business estimates may be used.

**Element 24B:** This should be the sum of the amounts stated in 'Elements 20B to 23B' above.

## Multiplication Factor

**Element 25B:** State, in EUR, the figure that equals 10% of the first €2.5m of the "total relevant indicator of income" in 'Element 24B'.

**Element 26B:** State, in EUR, the figure that equals 8% of the "total relevant indicator of income" in 'Element 24B' between €2.5m and €5m. If your firm's total relevant indicator of income is less than or equal to €2.5m, you should enter zero in this box.

**Element 27B:** State, in EUR, the figure that equals 6% of the "total relevant indicator of income" in 'Element 24B' between €5m and €25m. If your firm's total relevant indicator of income is less than or equal to €5m, you should enter zero in this box.

**Element 28B:** State, in EUR, the figure that equals 3% of the "total relevant indicator of income" in 'Element 24B' between €25m and €50m. If your firm's total relevant indicator of income is less than or equal to €25m, you should enter zero in this box.

**Element 29B:** State, in EUR, the figure that equals 1.5% of the "total relevant indicator of income" in 'Element 24B' over €50m. If your firm's total relevant indicator of income is less than or equal to €50m, you should enter zero in this box.

**Element 30B:** State, in EUR, the sum of the values of 'Elements 25B to 29B' above.

**Element 31B:** The "scaling factor" is:

- 0.50 for a payment institution that is authorised to provide only the payment service specified in paragraph 1(f) of Schedule 1 PSRs 2017 (money remittance); and
- 1.00 for a payment institution that is authorised to provide any other payment service specified in paragraph 1(a) to (e) of Schedule 1 PSRs 2017.

The scaling factor should be entered to 2 decimal places.

**Element 32B:** This figure is calculated by multiplying 'Element 30B' and 'Element 31B'.

**Element 33B:** Insert the larger of the two figures you have reported in 'Element 3B' and 'Element 32B'.

## Part Two: TOTAL CAPITAL RESOURCES

For the purposes of Part Two – Elements of Own Funds, please provide a value for Common Equity Tier 1, Additional Tier 1 and Tier 2 capital items. You will also need to provide values for adjustments, deductions, exemptions, and temporary waivers (entering zero where not relevant). You should enter these items in GBP.

To understand the items that may be used to form 'own funds', APIs should consult the PSRs 2017, the Capital Requirements Regulation (EU) 575/2013 (CRR), and the Payment Services and Electronic Money Approach Document.

Regulation 2 of the PSRs 2017 sets out that own funds has the definition given in the CRR Article 4(1)(118). Own funds consist of Tier 1 and Tier 2 items. Tier 1 is formed of Common Equity Tier 1 and Additional Tier 1. At least 75% of Tier 1 capital must be held as Common Equity Tier 1 capital and Tier 2 capital must be equal to or less than one third of Tier 1 capital. The return will take into account these limits when automatically calculating figures for eligible amounts in elements 104B-107B – these do not need to be manually entered.

**Element 52B:** This should be the sum of the capital items listed at 106B-107B.

**Element 53B:** Please provide the EUR equivalent value for 1 GBP to 4 decimal places. This should be the market rate as quoted by the European Central Bank in place at the end of the reporting period. The InforEuro website provides historical exchange rates on a month-by-month basis:

[http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro/index\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm)

**Element 54B:** State the EUR equivalent of 'Element 52B' above.

**Element 55B:** State, in EUR, the same figure as you have reported in 'Element 9B', 'Element 19B' or 'Element 33B' (depending on the method your firm uses to calculate its capital requirement). If you answered "yes" to question 1, you must enter the figure reported in 'Element 3B' (initial capital requirement).

**Element 56B:** State, in EUR, the total capital surplus / deficit for your firm. This is calculated by subtracting the total capital requirement in 'Element 55B' above, from the total net capital resources in 'Element 54B' above (i.e. Element 54B – Element 55B = total capital surplus / deficit).

## Part three: SUPPLEMENTARY INFORMATION

### SAFEGUARDING OF RELEVANT FUNDS

You must select the relevant box(es) to identify the method(s) used by the firm to safeguard relevant funds. At least one of the boxes in 'Elements 61 to 65' must be selected.

### NUMBER OF AGENTS

**Element 66B:** State the number of agents that you have registered to undertake payment services.

### PAYMENT SYSTEMS

**Element 70B:** If your firm is a member of any sterling interbank payment systems, select the appropriate system(s) from the drop-down list. This means where you have a direct relationship with the operators of the payment system.

**Element 72B:** If your firm accesses, on an indirect basis, any sterling interbank payment systems, select the appropriate system(s) from the drop-down list. This means where the PSP indirectly accesses



payment systems through the services of another PSP that is a direct participant or member of that payment system.

**Element 74B:** If your firm accesses any sterling interbank payment systems on an indirect basis select the institution that is the primary provider of that indirect access.

## TRANSACTION AND USER INFORMATION

**Element 75B:** Enter the full number of months during the reporting period that your firm was FCA authorised or registered. For example, if you are completing this return for the period ending 31 December and you were authorised or registered by the FCA on 15 October then you should enter "2".

**Element 76B:** State the number of payment transactions executed by your firm during the reporting period. This includes payment transactions executed by agents of your firm.

**Element 77B:** State, the total amount (i.e. value) of all payment transactions executed during the reporting period. This includes payment transactions executed by agents of your firm. Note that you should enter the total gross value of the payment transactions, not the income generated by them. This figure should be provided in EUR and GBP.

**Element 78B:** State the number of new users / customers who have used your firm's payment services during the reporting period. This means those users that have entered into framework contracts or (where known) single payment service contracts during the reporting period and includes all customer types, including individual consumers and any corporate customers.

## Part Four: PROVIDERS OF ACCOUNT INFORMATION AND/OR PAYMENT INITIATION SERVICES

### *Account information services (AIS)*

Elements 79 – 83 should only be answered by firms providing account information services

**Element 79B:** State the number of payment accounts that the AIS provider has accessed for the purposes of providing AIS during the reporting period. You should count each individual payment account once, even where it has been accessed multiple times.

**Element 80B:** State the number of customers that have used the provider's AIS in the reporting period. Each customer should be counted once (including where the customer has used the AIS multiple times).

**Element 81B:** State the minimum monetary (in EUR) amount of the professional indemnity insurance (or comparable guarantee) ("PII") calculated in accordance with the European Banking Authority Guidelines on Professional Indemnity Insurance under PSD2.

**Element 82B:** Please enter the amount of coverage of the PII that is held by the AIS provider. This should be entered in EUR. Please use the same conversion rate entered at 'Element 53B'.

**Element 83B:** If the terms of the AIS provider's PII have changed in any respect since its authorisation or registration (if this is the first return), or since the last time this report was submitted, please explain here. This includes the insurance cover (i.e. the monetary amount), what the insurance covers (i.e. the losses or circumstances in which the insurance is payable), the terms and conditions, any limits or exclusions or any other change to the policy.

### *Payment initiation services (PIS)*

Elements 84 – 89 should only be answered by firms providing account information services

**Element 84B:** Please enter number of payment accounts that the PIS provider

**Element 85B:** This should be the total number of payment transactions initiated using the provider's PIS in the reporting period.

**Element 86B:** This should be the total value (in EUR) of the payment transactions initiated using the provider's PIS in the reporting period.

**Element 87B:** State the minimum monetary amount (in EUR) of the professional indemnity insurance (or comparable guarantee) ("PII") calculated in accordance with the European Banking Authority Guidelines on Professional Indemnity Insurance under PSD2

**Element 88B:** Please enter the amount of coverage of the PII that is held by the PIS provider. This should be entered in EUR. Please use the same conversion rate entered at 'Element 53B'.

**Element 89B:** If the terms of the PIS provider's PII have changed in any respect since its authorisation or registration (if this is the first return), or since the last time this report was submitted, please explain here. This includes the insurance cover (i.e. the monetary amount), what the insurance covers (i.e. the losses or circumstances in which the insurance is payable), the terms and conditions, any limits or exclusions or any other change to the policy.

REP017 Payments Fraud Report

This annex consists only of one or more forms. Firms are required to submit the returns using the electronic means made available by the FCA.

SUP 16 Annex 27ED



Notes on completing REP017 Payments Fraud Report

These notes contain guidance for payment service providers that are required to complete the Payments Fraud Report in accordance with Regulation 109(4) of the Payment Services Regulations 2017 and SUP 16.13.7D. The notes also build on the EBA Guidelines on fraud reporting under the Payment Services Directive 2 (PSD2) (EBA/GL/2018/05) ("the EBA Guidelines").

The following completion notes should be read in conjunction with the EBA Guidelines.

Question A1 – reporting period

As per SUP16.13.8, small payment institutions, registered account information service providers and small electronic money institutions must report once per year. All other PSPs must report every six months.

Those PSPs required to report annually are required to provide separate Payment Fraud Reports in respect of the two halves of the reporting year. These PSPs should use question 1 in the Payments Fraud Report to select the period the data in their return covers, e.g. "H1" for the period covering 1 January to 30 June, and "H2" for the period covering 1 July to 31 December.

Table 1 - Payment transactions and fraudulent payment transactions for payment services

The form provides the means for PSPs to provide the FCA with statistical data on fraud related to different means of payment.

As outlined in Guideline 1 of the EBA Guidelines, PSPs will be required to collect and submit data on the volume and value of all payment transactions, as well as the volume and value of fraudulent transactions.

Data on volume and value need to be broken down further by payment type, fraud type, method of authentication and geographical location. The detailed breakdown of data to be reported generally pertains only to the volume and value of fraudulent transactions (as opposed to all payment transactions). The EBA Guidelines explain these in detail. The following completion notes should be read as complementary to the Guidelines.

Table 2 - Fraud relating to account information services

PSPs that provide account information services (AISPs) should have regard to Table 2 in the fraud report (and the guidance in table 2 below). Registered account information service providers (i.e. PSPs that do not provide any other type of payment service) do not need to answer the questions in Table 1 of the fraud report.

Adjustments

The date to be considered by PSPs for recording payment transactions and fraudulent payment transactions for the purpose of this statistical reporting is the day the transaction has been executed in accordance with PSD2.

However, payment service users are entitled to redress for unauthorised transactions as long as they have notified their PSP no later than 13 months after the debit date, on becoming aware of any unauthorised payment transactions. This means PSPs may need to adjust reports which they have already submitted, on becoming aware of fraudulent transactions executed in previous reporting periods.

Furthermore, the payment service provider should report all fraudulent payment transactions from the time fraud has been detected (i.e. because it has been reported to the PSP such as through a customer complaint or otherwise discovered independently by the PSP), regardless of whether or not the case related to the fraudulent payment transaction has been closed by the time the data are reported. This

means PSPs may need to adjust reports which they have already submitted, should investigation of open fraud cases conclude that a transaction was not fraudulent.

PSPs should report adjustments during the next reporting window after the information necessitating the adjustment is discovered.

PSPs should make use of the resubmission facility made available via the electronic means for submitting REP017.

**Table 1 - What is a fraudulent transaction?**

For the purposes of table 1 a fraudulent transaction is any payment transaction that the PSP has:

- executed;
- acquired; or
- in the case of a payment initiation service provider (PISP), initiated;

and that the PSP deems to fall into either of the following categories:

- unauthorised payment transactions made, including as a result of the loss, theft or misappropriation of sensitive payment data or a payment instrument, whether detectable or not to the payer prior to a payment and whether or not caused by gross negligence of the payer or executed in the absence of consent by the payer ('unauthorised payment transactions'); and
- payment transactions made as a result of the payer being manipulated by the fraudster to issue a payment order, or to give the instruction to do so to the payment service provider, in good faith, to a payment account it believes belongs to a legitimate payee ('manipulation of the payer').

If a payment transaction meets the conditions above it should be recorded as a fraudulent transaction for the purposes of this report irrespective of whether:

- the PSP had primary liability to the user; or
- the fraudulent transaction would be reported as such by another PSP in the same payment chain.

As a general rule, for all types of payment services, the payer's PSP has to report, except for direct debit transactions, which are reported by the payee's PSP. In addition, card payments are reported both by the payer's PSP (the issuer) and the payee's PSP (the acquirer).

Fraud committed by the payment service user (known as first party fraud) should not be reported.

The payment service provider should not report data on payment transactions that, however linked to any of the circumstances referred to in the definition of fraudulent transaction (EBA Guideline 1.1), have not been executed and have not resulted in a transfer of funds in accordance with the provisions in the *Payment Services Regulations*.

The category of 'payment transactions made as a result of the payer being manipulated by the fraudster to issue a payment order' covers a broader range of payment types than what is known in the UK as 'authorised push payment fraud'. The latter is restricted to credit transfers authorised by the payer to a fraudster.

**Table 1 - structure of the return**

In summary, REP017 requires the PSP to report the following fraud types, divided into sections for different payment and e-money services:

for credit transfers (including those initiated by PISP):

- issuance of a payment order by the fraudster;
- modification of a payment order by the fraudster;
- manipulation of the payer by the fraudster to issue a payment order;

for direct debits where consent is given via an electronic mandate or separately where consent is given in another form:

- unauthorised payment transactions;
- manipulation of the payer by the fraudster to consent to a direct debit;

debit card transactions and separately for credit card transactions:

- issuance of a payment order by a fraudster, broken down into:
  - lost or stolen card;
  - card not received;
  - counterfeit card;
  - card details theft;
  - other;
- modification of a payment order by the fraudster;
- manipulation of the payer to make a card payment;

cash withdrawals:

- issuance of a payment order by the fraudster refers to the following types of unauthorised card payment transactions, broken down into:
  - lost or stolen card;
  - card not received;
  - counterfeit card;
  - other; and
- manipulation of the payer to make a cash withdrawal.

for e-money transactions – to be reported by e-money issuers:

- issuance of a payment order by the fraudster;
- modification of a payment order by the fraudster;
- manipulation of the payer by the fraudster to issue a payment order;

for money remittance:

- fraudulent payment transactions.

**Table 1 - fraud types**

Below we provide guidance on the fraud types referred to in REP017. We give examples of these fraud types in relation to each payment or e-money service. PSPs should use their discretion when determining the appropriate fraud type for each fraudulent transaction and should choose the fraud type that most closely matches the circumstances of the fraud.

*Credit transfers*

Issuance of a payment order by the fraudster

This covers unauthorised payment transactions in which the fraudster uses stolen personalised security credentials in order to issue a payment order, either through contacting the victim’s bank or accessing the victim’s online banking service. For example, where a victim’s online banking has been accessed using stolen personal identity details and credit transfers have been made from the victim’s account to beneficiaries chosen by the fraudster.

Modification of a payment order by the fraudster

This covers unauthorised payment transactions where the fraudster has gained unauthorised access to the victim’s account in order to change the details of existing payment orders or payment instructions. For example, where a victim’s account has been accessed using stolen personalised security credentials in order to modify the beneficiary of the victim’s existing standing orders. A victim’s account could be accessed by a fraudster in order to modify a batch of payment details so that when payments are executed by the victim’s PSP, the funds are unintentionally transferred to a beneficiary or beneficiaries chosen by the fraudster rather than the intended beneficiary. (See CIFAS paper, Table 2 Unlawful obtaining or disclosure of personal data: <https://www2.cipd.co.uk/NR/rdonlyres/710B0AB0-ED44-4BD7-A527-B9AC29B28343/0/empfraud.pdf>)

Manipulation of the payer by the fraudster to issue a payment order

This covers fraud where the payer authorises a push payment to an account the payer believes belongs to a legitimate payee, however, the payer was deceived into inputting the sort code and account number (or other unique identifier) of a fraudster, or an account controlled by a fraudster. This is also referred to as ‘malicious misdirection’. For example, a scammer may contact a victim purporting to be from the victim’s bank. The scammer may then convince the victim to transfer money (using a credit transfer) to a different account, purportedly in order to safeguard it. However, that account is in fact controlled by the scammer. (See Payment Systems Regulator response to Which? Super-complaint: <https://www.psr.org.uk/psr-publications/news-announcements/which-super-complaint-our-response-Dec-2016>).

*Direct debits*

Unauthorised payment transactions

This covers fraud where a victim’s account details (e.g. sort code and account number) have been used by the fraudster to set up direct debit payments to an organisation, without the victim’s knowledge or consent, resulting in unauthorised direct debit payments being taken from the account of the victim.

Manipulation of the payer by the fraudster to consent to a direct debit



This covers fraud where a payer is convinced by a fraudster to set up a direct debit and consent to payments being made to an intended payee (the legitimate payee), but the fraudster uses the victim's details and consent to set up direct debit payments to a different (unintended) payee.

### *Debit and credit cards:*

Issuance of a payment order by a fraudster

Refers to the following types of unauthorised card payment transactions:

Lost or stolen card fraud

This covers any payment fraud committed as a result of a lost or stolen card (except where 'card not received fraud' has occurred). (See FFAUK Fraud Facts 2016 [https://www.financialfraudaction.org.uk/fraudfacts16/assets/fraud\\_the\\_facts.pdf](https://www.financialfraudaction.org.uk/fraudfacts16/assets/fraud_the_facts.pdf))

Card not received fraud

This covers fraud where a payment card is stolen (with or without the details of the PIN also being intercepted) whilst in transit – after the card company sends it out and before the genuine cardholder receives it. The payment card is then used by the fraudster to make transactions. (See FFAUK Fraud Facts 2016 [https://www.financialfraudaction.org.uk/fraudfacts16/assets/fraud\\_the\\_facts.pdf](https://www.financialfraudaction.org.uk/fraudfacts16/assets/fraud_the_facts.pdf))

Counterfeit card fraud

This covers fraud where the fraudster uses a card which has been printed, embossed or encoded so as to purport to be a legitimate card but which is not genuine because the issuer did not authorise the printing, embossing or encoding. (See <https://www.financialfraudaction.org.uk/wp-content/uploads/2016/07/Fraud-the-Facts-A5-final.pdf>)

Card details theft

This covers fraud where card details have been fraudulently obtained through methods such as unsolicited emails or telephone calls, digital attacks such as malware and data hacks, or card details being taken down from the physical card by a fraudster. The card details are then used to undertake fraudulent purchases over the internet, by phone or by mail order. It is also known as 'card-not-present' (CNP) fraud. (See <https://www.financialfraudaction.org.uk/fraudfacts16/>)

Other

Unauthorised transactions relating to other types of fraud should be recorded under 'other'.

Modification of a payment order by the fraudster (debit and credit card payments)

This is a type of unauthorised transaction and refers to a situation where the fraudster intercepts and modifies a legitimate payment order at some point during the electronic communication between the payer's device (e.g. payment card) and the payment service provider (for instance through malware or attacks allowing attackers to eavesdrop on the communication between two legitimately communicating hosts (man in the middle attacks)) or modifies the payment instruction in the payment service provider's system before the payment order is cleared and settled.

Manipulation of the payer to make a card payment

This would cover card payments that have been authorised by the payer, i.e. using chip and pin, or authenticated online card payments. The customer believes they are paying a legitimate payee, i.e. a merchant, but the payee that receives the funds is not a merchant, but instead a fraudster.

*Cash withdrawals*

Issuance of a payment order by the fraudster

This refers to the following types of unauthorised cash withdrawals at ATMs, bank counters and through retailers ('cash back') using a card (or using a mobile app in place of a card):

- those resulting from a lost or stolen payment card;

- those resulting from a payment card being stolen (with or without the details of the PIN also being intercepted) whilst in transit – after the card company sends it out and before the genuine cardholder receives it; and
- those where the fraudster uses a card to withdraw money which has been printed, embossed or encoded so as to purport to be a legitimate card but which is not genuine because the issuer did not authorise the printing, embossing or encoding.

## Manipulation of the payer to make a cash withdrawal

This refers to reported frauds where a payment service user has withdrawn under duress or through manipulation (using a card, or using a mobile app in place of a card).

## *E-money transactions*

The same fraud types as above for debit and credit cards apply to payment transactions involving e-money.

## *Money remittance and payment initiation services*

### Fraudulent transactions

Money remitters and PISPs are required under the EBA Guidelines to report 'fraudulent transactions'. Money remitters and PISPs should use their discretion when determining what to count as a 'fraudulent transaction'. Where money remitters or PISPs detect the frauds described above, these should be counted as 'fraudulent transactions'.

### Authentication method

For all credit transfers, card transactions and e-money transactions reported, including those initiated by PISP, the PSP should report whether strong customer authentication has been used or not. Strong customer authentication means authentication based on the use of two or more elements that are independent, in that the breach of one element does not compromise the reliability of any other element, and designed in such a way as to protect the confidentiality of the authentication data, with the elements falling into two or more of the following categories—

- something known only by the payment service user ("knowledge");
- something held only by the payment service user ("possession"); or
- something inherent to the payment service user ("inherence").

Where strong customer authentication is not used, the PSP should report under which of the following exemptions the transactions have taken place. These exemptions and their application are determined in the regulatory technical standards for strong customer authentication and common and secure open standards of communication (SCA-RTS). As noted in the FCA Approach Document, "The exemptions are separate and independent from one another. Where a payment transaction may qualify for an exemption under several different categories (e.g. a low-value transaction at an unattended card park terminal) the PSP may choose which, if any, relevant exemption to apply. PSPs should note that for the purpose of reporting fraud under regulation 109 of the PSRs 2017 and the EBA Guidelines on fraud reporting, fraudulent transactions should be assigned to a specific exemption and reported under one exemption only." (paragraph 20.39).

For the purposes of reporting, the applicable exclusions are:

- unattended terminal for transport or parking fares (article 12 SCA-RTS);
- trusted beneficiary (article 13 SCA-RTS);

- recurring transaction (article 14 SCA-RTS);
- low value (article 16 SCA-RTS);
- use of secure corporate payment processes or protocols (article 17 SCA-RTS);
- transaction Risk Analysis (article 18 SCA-RTS);

Data elements

Table 1 – Payment transactions and fraudulent payment transactions for payment services

*Value should be reported in pounds sterling throughout (£)*

Totals: Transaction and fraudulent transaction volume and value for all payment types

Guide to the relevant area of the form

PSPs should report the following information in respect of the payment type – e.g. credit transfers, direct debits etc:

- |           |  |
|-----------|--|
| 2A-2L     | •total domestic transaction volume (i.e. the number of transactions) for payment type – Column A;            |
| 38A-38L   |  |
| 48A-48L   | •total domestic transaction value for payment type Column B;   |
| 103A-103L |  |
| 155A-155L | •total transaction volume for payments made cross-border within the EEA – Column C;                          |
| 167A-167L | •total transaction value for payments made cross-border within the EEA – Column D;                           |
| 199A-199L | •total transaction volume for payments made cross-border outside the EEA – Column E;                         |
| 200A-200L | •total transaction value for payments made cross-border outside the EEA – Column F;                          |
|           | •total domestic fraudulent transaction volume (i.e. the number of transactions) for payment type – Column G; |
|           | •total domestic fraudulent transaction value for payment type Column H;                                      |
|           | •total fraudulent transaction volume for payments made cross-border within the EEA – Column I;               |
|           | •total fraudulent transaction value for payments made cross-border within the EEA – Column J;                |
|           | •total fraudulent transaction volume for payments made cross-border outside the EEA – Column K; and          |
|           | •total fraudulent transaction value for payments made cross-border outside the EEA – Column L.               |

**PSPs should continue to report fraud data broken down into domestic, cross border within the EEA, and cross border outside the EEA as set out in Columns A-F, notwithstanding the UK’s withdrawal from the EU.**

The above reporting pattern for columns A-L is repeated for all subsequent rows, except the following rows where only columns G to L are to be reported for the fraudulent transaction volume and value relating to the fraud type:

Credit transfers

8-10

12-14

23-25

27-29

Direct debits

40-41

43-44

Card payment (except cards with an e-money function only)

55-62

64-71

81-87

89-95

Card payment acquired (except cards with an e-money function only)

110-117

119-126

134-140

142-148

Cash withdrawals

158-163

E-money payment transactions

170-172

174-176

185-187

189-191

Initiated by payment initiation service providers

3A-3L

Of the total transaction and total fraudulent transaction volumes and values for **credit transfers**, PSPs should report the volume and value of those initiated by payment initiation service providers.

Payment initiation channel – initiated non-electronically

4A–4L (credit transfers)

49A–49L (card payments)

104A-104L (card payments acquired)

Of the total transaction and total fraudulent transaction volumes and values for **credit transfers** and **card payments only**, PSPs should report the volume and value of those initiated non-electronically.

Transactions initiated non-electronically include payment transactions initiated and executed with modalities other than the use of electronic platforms or devices. This includes paper-based payment transactions, mail orders or telephone orders.

Payment initiation channel – initiated electronically

5A–5L (credit transfers)

50A–50L (card payments)

Of the total transaction and total fraudulent transaction volumes and values for **credit transfers** and **card payments only**, PSPs should report

105A–105L (card payment acquired)

Remote transactions

6A–6L (credit transfers)

51A–51L (card payments)

106A–106L (card payments acquired)

168A–168L (e-money payment transactions)

Non-remote transactions

21A–21L (credit transfers)

77A–77L (card payments)

130A–130L (card payments acquired)

183A–183L (e-money payment transactions)

Credit and debit card transactions

**Card payments**

52A–52L (remote > debit)

53A–53L (remote > credit)

78A–78L (non-remote > debit)

79A–79L (non-remote > credit)

**Card payments acquired**

107A–107L (remote > debit)

108A–108L (remote > credit)

131A–131L (non-remote > debit)

132A–132L (non-remote > credit)

Strong customer authentication

**Credit transfers**

7A–7L (remote > SCA)

11A–11L (remote > non-SCA)

22A–22L (non-remote > SCA)

26A–26L (non-remote > non-SCA)

**Card payments**

54A–54L (remote > SCA)

63A–63L (remote > non-SCA)

80A–80L (non-remote > SCA)

88A–88L (non-remote > non-SCA)

**Card payments acquired**

109A–109L (remote > SCA)

the volume and value of those initiated electronically.

Of the total transaction and total fraudulent transaction volumes and values for **credit transfers, card payments and E-money payment transactions only** PSPs should report the volume and value of those that are remote transactions.

A 'remote transaction' means a payment transaction initiated via the internet or through a device that can be used for distance communication (Regulation 2 of the *Payment Services Regulations*).

Of the total transaction and total fraudulent transaction volumes and values for **credit transfers, card payments and E-money payment transactions only** PSPs should report the volume and value of those that are non-remote transactions.

Non-remote means any payment transactions that are not initiated via the internet or through a device that can be used for distance communication.

For the total remote and total non-remote card transactions, PSPs should report the volumes and values that were credit card (including charge card) transactions and the volumes and values that were debit card transactions.

For total remote and total non-remote credit transfers, card transactions, e-money payment transactions and payment transactions initiated by payment initiation service providers, PSPs should report the volumes and values of sent and fraudulent transactions authenticated via strong customer authentication and via non-strong customer authentication

118A–118L (remote > non-SCA)

133A–133L (non-remote > SCA)

141A–141L (non-remote > non-SCA)

## E-money payment transactions

169A–169L (remote > SCA)

173A–173L (remote > non-SCA)

184A–184L (non-remote > SCA)

188A–188L (non-remote > non-SCA)

## Payment transactions initiated by payment initiation service providers

202A–202L (remote > SCA)

203A–203L (remote > non-SCA)

205A–205L (non-remote > SCA)

206A–206L (non-remote > non-SCA)

## Payment transactions initiated by payment initiation service providers

207A–208L

Payment initiation providers reporting total transactions and total fraudulent transactions initiated, should report the value and volume of transactions that were credit transfers and the volume and value of other types of transactions that were using other payment instruments.

## Fraud types

### Credit transfers

8–10

12–14

23–25

27–29

For remote transactions that were authenticated via strong customer authentication and non-strong customer authentication, PSPs should record the fraudulent transactions under the relevant fraud type (see guidance above).

The same should be done for non-remote transactions.

### Direct debits

40–41

43–44

### Card payment (except cards with an e-money function only)

55–62

64–71

81–87

89–95

### Card payment acquired (except cards with an e-money function only)

110–117

119–126

134–140

142–148

### Cash withdrawals

158–163

<b>E-money payment transactions</b>	
170–172	
174–176	
185–187	
189–191	
Fraudulent transactions broken down by exemption from SCA	
<b>Credit transfers</b>	Of the transactions authenticated without strong customer authentication, PSPs should provide the fraudulent transaction volumes and values, broken down by which exemption was used as per guidance above.
15A–20L	
30A–34L	
<b>Card payments</b>	
72A–76L	
96A–99L	
<b>Card payments acquired</b>	
127A–129L	
149A–151L	
<b>E-money payment transactions</b>	
177A–182L	
192A–195L	
Losses due to fraud per liability bearer	
35A, 36A, 37A, 45A, 46A, 47A, 100A, 101A, 102A, 152A, 153A, 154A	<p>PSPs are required to report the general value of losses borne by them and by the relevant payment service user, not net fraud figures. The figure that should be reported as ‘losses borne’ is understood as the residual loss that is finally registered in the PSP’s books after any recovery of funds has taken place. The final fraud losses should be reported in the period when they are recorded in the payment service provider’s books. We expect one single figure for any given period, unrelated to the payment transactions reported during that period.</p> <p>Since refunds by insurance agencies are not related to fraud prevention for the purposes of the <i>Payment Services Regulations</i>, the final fraud loss figures should not take into account such refunds.</p>

Table 2 - Fraud relating to account information services

Number of incidents of fraud		
209A	Please indicate the number of incidents of fraud	This should be the total number of incidents of fraud that the AISP has recorded. If there are no incidents of fraud, please enter ‘0’ (there is no need to complete the rest of Table 2).
Total value of fraud across all incidents (or an estimation of the loss to the persons defrauded (£))		
209B	Total value of fraud	<p>Where known, the AISP should report the value of any fraudulent transactions that were executed or initiated (by a third party PSP) as a result of the fraud committed against the AIS user or the AISP.</p> <p>In all other circumstances, the AISP should provide an estimation of the loss to the persons defrauded. In this</p>

		<p>Context, 'persons' includes the user of the AIS service, any other PSP (such as a credit institution that operated the payment account that the AISP accessed) or the AISP itself. 'Loss' includes loss of funds incurred as a result of fraudulent transactions and/or loss incurred as an indirect result of the fraud; for example, by having to reissue new payment instruments or fix breached security systems.</p> <p>If the fraudulent incident(s) did not result in any financial loss, the AISP should still report the incident, enter '0' at 214B and explain the type of fraud at 214C.</p> <p>AISPs should convert values for non-sterling transactions into sterling using the average ECB reference exchange rate for the applicable reporting period, where available.</p> <p>In other instances, AISPs should use the average of the applicable daily spot rate on the Bank of England's Statistical Interactive Database for the applicable reporting period.</p>
Description of fraud		
209C	Description of fraud	<p>AISPs should describe the type of fraud that has resulted in the highest total value of fraud in this section (unless the AISP is reporting fraudulent incidents that did not result in any financial losses, as above). AISPs should also explain how the losses were incurred (on the basis that the AISP did not come into possession of the payment transaction funds and was not responsible for the execution of payment transactions).</p>



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## **REP018 Operational and Security Risk reporting form**

This form can be found at the following address: [https://www.handbook.fca.org.uk/form/sup/SUP\\_16\\_ann\\_27G\\_REP018\\_20190927.pdf](https://www.handbook.fca.org.uk/form/sup/SUP_16_ann_27G_REP018_20190927.pdf)



## Notes on completing REP018 Operational and Security Risk form

### Operational and security risk form

These notes contain *guidance* for *payment service providers* that are required to complete the operational and security risk form in accordance with regulation 98(2) of the *Payment Services Regulations* and ■ SUP 16.13.13D. The *guidance* relates to the assessments that must be attached to the form in accordance with ■ SUP 16.13.13D(2).

The *payment service provider* must attach to the form the latest:

- assessment of the operational and security risks related to the *payment services* the *firm* provides; and
- assessment of the adequacy of the mitigation measures and control mechanisms implemented in response to those risks.

The operational and security risk assessment should include all the requirements contained in the *EBA Guidelines* for operational and security risks of payment services as issued at 12 December 2017. These include:

- a list of business functions, processes and information assets supporting payment services provided and classified by their criticality;
- a risk assessment of functions, processes and assets against all known threats and vulnerabilities;
- a description of security measures to mitigate security and operational risks identified as a result of the above assessment; and
- conclusions of the results of the risk assessment and summary of actions required as a result of this assessment.

*Payment service providers* intending to make use of the exemption in article 17 of the *SCA RTS* must include:

- a description of the *payment services* that the *payment service provider* intends to provide in reliance on this exemption; and
- an explanation of how the *payment service provider's* processes and protocols achieve at least equivalent levels of security to those provided for by the *Payment Services Directive*.

The assessment of the adequacy of mitigation measures and control mechanisms should include all the requirements contained in the *EBA Guidelines* for operational and security risks of payment services as issued at 12 December 2017. These include:

- a summary description of methodology used to assess effectiveness and adequacy of mitigation measures and control mechanisms;
- an assessment of the adequacy and effectiveness of mitigation measures and control mechanisms; and
- conclusions on any deficiencies identified as a result of the assessment and proposed corrective actions.

[Note: see <https://www.eba.europa.eu/regulation-and-policy/payment-services-and-electronic-money/guidelines-on-security-measures-for-operational-and-security-risks-under-the-psd2>]



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## Small Payment Institution Return

This annex consists only of one or more forms. Firms are required to submit the returns using the electronic means made available by the FCA.

SUP 16 Annex 28C D



## Notes on completing FSA057 (Small Payment Institution Return)

### FSA057 Payment Services Directive Transactions

#### Valuation

Firms should follow their normal accounting practice wherever possible.

#### Currency

Some questions require you to answer in GBP, whilst some require you to answer in EUR.

- Elements 11 to 13 should be completed in GBP.
- Element 15 should be completed in EUR.
- Element 2 should be answered in EUR and GBP.

The exchange rate entered at element 14 should be used throughout the return to convert GBP to EUR where required.

#### Data elements

These are referred to by row first, then by column, so data element 2A will be the element numbered 2 in column A.

### INTRODUCTORY MATTERS

**Element 11A:** State, in GBP, the total income of the whole legal entity, across all activity, for the reporting period. Follow your firm's normal accounting practice when answering this question (i.e. this should be the same figure as the total income figure in your annual accounts).

**Element 12A:** State, in GBP, the total income for the reporting period which derived from payment services. Follow your normal accounting practice when answering this question.

**Element 13A:** State, in GBP, the total operating profit or loss of the whole legal entity for the reporting period. Operating profit or loss is calculated after ordinary operating expenses are deducted from the gross profit, but before interest, tax, dividend payments and any extraordinary items are deducted.

### TRANSACTION AND USER INFORMATION

**Element 1A:** State the number of payment transactions executed by your firm during the reporting period. This includes payment transactions executed by UK agents of your firm. If your firm was not FCA authorised or registered for the entire year to which this return relates, you should only include transactions made since your firm was FCA authorised or registered.

**Element 14A:** Please provide the EUR equivalent value for 1 GBP to four decimal places. This should be the market rate as quoted by the European Central Bank in place at the end of the reporting period. The InforEuro website provides historical exchange rates on a month-by-month basis: [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro/index\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm)

**Element 2:** State the total amount (i.e. value) of all payment transactions executed during the reporting period. This includes payment transactions executed by agents of your firm. Note that you should enter the total gross value of the payment transactions, not the income generated by them. This figure should be provided in EUR and GBP.

**Element 3A:** Enter the full number of months during the reporting period that your firm was FCA registered. For example, if you are completing this return for the period ending 31 December and you were authorised or registered by the FCA on 15 October then you should enter '2'.

**Element 15A:** Enter the monthly average value of the total payment transactions executed over the reporting period. This should be the EUR figure entered at element 2 divided by the number of full months during the reporting period that your firm was registered (i.e. the number entered at element 3A). If the monthly average is inflated as a result of rounding to full months, you may calculate the monthly average by taking into account the partial month of registration in this figure only.

**Element 16A:** State the number of new users / customers who have used your firm's payment services during the reporting period. This means those users that have entered into framework contracts or single payment service contracts during the reporting period and includes all customer types, including individual consumers and any corporate customers.

## SAFEGUARDING OF CLIENT ASSETS

**Element 4A:** State whether you voluntarily safeguard relevant funds. Under the PSRs 2017, small PIs can choose to comply with safeguarding requirements in order to offer the same protections over customer funds as authorised PIs must provide. If an SPI does choose to safeguard they will need to apply the same levels of protection as are expected of an authorised PI. We will expect an SPI to tell us if it is choosing to safeguard funds. SPIs that answer 'No' to this question should move to the Number of Agents section.

If you answer 'Yes', to this question you must select the relevant box(es) to identify the method(s) used by the firm to safeguard relevant funds and answer the relevant questions relating to this method. At least one of the boxes in elements 5 to 9 must be selected.

## NUMBER OF AGENTS

**Element 10A:** State the number of agents in the UK that you have registered to undertake payment services.

## PAYMENT SYSTEMS

**Element 17A:** If your firm is a member of any sterling interbank payment systems, select the appropriate system(s) from the drop-down list. This means where you have a direct relationship with the operators of the payment system.

**Element 19A:** If your firm accesses, on an indirect basis, any sterling interbank payment systems, select the appropriate system(s) from the drop-down list. This means where the PSP indirectly accesses payment systems through the services of another PSP that is a direct participant or member of that payment system.

**Element 21A:** If your firm accesses any sterling interbank payment systems on an indirect basis select the institution that is the primary provider of that indirect access.

## Client Money and Asset Return (CMAR)

This annex consists only of one or more forms. Forms are to be found through the following address:  
*Client Money and Asset Return (CMAR)* - SUP 16 Annex 29R





Guidance notes for the data item in SUP 16 Annex 29R

This annex consists only of Guidance notes for the data item in SUP 16 Annex 29R.  
*Guidance notes for the data item in SUP 16 Annex 29R - SUP 16 Annex 29A*



## Electronic money: returns

The returns for electronic money institutions are set out in ■ SUP 16 Annex 30A to ■ SUP 16 Annex 30G D.



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## **Small electronic money institutions - total outstanding electronic money return**

This annex consists only of one or more forms. Forms are to be found through the following address:

*FSA065 Small electronic money institutions - total electronic money outstanding @ 31st December -  
SUP 16 Annex 30G D*



Authorised electronic money institution questionnaire

This annex consists only of one or more forms. Firms are required to submit the returns using the electronic means made available by the FCA.

SUP 16 Annex 30H D



## Notes on completing authorised electronic money institution questionnaire

### FIN060a Authorised Electronic Money Institution Questionnaire

Valuation Firms should follow their normal accounting practice wherever possible.

#### Currency

Some questions require you to answer in GBP, whilst some require you to answer in EUR. The exchange rate entered at element 31 should be used throughout the return to convert GBP to EUR where required.

- Elements 1 to 4 and 12 to 30 must be completed in GBP.
- All other monetary answers must be in EUR.

Figures should be entered in single units in the currency specified. For example, €1,234,567.50 should be entered as 1234567.

#### Section 1: Income Statement

**Element 1:** State, in GBP, the total income of the legal entity, across all activity, for the reporting period. Follow your firm's normal accounting practice when answering this question (i.e. this should be the same figure as the total income figure in your annual accounts).

**Element 2:** State, in GBP, the total income for the reporting period, derived from the issuance of e-money and related payment services. Follow your normal accounting practice when answering this question. 'Related payment services' means those payment services that are related to the issuance of e-money.

**Element 3:** State, in GBP, the total income for the reporting period, derived from the provision of unrelated payment services. Follow your normal accounting practice when answering this question. 'Unrelated payment services' means those payment services (as defined in the Payment Services Regulations 2017) that are not related to the issuance of e-money. If you do not provide unrelated payment services, please enter '0'.

**Element 4:** State, in GBP, the total operating profit or loss of the legal entity for the reporting period. Operating profit or loss is calculated after ordinary operating expenses are deducted from the gross profit, but before interest, tax, dividend payments and any extraordinary items are deducted.

#### Section 2: EMRs and PSRs 2017 activity

##### Section 2(a): EMRs activity

**Element 5:** Enter the full number of months during the reporting period that your firm was FCA authorised or registered. For example, if you are completing this return for the period ending 31 December and you were authorised or registered by the FCA on 15 October then you should enter '2'.

**Element 6:** State (in EUR) the amount of e-money that was outstanding at the end of the period to which this return relates.

**Elements 7 and 8:** State the number of e-money accounts open at the start and end of the reporting period. This includes all customer types (consumers and corporates). If a customer has multiple accounts, you should include each account in the total. Section 2(b): PSRs 2017 activity

**Element 9: 'Unrelated payment services'** means payment services as defined in the PSRs 2017 that are not related to the issuance of e-money. If the answer to this question is 'No' you do not need to answer questions 10 and 11 or Section 4: Capital requirements for unrelated payment services.

**Element 10:** State the number of unrelated payment transactions executed by your firm during the reporting period. This includes payment transactions executed by agents of your firm.

**Element 11:** State, in EUR, the total value of all the unrelated payment transactions executed during the reporting period. This includes payment transactions executed by agents of your firm. Note that you should enter the total gross value of the payment transactions, not the income generated by them.

## Section 3: Net capital resources

### Section 3 (a-d)

For Elements 17, 21 and 25: Enter values using the appropriate sign for a positive or negative number.

For the purposes of Section 3, please provide, in GBP, a value for Common Equity Tier 1, Additional Tier 1 and Tier 2 capital items. You will also need to provide values for adjustments, deductions, exemptions, and temporary waivers (entering zero where not relevant).

To understand the items that may be used to form 'own funds', firms should consult the PSRs 2017, the Capital Requirements Regulation (EU) 575/2013 (CRR), and the Payment Services and Electronic Money Approach Document.

Regulation 2 of the PSRs 2017 sets out that own funds has the definition given in the CRR Article 4(1)(118). Own funds consist of Tier 1 and Tier 2 items. Tier 1 is formed of Common Equity Tier 1 and Additional Tier 1. At least 75% of Tier 1 capital must be held as Common Equity Tier 1 capital and Tier 2 capital must be equal to or less than one third of Tier 1 capital. The return will take into account these limits when automatically calculating figures for eligible amounts in elements 26B to 29B – these do not need to be manually entered.

### Section 3 (e)

**Element 30:** This should be the sum of the capital items listed at 28B to 29B.

**Element 31:** Please provide the EUR equivalent value for 1 GBP to four decimal places. This should be the market rate as quoted by the European Central Bank in place at the end of the reporting period. Refer to the following website which provides historical exchange rates on a month-by-month basis: [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/infoeuro/index\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/index_en.cfm)

**Element 32:** State the EUR equivalent of element 30 above.

## Section 4: Capital requirements for unrelated payment services

These questions are only applicable to an authorised EMI that has answered 'Yes' to Q9.

### Section 4(a): Method used to calculate ongoing requirements

**Element 33:** Firms should indicate which of the three methods (Methods A/B/C) they use to calculate their own funds requirement for unrelated payment services (Part 2 of Schedule 2 of the Electronic Money Regulations 2011).

Firms only need to complete those parts of the form that apply to their chosen method of calculating own funds.

If your firm has not completed a full financial year of business, then, in lieu of the figure for the 'preceding year' or the 'previous financial year', you must use the projected figure(s) that your firm submitted to the FCA when applying for authorisation (subject to any adjustments that the FCA required or may require).

Please refer to Chapter 9 (Capital resources and requirements) of our Payment Services and Electronic Money Approach Document for further detail on how to calculate the own funds requirement.

## Section 4(b): Method A calculation

**Element 34:** State, in EUR, the total fixed overheads for the preceding year. Please refer to Chapter 9 of our Payment Services and Electronic Money Approach Document for further guidance on fixed overheads.

**Element 35:** State, in EUR, the figure equal to 10% of the figure you have reported in element 34.

## Section 4(c): Method B calculation

**Element 36:** ‘Payment volume’ means the total value, in EUR, of unrelated payment transactions executed by the firm in the preceding financial year divided by the number of months in that year (paragraph 9(3), Part 2, Schedule 3 of the PSRs 2017). This figure should include unrelated payment transactions executed by agents.

**Element 37:** State, in EUR, the figure that equals 4% of the first €5m of payment volume.

**Element 38:** State, in EUR, the figure that equals 2.5% of payment volume between €5m and €10m. If your firm has undertaken less than €5m in payment volume, insert a zero in this box.

**Element 39:** State, in EUR, the figure that equals 1% of payment volume between €10m and €100m. If your firm has undertaken less than €10m in payment volume, insert a zero in this box.

**Element 40:** State, in EUR, the figure that equals 0.5% of payment volume between €100m and €250m. If your firm has undertaken less than €100m in payment volume, insert a zero in this box.

**Element 41:** State, in EUR, the figure that equals 0.25% of all payment volume over €250m. If your firm has undertaken less than €250m in payment volume, insert a zero in this box.

**Element 42:** State, in EUR, the sum of the values from elements 37 to 41 above.

**Element 43:** The ‘scaling factor’ is:

- 0.50 for an authorised EMI that is providing a payment service specified in paragraph 1(f) of Schedule 1 of the PSRs 2017 (money remittance); and
- 1.00 for an authorised EMI that is providing any other payment service specified in paragraph 1(a) to (e) of Schedule 1 of the PSRs 2017.

The scaling factor should be entered to two decimal places.

**Element 44:** This figure is calculated using the following equation – element 42 x element 43.

## Section 4(d): Method C calculation

### Relevant Indicator

**Element 45 – Element 48:** these figures should be entered in EUR and should cover the expenses or income generated over the reporting period. Please refer to Chapter 9 (Capital resources and requirements) of our Payment Services and Electronic Money Approach Document for further detail on the elements that make up the relevant indicator.

Firms should have regard to paragraphs 10(4)(a)-(d), Part 2, Schedule 3 of the PSRs 2017 for the purposes of calculating the relevant indicator:

- each element must be included in the sum with its positive or negative sign;
- income from extraordinary or irregular items must not be used;
- expenditure on the outsourcing of services rendered by third parties may reduce the relevant indicator if the expenditure is incurred from a payment service provider;
- the relevant indicator is calculated on the basis of the twelve-monthly observation at the end of the previous financial year;
- the relevant indicator must be calculated over the previous financial year; and
- audited figures must be used unless they are not available in which case business estimates may be used.

**Element 49:** The 'total relevant indicator of income' is the sum of the amounts stated in elements 45 to 48 above.

## *Multiplication Factor*

**Element 50:** State, in EUR, the figure that equals 10% of the first €2.5m of the 'total relevant indicator of income' (i.e. the figure in element 49).

**Element 51:** State, in EUR, the figure that equals 8% of the 'total relevant indicator of income' between €2.5m and €5m. If your firm's total relevant indicator of income is less than or equal to €2.5m, you should enter zero in this box.

**Element 52:** State, in EUR, the figure that equals 6% of the 'total relevant indicator of income' between €5m and €25m. If your firm's total relevant indicator of income is less than or equal to €5m, you should enter zero in this box.

**Element 53:** State, in EUR, the figure that equals 3% of the 'total relevant indicator of income' between €25m and €50m. If your firm's total relevant indicator of income is less than or equal to €25m, you should enter zero in this box.

**Element 54:** State, in EUR, the figure that equals 1.5% of the 'total relevant indicator of income' over €50m. If your firm's total relevant indicator of income is less than or equal to €50m, you should enter zero in this box.

**Element 55:** State, in EUR, the sum of the values of elements 50 to 54 above (the Multiplication Factor).

**Element 56:** The 'scaling factor' is:

- 0.50 for an authorised EMI that is providing a payment service specified in paragraph 1(f) of Schedule 1 PSRs 2017 (money remittance); and
- 1.00 for an authorised EMI that is providing any other payment service specified in paragraph 1(a) to (e) of Schedule 1 PSRs 2017.

The scaling factor should be entered to two decimal places.

**Element 57:** The own funds requirement is calculated by multiplying the total relevant indicator of income (element 49) by the multiplication factor (element 55) and the scaling factor (element 56).

## **Section 5: Overall capital requirements**

**Element 58:** You should enter, in EUR, the average outstanding e-money for the last month of the reporting period. 'Average outstanding e-money' means the average total amount of financial liabilities related to e-money in issue at the end of each calendar day over the preceding six calendar months, calculated on the first calendar day of each calendar month and applied for that calendar month.

**Element 59:** This figure is 2% of the average outstanding e-money (method D). This figure should be provided in EUR.

**Element 60:** Total own funds: for firms that do not provide unrelated payment services, this is the same figure as Element 59. For firms that do provide unrelated payment services, this is the sum of the own funds requirement for unrelated payment services (method A/B/C) as calculated above and the method D own funds requirement at element 59 above. This figure should be provided in EUR.

**Element 61:** Total capital requirement: enter the higher of €350,000 or the total own funds figure at element 60 (in EUR).

**Element 62:** This is calculated by subtracting the total capital requirement (element 61) from the total net capital resources (element 32). You must enter the figure with a minus symbol if it is of negative value.

**Element 63:** Firms are reminded that method D own funds is based on average outstanding e-money, which involves monthly calculations and the figure entered above at element 59 provides a snapshot for that month. Firms must confirm whether own funds have been equal to or greater than the own



funds requirement in all months of the reporting period. If the answer to this question is 'No' you should notify us separately with an explanation.

## Section 6: Method of Safeguarding

You must select the relevant box(es) to identify the method(s) used by the firm to safeguard relevant funds. You must provide separate safeguarding information for relevant funds received in exchange for e-money that has been issued and (where relevant) relevant funds received for the purposes of executing unrelated payment transactions. If you do not provide unrelated payment services you do not need to answer elements 64 to 68.

## Section 7: Agents

**Element 69:** State the number of agents that you have registered to undertake payment services (whether unrelated or related).

## Section 8: Payment systems

**Element 70:** If your firm is a member of any sterling interbank payment systems, select the appropriate system(s) from the drop-down list. This means where you have a direct relationship with the operators of the payment system.

**Element 72:** If your firm accesses, on an indirect basis, any sterling interbank payment systems, select the appropriate system(s) from the drop-down list. This means where the EMI indirectly accesses payment systems through the services of another PSP that is a direct participant or member of that payment system.

**Element 74:** If your firm accesses any sterling interbank payment systems on an indirect basis select the institution that is the primary provider of that indirect access.

## Section 9: Providers of account information services or payment initiation services

### *Account information services (AIS)*

(i) Elements 75 to 79 should only be answered by firms providing AIS.

**Element 75:** State the number of payment accounts that your firm has accessed for the purposes of providing AIS during the reporting period. You should count each individual payment account once, even where it has been accessed multiple times.

**Element 76:** State the number of customers that have used your firm's AIS in the reporting period. Each customer should be counted once (including where the customer has used the AIS multiple times).

**Element 77:** State the minimum monetary amount (in EUR) of the professional indemnity insurance (or comparable guarantee) ('PII') calculated in accordance with the European Banking Authority Guidelines on Professional Indemnity Insurance under PSD2.

**Element 78:** Please enter the amount of coverage of the PII that is held. This should be entered in EUR. Please use the same conversion rate entered at element 31A.

**Element 79:** If the terms of your firm's PII have changed in any respect since its authorisation or registration (if this is the first return), or since the last time this report was submitted, please explain here. This includes the insurance cover (i.e. the monetary amount), what the insurance covers (i.e. the losses or circumstances in which the insurance is payable), the terms and conditions, any limits or exclusions or any other change to the policy.

### *Payment initiation services (PIS)*

(ii) Elements 80 to 85 should only be answered by firms providing PIS.

**Element 80:** State the number of payment accounts that your firm has accessed for the purposes of providing PIS during the reporting period. You should count each individual payment account once, even where it has been accessed multiple times.

**Element 81:** This should be the total number of payment transactions initiated using your firm's PIS in the reporting period.

**Element 82:** This should be the total value of the payment transactions initiated using your firm's PIS in the reporting period.

**Element 83:** State the minimum monetary amount (in EUR) of the professional indemnity insurance (or comparable guarantee) ('PII') calculated in accordance with the European Banking Authority Guidelines on Professional Indemnity Insurance under PSD2.

**Element 84:** Please enter the amount of coverage of the PII that is held. This should be entered in EUR.

**Element 85:** If the terms of your firm's PII has changed in any respect since its authorisation or registration (if this is the first return), or since the last time this report was submitted, please explain here. This includes the insurance cover (i.e. the monetary amount), what the insurance covers (i.e. the losses or circumstances in which the insurance is payable), the terms and conditions, any limits or exclusions or any other change to the policy.

Small electronic money institution questionnaire

This annex consists only of one or more forms. Firms are required to submit the returns using the electronic means made available by the FCA.

SUP 16 Annex 30J D



## Notes on completing small e-money institution questionnaire

### FIN060b Small E-Money Institution Questionnaire

#### Valuation

Firms should follow their normal accounting practice wherever possible.

#### Currency

Some questions require you to answer in GBP, whilst some require you to answer in EUR. The exchange rate entered at element 34 should be used throughout the return to convert GBP to EUR where required.

- Elements 1 to 4 and 15 to 33 must be completed in GBP.
- All other monetary answers must be in EUR.

Figures should be entered in single units in the currency specified. For example, €1,234,567.50 should be entered as 1234567.

#### Section 1: Income Statement

**Element 1:** State, in GBP, the total income of the legal entity, across all activity, for the reporting period. Follow your firm's normal accounting practice when answering this question (i.e. this should be the same figure as the total income figure in your annual accounts).

**Element 2:** State, in GBP, the total income for the reporting period, derived from the issuance of e-money and related payment services. Follow your normal accounting practice when answering this question. 'Related payment services' means those payment services that are related to the issuance of e-money.

**Element 3:** State, in GBP, the total income for the reporting period, derived from the provision of unrelated payment services. Follow your normal accounting practice when answering this question. 'Unrelated payment services' means those payment services (as defined in the Payment Services Regulations 2017) that are not related to the issuance of e-money. If you do not provide unrelated payment services, please enter '0'.

**Element 4:** State, in GBP, the total operating profit or loss of the legal entity for the reporting period. Operating profit or loss is calculated after ordinary operating expenses are deducted from the gross profit, but before interest, tax, dividend payments and any extraordinary items are deducted.

#### Section 2: EMRs and PSRs 2017 activity

##### Section 2(a): EMRs activity

**Element 5:** Enter the full number of months during the reporting period that your firm was FCA authorised or registered. For example, if you are completing this return for the period ending 31 December and you were authorised or registered by the FCA on 15 October then you should enter '2'.

**Element 6:** State, in EUR, the amount of e-money that was outstanding at the end of the period to which this return relates.

**Elements 7:** You should enter, in EUR, the average outstanding e-money for the last month of the reporting period. 'Average outstanding e-money' means the average total amount of financial liabilities related to e-money in issue at the end of each calendar day over the preceding six calendar months, calculated on the first calendar day of each calendar month and applied for that calendar month.

**Element 8 and 9:** State the number of e-money accounts open at the start and end of the reporting period. This includes all customer types (consumers and corporates). If a customer has multiple accounts, you should include each account in the total.

## Section 2(b): PSRs 2017 activity

'Unrelated payment services' means payment services as defined in the PSRs 2017 that are not related to the issuance of e-money. If you do not provide unrelated payment services please enter '0' for each of these questions.

**Element 10:** State the number of unrelated payment transactions executed by your firm during the reporting period. This includes payment transactions executed by agents of your firm.

**Element 11:** State, in EUR, the total value of all the unrelated payment transactions executed during the reporting period. This includes payment transactions executed by UK agents of your firm. Note that you should enter the total gross value of the payment transactions, not the income generated by them.

**Element 12:** Enter, in EUR, the monthly average value of the total unrelated payment transactions executed over the reporting period. This should be the figure entered at element 11 divided by the number of full months during the reporting period that your firm was registered (i.e. the number entered at element 10). If the monthly average is inflated as a result of rounding to full months, you may calculate the monthly average by taking into account the partial month of registration in this figure only.

## Section 3: Capital requirements for e-money

**Element 13:** 'Average outstanding e-money' means the average total amount of financial liabilities related to e-money in issue at the end of each calendar day over the preceding six calendar months, calculated on the first calendar day of each calendar month and applied for that calendar month. If you firm has generated average outstanding e-money of €500,000 or more for any month of the reporting period you should enter 'Yes'. This triggers the requirement to hold own funds (regulation 19(2) of the Electronic Money Regulations 2011). If the answer to Element 13 is 'Yes' you must answer elements 30 to 37.

**Element 14:** This figure is 2% of the average outstanding e-money (element 7). This figure should be provided in EUR.

## Section 4: Net capital resources

### Sections 4(a-d)

For Elements 20, 24 and 28: Enter values using the appropriate sign for a positive or negative number.

For the purposes of Section 4, please provide a value for Common Equity Tier 1, Additional Tier 1 and Tier 2 capital items. You will also need to provide values for adjustments, deductions, exemptions, and temporary waivers (entering zero where not relevant).

To understand the items that may be used to form 'own funds', firms should consult the PSRs 2017, the Capital Requirements Regulation (EU) 575/2013 (CRR), and the Payment Services and Electronic Money Approach Document.

Regulation 2 of the PSRs 2017 sets out that own funds has the definition given in the CRR Article 4(1)(118). Own funds consist of Tier 1 and Tier 2 items. Tier 1 is formed of Common Equity Tier 1 and Additional Tier 1. At least 75% of Tier 1 capital must be held as Common Equity Tier 1 capital and Tier 2 capital must be equal to or less than one third of Tier 1 capital. The return will take into account these limits when calculating a figure for total capital resources.

### Section 4(e): Total capital resources

**Element 30:** This should be the sum of the capital items listed at 31B to 32B.

**Element 34:** Please provide the EUR equivalent value for 1 GBP to four decimal places. This should be the market rate as quoted by the European Central Bank in place at the end of the reporting period. Refer to the following website which provides historical exchange rates on a month-by-month basis: [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro/index\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm)

**Element 32:** State the EUR equivalent of element 30 above.

## *Section 4(f): Total capital surplus / deficit*

**Element 36:** This is calculated by subtracting the capital requirement (element 14) from the total net capital resources (element 32). You must enter the figure with a minus symbol if it is of negative value.

**Element 37:** Firms are reminded that the capital requirement (or own funds) is based on average outstanding e-money, which involves monthly calculations. The figures entered above at elements 14 and 36 provide a snapshot as at the end of the reporting period. Firms must confirm whether own funds have been equal to or greater than the own funds requirement in all months of the reporting period. If the answer to this question is 'No' you should notify us separately with an explanation.

## **Section 6: Method of Safeguarding**

You must select the relevant box(es) to identify the method(s) used by the firm to safeguard relevant funds. You must provide separate safeguarding information for relevant funds received in exchange for e-money that has been issued and (where relevant) relevant funds received for the purposes of executing unrelated payment transaction.

If you do not provide unrelated payment services you do not need to answer elements 36 to 42.

## **Section 7: Agents**

**Element 43:** State the number of agents that you have registered to undertake payment services in the UK (whether unrelated or related).

## **Section 8: Payment systems**

**Element 44:** If your firm is a member of any sterling interbank payment systems, select the appropriate system(s) from the drop-down list. This means where you have a direct relationship with the operators of the payment system.

**Element 46:** If your firm accesses, on an indirect basis, any sterling interbank payment systems, select the appropriate system(s) from the drop-down list. This means where your firm indirectly accesses payment systems through the services of another PSP that is a direct participant or member of that payment system.

**Element 48:** If your firm accesses any sterling interbank payment systems on an indirect basis select the institution that is the primary provider of that indirect access.





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## Prudent Valuation Return

This annex consists only of one or more forms. Forms are to be found through the following address:

*Prudent Valuation Return* - SUP 16 Annex 31AR



Guidance notes for data items in SUP 16 Annex 31AR

This annex consists only of one or more forms. Forms are to be found through the following address:

*Guidance notes for data items in SUP 16 Annex 31AR - SUP 16 Annex 31BG*



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## **Bidding in emissions auctions return**

This annex consists only of one or more forms. Forms are to be found through the following address:

*Bidding in emissions auctions return - SUP 16 Annex 32R*

SUP16 Ann 32



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Remuneration Benchmarking Information Report [deleted]

FCA

*Remuneration Benchmarking Information Report -*



Guidance notes for data items in SUP 16 Annex 33AR [deleted]

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High Earners Report [deleted]

[deleted]





Guidance notes for data items in SUP 16 Annex 34AR [deleted]

[deleted]



## Close Links Monthly Report

This annex consists only of one or more forms. Forms are to be found through the following address:

SUP 16 Annex 35AR



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## **Guidance notes for completion of the close links monthly report in SUP 16 Annex 35AR**

This annex consists only of one or more forms. Forms are to be found through the following address:

SUP 16 Annex 35BG



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## Close Links Annual Report

This annex consists only of one or more forms. Forms are to be found through the following address:  
SUP 16 Annex 36AR





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## **Guidance notes for completion of close links annual report in SUP 16 Annex 36AR**

This annex consists only of one or more forms. Forms are to be found through the following address:  
SUP 16 Annex 36BG



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## Controllers Report

This annex consists only of one or more forms. Forms are to be found through the following address:  
SUP 16 Annex 37AR



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## **Guidance notes for completion of controllers report in SUP 16 Annex 37AR**

This annex consists only of one or more forms. Forms are to be found through the following address:  
SUP 16 Annex 37BG



Data Items relating to Consumer Credit activities

This annex consists only of one or more forms. Forms are to be found through the following address:  
SUP 16 Annex 38A





## Notes for completion of Data Items relating to Consumer Credit activities

This annex consists only of one or more forms. Forms are to be found through the following address:  
SUP 16 Annex 38B

### Introduction

1. These notes relate to the consumer credit returns in ■ SUP 16 Annex 38AR (Data items relating to consumer credit activities). They aim to assist *firms* in completing and submitting the *data items* relevant to *credit-related regulated activities*.

2. The purpose of these *data items* is to provide a framework for the collection of information by the FCA as a basis for its supervisory and other activities. They also have the purposes set out in ■ SUP 16.12.2G, including to help the FCA to monitor *firms'* financial soundness.

3. The data should not give a misleading impression of the *firm*. A *data item* is likely to give a misleading impression if a *firm* omits a material item, includes an immaterial item or presents items in a manner which is misleading.

### Scope

4. Subject to ■ SUP 16.12.29BR, *firms* undertaking *credit-related regulated activities* are required to complete the *data items* applicable to the activities they undertake as set out in ■ SUP 16.12.29CR.

### Defined terms

5. Where terms are italicised, they have the meaning shown in the *Glossary* of definitions in the *FCA Handbook*. Where we use an alternative word or phrase we expect *firms* to apply an ordinary meaning to that word or phrase.

6. The *credit-related regulated activities* are:

(a) *entering into a regulated credit agreement as lender;*

(b) *exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement;*

(c) *entering into a regulated consumer hire agreement as owner;*

(d) *exercising, or having the right to exercise, the owner's rights and duties under a regulated consumer hire agreement;*

(e) *credit broking;*

(f) *debt adjusting;*

(g) *debt counselling;*

(h) *debt collecting;*

- (i) *debt administration;*
- (j) *providing credit information services;*
- (k) *providing credit references;*
- (l) *operating an electronic system in relation to lending; and*
- (m) *advising on regulated credit agreements for the acquisition of land.*

7.A *firm* does not need to complete these returns if the only *credit-related regulated activity* it carries on is *advising on regulated credit agreements for the acquisition of land*. Data should be excluded from the returns to the extent that they relate to *credit agreements* secured by a *legal or equitable mortgage on land*.

Currency

8.Unless otherwise stated, *firms* should report in the currency of their annual audited accounts, where this is sterling, euro, US dollars, Canadian dollars, Swedish kroner, Swiss francs or yen. Where annual audited accounts are reported in a currency outside those specified above, the values should be converted into an equivalent within the list using an appropriate rate of exchange at the reporting date or, where appropriate, the rate of exchange fixed under the terms of any relevant currency hedging transaction.

Data elements

9.These are referred to by row first, then by column, so *data element* 2B will be the element numbered 2 in column B.

General reporting guidelines

10.The *data items* in ■ SUP 16 Annex 38AR (Data Items relating to Consumer Credit activities) should reflect the standard accounting practices followed in the preparation of a *firm's annual report and accounts*, unless otherwise stated.

11.The information reported in the returns should cover the reporting period specified, unless otherwise stated.

12.Unless otherwise stated, figures should be reported in single units.

CCR001 – Consumer credit data: Financial data

13.This *data item* provides the FCA with a snapshot of the assets and liabilities of a *firm* and data on the *firm's* income and profit. It gives us an idea of the *firm's* ongoing financial viability and whether this poses any potential risks to *consumers*.

14.*Firms* that report CCR001 on a six-monthly basis should report their income and profit data on a cumulative basis. The return for the first reporting period should include income and profit for the first six months from the *firm's accounting reference date*. The return for the second six-month period should include income and profit for the entire 12 months.

Guide for the completion of individual fields

Balance sheet items		
1A	Total shareholder funds/Partnership capital/Sole trader capital	<p>Incorporated <i>firms</i>: add the value of all types of shares, reserves, retained earnings and verified current year profit.</p> <p><i>Partnerships</i> and <i>sole traders</i>: add the value of all capital accounts, retained earnings and verified current year profit.</p> <p><i>Limited liability partnerships</i> (LLPs): add the value of all cash and capital accounts.</p>

2A	Intangible assets/Investments in subsidiaries/Investment in own shares	Add the value of intangible assets/goodwill, investments in own shares, investments in subsidiaries, material current year losses and, if applicable, excess LLP member's drawings.
3A	Subordinated debt and subordinated loans	Add the value of any subordinated loans and other subordinated debt.
Current assets		
4A	Cash	This is money physically held by the firm and money deposited with <i>banks</i> or <i>building societies</i> .
5A	Debtors/Other	Add the value of all types of debtors, stocks, investments (other than those included in 2A) and loans.
Current liabilities		
6A	Creditors	Add the value of all types of creditors.
7A	Largest exposures (including inter-company): amount	Identify the amount of each of the two largest exposures (including those between the <i>firm</i> and a related entity). These exposures can either be amounts owed to the <i>firm</i> by debtors, or amounts owed by the <i>firm</i> to creditors.
	Largest exposures (including inter-company): counterparty name	Identify in each case the name of the counterparty from or to whom the amount is owed.
	Largest exposures (including inter-company): type of exposure	Identify whether the amount is owed to the <i>firm</i> (debtor) or owed by the <i>firm</i> (creditor).
Income statement (including regulated business revenue)		
8A	Total income	<i>Firms</i> should report income from all activities, both regulated and non-regulated, on a cumulative basis.
9A	Retained profit	This figure does not relate to the accumulated retained profit figure that appears on the <i>firm's</i> balance sheet, but to the retained profit or loss figure for the period shown on the <i>firm's</i> income statement or profit and loss (P&L) account.  This should be reported on a cumulative basis.

## CCR002 – Consumer credit data: Volumes

15.This *data item* provides the *FCA* with an overall picture of the size of the consumer credit market and how revenue is generated. On an individual *firm* level, it allows us to look at the relationship between *customer* numbers, transaction numbers and revenue.

16.In this *data item*, *firms* should complete each row applicable to an activity they have permission to undertake. In the case of lending, they should complete each row applicable to their *consumer credit lending* business.

17.Data should be provided only in respect of *credit-related regulated activities*.

Column A: Fee mechanism

18.In this column, *firms* should identify the predominant source of revenue for each relevant activity by selecting the appropriate option from the drop-down list.

19. For the purposes of answering this question, an “upfront fee” is a single fee incurred once at the time of the transaction occurring. There are no further fees associated with the transaction. For example, a one-off *credit broking fee*.

20. An “ongoing fee” is where the fee is split into multiple payments across the lifetime of the product or service. For example, a percentage charge taken from monthly payments under a *debt management plan*.

21. Where a *firm* only uses upfront fees or only uses ongoing fees, the *firm* should select “upfront only” or “ongoing only”. “Mainly upfront” and “mainly ongoing” should be used when more than two-thirds of the relevant revenue from that activity is achieved using that method.

22. With respect to lending activities, “interest only” should be selected if revenue is generated solely from charging interest. “Mainly interest” should be selected if interest accounts for more than two-thirds of the revenue generated. For example, a *lender* may charge an upfront fee plus interest.

23. “Combination” should be used when no single revenue source (upfront fees, ongoing fees or interest) accounts for more than two-thirds of the relevant revenue from that activity.

## Column B: Revenue

24. In this column, *firms* should enter the amount of revenue generated during the reporting period by each activity undertaken.

25. A *firm* should include all revenue generated as a result of the activity, and which would not have otherwise have been generated, even if it does not directly relate to the *firm’s credit-related regulated activity* (provided that it does not relate to another *regulated activity*, for example payment protection insurance).

26. Revenue should be reported gross, before any deductions. In the case of lending, it does not include repayment of capital under a *credit agreement*.

## Column C: Total customers

27. In this column, *firms* should enter the total number of individual *customers* who have taken up a credit-related product during the reporting period or have engaged the *firm’s* services during the period.

28. If the same *customer* has taken out three products of the same type, this counts as one towards the “total customers” figure.

29. In the case of jointly-owned products, each *individual* should be recorded as a customer for the purposes of this column. For example, a *credit agreement* entered into jointly by two *individuals* should be recorded as two customers.

## Column D: Total transactions

30. In this column, *firms* should enter the total number of transactions during the reporting period. A transaction is where a *customer* has taken up a credit-related product or engaged the *firm’s* services during the period.

31. If the same *customer* has taken out three products of the same type, this counts as three towards the “total transactions” figure. For example, if a *customer* has entered into three separate *credit agreements* for *high-cost short-term credit* during the reporting period, this counts as one customer but three transactions.

32. Jointly-owned products should be recorded as a single transaction. For example, an agreement entered into jointly by two *individuals* should be recorded as one transaction.

33. In the case of debt purchasing, a transaction is acquisition of a debt during the reporting period.

34. In the case of pawnbroking, each separate item held as *security* should be counted for these purposes as a single transaction.

35. In the case of *credit broking*, a transaction is irrespective of whether a *credit agreement* or *consumer hire agreement* is entered into.

36. In the case of debt management activity, a transaction is not limited to entry into a *debt management plan* (see paragraph 42 below).

37. A *credit repair firm* does not need to complete this field (unless it is engaged in another *credit-related regulated activity*).

Rows 1 to 8 and 13 to 14: Lending

38. The rows under the heading “Lending” relate to the different types of lending that are covered by *consumer credit lending*. For each type of lending that a *firm* undertakes, the row relating to that activity should be completed in full. If a product could fall into more than one row, or has elements falling into more than one row, it should be included in the first applicable row reading down the list.

30. *Firms* undertaking logbook lending should report data relating to this activity in the row labelled “Bill of sale loan agreements.”

Row 9: Credit broking

40. This row should be completed in full by all *firms* carrying on the activity of *credit broking* as defined in article 36A of the *Regulated Activities Order*.

Row 10: Debt management activity

41. This row should be completed in full by a *debt management firm*.

42. A *debt management firm* is a *firm* which carries on the activity of *debt counselling* or *debt adjusting* with a view to an *individual* entering into a particular *debt solution*. This is not limited to *firms* which enter into *debt management plans*.

Row 11: All other credit-related regulated activity

43. *Firms* should include in this row data relating to all other *credit-related regulated activities* (see paragraph 6) not covered in rows 1 to 10 and 13 to 14. This includes *consumer hiring* (including the purchasing of debts under *regulated consumer hire agreements*, which should appear here; rather than against “debt purchasing” under Lending, which is limited to debts under *regulated credit agreements*). It also includes *debt counselling* or *debt adjusting* which is not with a view to an *individual* entering into a particular *debt solution* (see paragraph 42).

44. The row should be completed in full and include the total of all other *credit-related regulated activities* that a *firm* undertakes.

Row 12: Total annual income as defined in FEES 4 Annex 11BR for the purpose of FCA fees reporting

45. This figure should be calculated with reference to ■ FEES 4 Annex 11BR and the *guidance* in ■ FEES 4 Annex 11BR. It should be reported as an annual figure and in single units rather than in thousands (see paragraph 13).

46. If you report CCR002 on an annual basis, and this is your first return and you are reporting for a period of less than 12 months, you should annualise this figure (i.e. make it representative for a full year’s activity). See ■ FEES 4.2.7BR (5) (c) and (d).

47. If you report CCR002 on a six-monthly basis, you should report your credit-related annual income as **zero** in the CCR002 return that aligns with the first six-month period after your *accounting reference date*. You should then report the full figure for your credit-related annual income in the CCR002 return that aligns to the second six-month period after your *accounting reference date*.

48. For example, a *firm* that reports CCR002 on a six-monthly frequency with an *accounting reference date* of 31 March has an annual consumer credit income (for the purposes of FCA fees reporting) of £1,000. For the reporting period from 1 April to 30 September it should report £0 in question 12. For the reporting period from 1 October to 31 March it should report £1,000 in question 12.

## CCR003 – Consumer credit data: Lenders

49. The purpose of this *data item* is to give the FCA an understanding of the number and value of *credit agreements* entered into during the reporting period or outstanding at the end of the period, the *APRs* charged on those agreements and the extent of arrears on the agreements.

50. In this *data item*, *firms* should complete each row applicable to the *consumer credit lending* that the *firm* undertakes. All applicable rows should be completed in full unless otherwise specified. Data should be provided only in respect of *regulated credit agreements*.

51.*Firms* undertaking logbook lending should report data relating to this activity in the row labelled “Bill of sale loan agreements.”

52.Where we ask for figures reported in thousands, the response should be rounded to the nearest thousand. For example, if the value of agreements outstanding for a certain activity was £1,400, this should be reported as ‘1’. If the value was £1,500, this should be reported as ‘2’ (rounding up rather than down). If the value was less than £500 for the period, this should be rounded down to zero (i.e. reported as ‘0’).

Column A: Total value (000s)

53.In this column, *firms* should enter the total value (in thousands) outstanding on *credit agreements* at the end of the reporting period.

54.This comprises amounts that have fallen due but remain unpaid (including any default sum or other fee or charge) and also amounts payable under the agreement that have not yet fallen due, such as future repayments of capital.

Column B: Total number of loans

55.In this column, *firms* should enter the total number of *credit agreements* on which sums are outstanding at the end of the reporting period.

56.In the case of pawnbroking, a single *credit agreement* under which the *firm* has taken two or more articles in *pawn* should be counted as one loan.

Column C: Total number of loans in arrears

57.In this column, *firms* should enter the number of *credit agreements* that had overdue repayments at the end of the reporting period.

58.An overdue repayment is an amount that has fallen due but remains unpaid.

59.In the case of pawnbroking, an agreement is in arrears if an article taken in *pawn* under the agreement has become realisable by the *firm* during the reporting period or the property in any such article has passed to the *firm* during the reporting period.

Column D: Total value of arrears (000s)

60.In this column, *firms* should enter the total value (in thousands) of overdue repayments at the end of the reporting period.

Column E: Value of new advances in period (000s)

61.In this column, *firms* should enter the total value (in thousands) of new advances during the reporting period.

62.In the case of debt purchasing, a *firm* should report the value of *credit agreements* acquired during the period.

Column F: Average annual percentage rate of charge (total loan book)

63.In this column, *firms* should calculate the average (mean) *APR* of all the *credit agreements* outstanding at the end of the reporting period.

64.The *APR* should be calculated in accordance with ■ CONC App 1.2 and reported as a percentage with no decimal places.

65.Worked example:

- A *firm* has the following loans:
- 4 loans of £1,000 with 300% *APR*
  - 3 loans of £500 with 400% *APR*
  - 2 loans of £200 with 500% *APR*
  - 1 loan of £100 with 750% *APR*



The average *APR* is calculated as follows:

$$( (4 \times 300) + (3 \times 400) + (2 \times 500) + (1 \times 750) ) / 10$$

66.This column can be left blank in the case of Overdrafts.

Column G: Highest annual percentage rate of charge (in period)

67.In this column, *firms* should enter the highest *APR* of *credit agreements* entered into during the reporting period.

68.The *APR* should be calculated in accordance with ■ [CONC App 1.2](#) and reported as a percentage with no decimal places.

69.This column can be left blank in the case of Overdrafts.

**CCR004 – Consumer credit data: Debt management firms**

70.This *data item* is intended to reflect the underlying prudential requirements contained in ■ [CONC 10](#) and allows monitoring against the requirements set out there.

71.A *debt management firm* is a *firm* which carries on the activity of *debt counselling* or *debt adjusting* with a view to an *individual* entering into a particular *debt solution*. This is not limited to *firms* which enter into *debt management plans*.

72.This *data item* must be completed in sterling and single units.

Guide for the completion of individual fields

1A	Total value of relevant debts under management outstanding	<p><i>Firms</i> should enter the total value of all the <i>relevant debts under management</i> that are used to calculate the <i>firm's</i> current prudential resources requirement. This should be the figure calculated at the latest <i>accounting reference date</i>, or, if there has been a change in the value of all the <i>relevant debts under management</i> of more than 15%, the re-calculated figure.</p> <p>See <a href="#">CONC 10.2.5R</a> to <a href="#">CONC 10.2.10G</a> and <a href="#">CONC 10.2.13R</a> to <a href="#">CONC 10.2.14R</a>.</p>
2A	Total prudential resources requirement	<p><i>Firms</i> should enter whichever figure is higher out of:</p> <p>(a) £5000; and</p> <p>(b) the variable prudential resources requirement calculated based on the value of <i>relevant debts under management</i> outstanding entered in element 1A.</p> <p>See <a href="#">CONC 10.2.5R</a>, <a href="#">CONC 10.2.8R</a> and <a href="#">CONC 10.2.11G</a> to <a href="#">10.2.12G</a>.</p> <p>NB: It is not permissible to answer '0' for this question, even if '0' was entered against 1A, as the minimum prudential resources requirement in <a href="#">CONC 10</a> is £5,000.</p>
3A	Total prudential resources	<p><i>Firms</i> should enter their total prudential resources, calculated in accordance with <a href="#">CONC 10</a>.</p>
4A	Number of debt management plans that end before the end of the term originally agreed	<p><i>Firms</i> should identify the number of <i>debt management plans</i> that ended earlier than stated in the original contract during the reporting period.</p>

**CCR005 – Consumer credit data: Client money and assets**

73.The purpose of this *data item* is so that the *FCA* has an understanding of how much *client money* and assets is being held by *CASS debt management firms* in relation to debt management activity.

74. *Firms* that meet the definitions of *CASS debt management firm*, unless subject to a requirement imposed under section 55L of the *Act* stating that it must not hold *client money* or such a *requirement* to the same effect, should complete this *data item*.

Guide for the completion of individual fields

1A	What was the highest balance of client money held during the reporting period?	A <i>CASS debt management firm</i> should enter the highest total amount of <i>client money</i> that was held in respect of debt management activity at a single point in time during the reporting period.
2A	What was the highest number of clients for whom client money was held during the reporting period?	A <i>CASS debt management firm</i> should enter the highest number of <i>clients</i> for whom <i>client money</i> was held in respect of debt management activity at a single point in time during the reporting period.
3A	How much client money (if any) did you hold in excess of five days following receipt?	<p>If a <i>CASS debt management firm</i>, at any point during the reporting period, held <i>client money</i> for an individual <i>client</i>, relating to a single transaction, in excess of five days of receipt of cleared funds, it should report the aggregate balance of this <i>client money</i> (i.e. the sum of all the amounts that were held longer than five days).</p> <p>A <i>CASS debt management firm</i> should report '0' if it did not hold <i>client money</i> in excess of five days at any point during the reporting period.</p> <p>In accordance with <a href="#">CASS 11</a>, a <i>CASS debt management firm</i> must pay any <i>client money</i> it receives to creditors as soon as reasonably practicable, save in the circumstances set out in <a href="#">CASS 11</a>. In the <i>FCA's</i> view the payment to creditors should normally be within five <i>business days</i> of the receipt of cleared funds.</p>

#### CCR006 – Consumer credit data: Debt collection

75. The purpose of this *data item* is to give the *FCA* an understanding of the activities of *firms* undertaking debt collection (on behalf of *lenders* or *owners*), and the size of the market, and to identify potential areas where there is risk of consumer detriment.

76. *Firms* should complete this *data item* if they have permission for *debt collecting* (article 39F of the *Regulated Activities Order*).

77. In addition, *firms* that have permission under article 36H of the *Regulated Activities Order* to operate an *electronic system in relation to lending* (peer-to-peer platforms) are required to submit CCR006 because the scope of that permitted activity allows *firms* to take steps to procure the payment of a debt due under an *article 36H agreement*.

1A Have you undertaken any debt collection business during the reporting period?

78. This question only applies to peer-to-peer platforms, and should be answered with respect to steps taken to procure the payment of a debt due under an *article 36H agreement*. If a peer-to-peer platform answers "no" and the firm does not have permission for *debt collecting* then the firm does not have to complete the remainder of this *data item*.

Stage of debt placement

79. The *firm* should complete each column in respect of which it has debts under collection. All debts at sixth stage or higher should be aggregated and reported in column F.

80. Debt placement is the placement of an overdue account, passed out for debt collection either through an internal collection strategy (also known as in-house) or outsourced to a specialist third party debt collection agency. Each time the debt is passed to an agency for collection, the stage of debt placement increases.



81.If the debt ceases to be overdue, but subsequently becomes overdue again and is passed out for collection, it starts again as stage one.

Guide for the completion of individual fields

2	Total value of debts being pursued for collection	The <i>firm</i> should report the total value of all the debts that are being actively pursued for collection at the end of the reporting period.
3	Total value of debts under collection	The <i>firm</i> should report the total value of all the debts that it has on its books to collect at the end of the reporting period.
4	Total number of debts being pursued for collection	The <i>firm</i> should report the number of individual debts that are being actively pursued for collection at the end of the reporting period.
5	Total number of debts under collection	The <i>firm</i> should report the number of individual debts that it has on its books to collect at the end of the reporting period.
6	Number of debts under collection with missed repayments	The <i>firm</i> should identify the number of debts under collection on its books that have missed repayments.
7	Total income per placement (000s)	The <i>firm</i> should indicate the amount of income (in thousands) that has been attributed to debts collected under each stage of placement.

## CCR007 – Consumer credit data: Key data for credit firms with limited permission

82.The purpose of this *data item* is so that the *FCA* can collect a small, proportionate amount of data from the large population of *firms* with *limited permission* undertaking *credit-related regulated activities*, to enable monitoring of the market with a risk-based approach.

Guide for the completion of individual fields

1A	Revenue from credit-related regulated activities	<p>A <i>firm</i> should report the total amount of income (before expenses) received by the <i>firm</i> for its credit-related business activities during the reporting period.</p> <p>Example 1:</p> <p>A <i>firm</i> sells a product for £1,000 after referring the <i>customer</i> for financing. The <i>firm</i> receives £50 commission for the <i>credit broking</i> referral, as well as the £1,000 for the product sale.</p> <p>For data field 1A, the <i>firm</i> would report its credit-related income as £50. The income from activities unrelated to credit should not be included here.</p> <p>Example 2:</p> <p>A <i>firm</i> sells a product for £1,000. The <i>customer</i> pays £500 cash and the <i>firm</i> refers the <i>customer</i> for financing for the remaining balance. The <i>firm</i> receives £50 commission for the referral.</p> <p>For data field 1A, the <i>firm</i> would report its credit-related income as £50. The amount of finance referred should not be reported here.</p>
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2A	Total revenue (including from activities other than credit-related regulated activities)	<p>A <i>firm</i> should report all income (before expenses) received for all its business, both regulated and unregulated.</p> <p>For example, if a <i>firm</i> has sold a product for £1,000 and received £50 commission for referring the <i>customer</i> for credit, for data field 2A, the <i>firm</i> should report the total amount of money received, £1,050.</p>
3A	Number of transactions involving credit-related regulated activities in reporting period	<p>A <i>firm</i> should report the total number of credit-related transactions which occurred during the reporting period.</p> <p>A transaction is where a <i>customer</i> took out a credit-related product during the reporting period or engaged the <i>firm's</i> services during the period.</p> <p>In the case of <i>credit broking</i>, a transaction is irrespective of whether a <i>credit agreement</i> or <i>consumer hire agreement</i> is entered into.</p>
4A	Number of complaints relating to credit-related activities received in period	<p>A <i>firm</i> should report the total number of complaints received during the reporting period in relation to <i>credit-related regulated activities</i>. Any complaints about the <i>firm's</i> non-credit-related business should not be included here.</p>
5A	Credit-related regulated activity which generated the highest amount of turnover in reporting period	<p>Selecting from the following options, a <i>firm</i> should identify which <i>credit-related regulated activity</i> generated the highest amount of turnover during the reporting period:</p> <ul style="list-style-type: none"> <li>•lending;</li> <li>•consumer hire;</li> <li>•not-for-profit debt counselling;</li> <li>•secondary credit broking; or</li> <li>•other.</li> </ul>
6A	Total annual income as defined in FEES 4 Annex 11BR for the purposes of FCA fees reporting	<p><i>Firms</i> should refer to <a href="#">FEES 4 Annex 11BR</a> to calculate this figure.</p> <p><i>Firms</i> which receive grants or funding for their activities should only include this information here when it relates specifically to <i>credit-related regulated activity</i>.</p> <p>If this is your first return and you are reporting for a period of less than 12 months, you should annualise this figure (i.e. make it representative for a full year's activity). See <a href="#">FEES 4.2.7B(5)(c)</a> and <a href="#">FEES 4.2.7B(5)(d)</a>.</p>

Consumer buy-to-let return

This annex consists only of one or more forms. Forms are to be found through the following address:  
SUP 16 Annex 39AD



## Guidance notes for completion of consumer buy-to-let return in SUP 16 Annex 39AD

### Outline guidance for firms completing the aggregated 'consumer buy-to-let' (CBTL) mortgage return

We expect firms registered by us to carry out CBTL lending to report aggregated data to us on a quarterly basis, with reports scheduled in line with each calendar quarter. We expect firms to report loans, and aspects relating to those loans, that meet the definition of a "consumer buy-to-let mortgage contract", as defined in article 4 of the Mortgage Credit Directive Order (*CBTL credit agreement* in the Handbook). We expect firms to submit a nil return if they have no data to report.

Further guidance is provided, below, on what should be reported under each category.

#### 1 Lending

The number of CBTL loans reported should be at account level, rather than property level.

##### (a) New CBTL advances in the reporting period

This should include new loans for house purchase and remortgage, where the mortgage completes in the reporting period.

##### (b) Outstanding CBTL loans

This is the amount of total debt at the reporting date, and should comprise the total amount outstanding (after deducting any write-offs but without deduction for any provisions) in respect of:

- (i) the principal of the advance (including any further advances made);
- (ii) interest accrued on the advance (but only up to the reporting date), including any interest suspended; and
- (iii) any other sum which the borrower is obliged to pay the firm and which is due from the borrower, e.g. fees, fines, administration charges, default interest and insurance premiums;

#### 2 Arrears, reposessions and receivers

##### (a) CBTL loans in arrears of >1.5% of outstanding balance

At the reporting date, the amount of arrears is the difference between:

- (i) the accumulated total amounts of (monthly or other periodic) payments due to be received from the borrower; and
- (ii) the accumulated total amount of payments actually made by the borrower.

Only amounts which are contractually due at the reporting date should be included in 2(a)(i) above. That is:

- (i) include accrued interest only up to the reporting date but not beyond;
- (ii) and only include a proportion of any annual insurance premium if the firm permits such amounts to be paid in periodic instalments. However, if the terms of the loan or the lender's practice are such as to permit insurance premiums to be added to the loan principal then do not treat such amounts as contractually due;

(iii) similarly, where 'any other sum' has been added to the loan, only include such proportions as are contractually due (e.g. if it is the practice in particular circumstances to add the sum/charge to the loan and require repayment over the residual term of the loan);

(iv) in assessing 'payments due' when a borrower has a flexible loan, it is important to apply the contractual terms of the loan: for example, payment holidays which satisfy the terms of the loan should not be treated as giving rise to an arrears position.

Where a firm makes a temporary 'concession' to a borrower (i.e. an agreement with the borrower whereby monthly payments are either suspended or less than they would be on a fully commercial basis) for a period, the amounts included in 2(a)(i) are those contractually due (and at commercial rates of interest). Hence the borrower will continue to be in arrears and the level of arrears will in fact continue to increase until such time as he is able fully to service the debt outstanding.

Where the terms of the loan do not require payment of interest (or capital) until a stated date or until redemption or until certain conditions are triggered, as for example in the case of certain building finance loans, then the loan is not in arrears until such time as contractual repayments fall due.

Accounts under a Receiver's control should be reported as in arrears where this is the case.

## **(b) CBTL reposessions**

This should include each property secured by a CBTL mortgage taken into possession (through any method e.g. voluntary surrender, court order etc.) in the reporting period. It should not include all possession stock remaining unsold in the period. This should not include where a property is under the control of a receiver, but should include where a receiver has exercised power of sale.

## **(c) Number of Receiver appointments on CBTL**

This should include where, within the reporting period, a Receiver has been appointed on a property secured by a CBTL mortgage, including those where the property is no longer under control of a Receiver.

## **(d) Number of CBTL properties under the control of a Receiver**

This should include where, at the end of the reporting period, the Receiver is managing/overseeing a property secured by a CBTL mortgage.

## **3 Complaints**

A complaint should be reported where the complaint concerns CBTL activity. Firms already required to complete the complaints return set out in ■ **DISP 1 Annex 1** should continue to do so alongside the CBTL aggregated return.

Data items related to recovery and information for resolution plans  
[deleted]

[deleted]





## Compliance Reporting Return

This annex consists of a form. The form is to be found at the following address:

*List of Overseas Regulators and Organogram –*

*SUP 16 Annex 41*



Payment accounts report

SUP 16 Annex 41A



## Notes for completion of payment accounts report in SUP Annex 41AD

### General

The purpose of these notes is to assist *payment service providers (PSPs)* in the completion of the payment accounts report ('the report'). There is no consolidated group reporting for this form and therefore a separate form is required for each legal entity to which ■ SUP 16.22 applies.

The report is to be completed by all *PSPs* located in the UK that offer payment accounts within the meaning of the *Payment Account Regulations* (including *credit institutions*, but excluding *credit unions*, National Savings and Investments and the Bank of England). 'Payment account' is defined in regulation 2 of the *Payment Accounts Regulations*. The *FCA* has provided guidance on this definition available at <http://www.fca.org.uk/news/fg16-6-payment-accounts-regulations-2015>. The effect of ■ SUP 16.22.3D is that *PSPs* that do not offer this type of account are not required to submit the report.

### Row 1:

*PSPs* should answer 'yes' if they provide payment accounts as defined in regulation 2 of the *Payment Accounts Regulations*.

### Switching

For the purpose of this report 'switching' means a switching service between payment accounts that a *firm* is required to offer under Part 3 of the *Payment Accounts Regulations*, whether such a service meets the requirements in Schedule 3 to those regulations or is a switching service designated as an alternative arrangement. 'Switching' and 'switching service' are defined in regulation 2(1) of the *Payment Accounts Regulations*.

### Row 2:

- (1) *PSPs* should enter the total number of payment accounts (including payment accounts with basic features) they have switched during the relevant period.
- (2) To prevent double-counting, *PSPs* should report only the accounts switched where they are the receiving *PSP* (see paragraph 1 of Schedule 3 to the *Payment Accounts Regulations*), i.e. they are required to report incoming switches only.
- (3) *PSPs* should include switches where the *consumer's* account with the transferring provider (see paragraph 1 of Schedule 3 to the *Payment Accounts Regulations*) remains open (partial switch) as well as those where the account has been closed (full switch).
- (4) *PSPs* should not include switches between accounts:
  - () with the same provider;
  - () denominated in different currencies;
  - () that are not payment accounts (e.g. not held by a *consumer*); or
  - () where one or both *PSPs* are located outside the *UK*.

### Row 3:

- (1) *PSPs* should only report the total number of switching applications that have been refused where they are the receiving *PSP*.

- (2) *PSPs* should report the total number of switching applications that have been refused during the relevant period. This should include only those applications that have been finally determined. It should not include applications that are still under consideration, still being processed or which are the subject of further enquiries or investigation.
- (3) *PSPs* should not record a refusal to open a payment account (or a particular type of payment account) as a refusal of a switching application, unless the reason for refusal relates directly to switching.
- (4) *PSPs* should include all other refusals, including those where the reason for refusal relates to the transferring provider, for example where the transferring provider has:
  - () failed to carry out the tasks necessary for the switch to be effected; or
  - () failed to provide the information that is necessary to the receiving provider for the switch to be effected; or
  - () turned down the request from the receiving *PSP*, for example, because the funds held in the account with the transferring provider cannot be moved.

Payment accounts with basic features

For the purpose of this report, 'payment account with basic features' means an account:

- (1) having the features set out in regulation 19 of the *Payment Accounts Regulations*;
- (2) where no fees are payable other than those permitted by regulation 20 of the *Payment Accounts Regulations*; and
- (3) that is at least available to consumers meeting the eligibility criteria in regulation 23 of the *Payment Accounts Regulations*.

Row 4:

- (1) The question in this row should be answered by all *PSPs* required to complete the report.
- (2) A *credit institution* should respond 'yes' to this question if it offers payment accounts with basic features, whether or not it has been designated under regulation 21 of the *Payment Accounts Regulations*. A *PSP* that responds 'no' to this question is not required to complete rows 5 or 6.

Row 5:

*Credit institutions* should include the total number of payment accounts with basic features that have been opened during the relevant period. This should include accounts that have subsequently been closed, switched, upgraded or migrated to another account.

Row 6:

- (1) *Credit institutions* should report the total number of applications for payment accounts with basic features they have refused. This should include only those applications that have been finally determined. *Credit institutions* should not include applications that are still under consideration.
- (2) A refusal is a decision to reject a complete application. These include situations in which the *consumer* has not met identification and verification checks (where these take place after a complete application has been submitted) and/or has not met fraud checks.

Annual Financial Crime Report

16 Annex 42AR





Guidance notes for completion of the Annual Financial Crime Report

The form in ■ SUP 16 Annex 42AR should only be completed by *firms* and *electronic money institutions* and *payment institutions* subject to the reporting requirements in ■ SUP 16.23.4R and ■ SUP 16.15.5AD of the *FCA Handbook*.

General Notes

This data item is reported on a single unit basis and in integers, except where a full-time equivalent (FTE) figure is requested. Where an FTE figure is requested, this should be reported to two decimal places where available. If the figure to be reported is a whole number, this should be reported as [n] .00.

For the purposes of this data item and guidance notes, any references to *firm* or *firms* should be read as also applying to *electronic money institutions* and *payment institutions*.

This return allows *firms* to report for a specified *group* of *firms* in a single Annual Financial Crime Report. Where a report is filed for a *group* of *firms*, the reported information should be the aggregate data for those *firms*. *Firms* should note that this is only available where all the *firms* included are subject to the requirement (i.e. *firms* that would not be subject to the requirement on a solo entity basis, based on the application provision in ■ SUP 16.23.1R should not be included).

*Firms* subject to the requirement and which have a different *accounting reference date* from the *firm* submitting the Annual Financial Crime Report on behalf of a *group* should have their firm reference numbers (FRNs) included in the group report list. They will then need to submit a nil return for the entity via the appropriate systems accessible from the *FCA* website.

For the purposes of completing this return, references to ‘customer’ or ‘client’ refer to *customer* or *client* relationships as defined in the *FCA Handbook*.

We will use the data we collect through this data item to assess the nature of financial crime risks within the financial services sector. Section 5 of this return is designed to allow the *FCA* to track the industry’s perception of the most prevalent fraud risks. A *firm* may not be specifically affected by the fraud typologies it considers most prevalent across the industry.

Data Elements

Group reporting		
1A	Does the data in this report cover more than one authorised <i>firm</i> ?	If the report is being submitted on behalf of a number of <i>firms</i> , <i>firms</i> should answer ‘yes’ to this question.
2A	If yes, list the FRNs of all additional <i>firms</i> included in this report.	Where a report is submitted on behalf of a number of <i>firms</i> , the submitting <i>firm</i> should report all of the FRNs of the firms included.  A <i>firm</i> listed in response to this question by another <i>firm</i> within its group will see the requirement marked as ‘satisfied for group’ in the appropriate systems accessible from the <i>FCA</i> website. <i>Firms</i> to whom this applies do not need to report a separate nil return.
Section 1: Operating jurisdictions		
Please list:		

3A	The jurisdictions within which the <i>firm</i> operates as at the end of the reporting period.	<p>Input the country codes (in ISO 3166 format) of the jurisdictions within which the <i>firm</i> is operating as at the end of the reporting period.</p> <p>Only those jurisdictions active as at the end of the reporting period should be reported; if a <i>firm</i> terminated operations within a jurisdiction during the reporting period, this jurisdiction does not need to be reported.</p> <p>‘Operates’ for the purposes of this form is defined as where the <i>firm</i> carries on its business or has a physical presence through a legal entity.</p> <p>For avoidance of doubt, this definition includes those jurisdictions in which the <i>firm</i> has representative offices.</p> <p>Where a <i>firm</i> is operating in the <i>UK</i> as a branch or subsidiary of a foreign institution, it should report the operations of the <i>UK</i> branch or subsidiary rather than all jurisdictions where the <i>firm</i> operates.</p> <p>This question does not concern the geographical location of the <i>firm’s</i> customers or clients.</p> <p>This question is mandatory and must contain at least one entry, i.e. ‘GBR’.</p>
3B	Those jurisdictions assessed and considered high-risk by the <i>firm</i> .	<p>Input the country codes (in ISO 3166 format) of the jurisdictions assessed and considered by the <i>firm</i> to be high-risk. As a minimum, <i>firms</i> should report any jurisdictions considered high-risk in which they operate. In addition, where a <i>firm</i> has conducted a Country Risk Assessment (i.e. it maintains a ‘high-risk jurisdiction list’) the jurisdictions that were the subject of such an assessment should be recorded in 3B.</p> <p>This question should be answered with regard to the <i>firm’s</i> own assessment of risk, which may or may not include the use of available public indices.</p> <p>A <i>firm</i> should therefore leave this section blank if it does not operate in any high-risk jurisdictions nor carry out a country risk assessment.</p> <p><i>Firms</i> who provide a positive response to question 17 (customers linked to high-risk jurisdictions) should also provide a response to question 3B.</p>

Section 2: Customer information

Figures in this section should be for the number of *customer* or *client* relationships as at the end of the reporting period. It should include all accounts that are open, including dormant and inactive accounts. This would also include all *current accounts*, *CTF bank accounts*, *client bank accounts* and *client transaction accounts*. It excludes former *customers* or *clients*. Each party to a joint account should be recorded as a separate *customer* or *client*.

Where the figure requested is ‘new in the reporting period’, a *firm* should report new (not pre-existing) *customer* or *client* relationships initiated within the reporting period. This should not include existing customers taking on new products. A *firm* should only provide figures in this section for those areas of its business subject to the *Money Laundering Regulations*.

For non-financial institutions which may carry out some regulated business (e.g. consumer credit), the *firm* should not include customers which are outside the scope of the *Money Laundering Regulations*.

*Firms* should refer to sector specific industry guidance (i.e. JMLSG Guidance Part II) for additional information on who is their *customer* or *client* for the purposes of this section.

Firms should ensure they record an entry in each field. Where a *firm* has no data to report it should record '0'.

If any part of the *firm's* business is subject to the *Money Laundering Regulations*, please provide the total number of the *firm's* relationships with:

4A&B	Politically Exposed Persons (PEPs)	<p>A definition of 'Politically Exposed Person' can be found in Regulation 35(12)(a). The figure should include family members and known close associates of PEPs, as defined in Regulation 35(12)(b) and (c) of the <i>Money Laundering Regulations</i>. These definitions should be read in conjunction with the guidance published by the <i>FCA</i> in FG17/6.</p> <p><i>Firms</i> should report the number of <i>customer</i> or <i>client</i> relationships, either individual or corporate, which they have classified in accordance with FG17/6 as being a "higher risk" PEP, family member, known close associate or PEP-connected relationship. They should not report the total number of PEPs associated with a particular corporate <i>customer</i> or <i>client</i>.</p> <p>UK PEPs do not need to be reported as PEP customers. However, if there are other factors which might indicate higher risks, then this should be reported in Question 6A&amp;B.</p> <p><i>Firms</i> should not reclassify <i>customers</i> or <i>clients</i> for the purposes of completing this return. If <i>firms</i> do not classify or identify PEP-connected corporate entities as PEP <i>customers</i> or <i>clients</i> within their current policies, there is similarly no requirement to report.</p> <p>The figure provided should include existing <i>customer</i> or <i>client</i> relationships that became PEPs in the reporting period.</p> <p>Where a PEP has multiple relationships with the <i>firm</i>, that PEP should only be reported once in each of questions 4A and 4B.</p>
5A&B	Non-EEA correspondent banks	<p>This refers to situations where a <i>credit institution</i> has a correspondent banking relationship with a respondent institution from a <i>non-EEA state</i>. These terms are intended as set out in Regulation 34(4)(a)(i) of the <i>Money Laundering Regulations</i>. Non-<i>credit institutions</i> who do not hold these types of relationships should simply record zero in their response. In addition, for the purposes of reporting, a <i>firm</i> is not required to include any relationship that falls within Regulation 34(4)(a)(ii).</p>
6A&B	All other high-risk customers	<p>This refers to a <i>customer</i> or <i>client</i> categorised as being high-risk for the purposes of compliance with Regulation 33(1)(a) of the <i>Money Laundering Regulations</i>, and therefore subject to Enhanced</p>

		<p>Customer Due Diligence measures, but not otherwise captured in response to question 4 or 5.</p> <p>Existing customers who become high-risk during the relevant period should be included in the response to 6B.</p>
	<p>For the <i>firm's</i> business subject to the <i>Money Laundering Regulations</i>:</p>	
7-16	<p>Please provide the number of the <i>firm's</i> customer relationships located in the following geographical areas:</p>	<p>The location for <i>customer</i> or <i>client</i> relationships should be determined by the location in which the <i>customer</i> or <i>client</i> is based. Where a <i>customer</i> or <i>client</i> has multiple addresses, the location reported should be the primary correspondence address as determined by the <i>firm</i>.</p> <p>Where the relationship is with a trust, the <i>firm</i> should report the location as the location of the trust.</p> <p>Note that question 7 is an aggregate figure, therefore responses recorded in questions 8 to 10 should be less than or equal to the figure recorded in response to question 7.</p> <p>Except for the <i>United Kingdom</i> and <i>EEA</i>, for the purposes of this question geographical areas should be determined with reference to SUP 16 Annex 42CG.</p>
17	<p>Please provide the number of the <i>firm's</i> customers linked to those jurisdictions considered by the <i>firm</i> to be high-risk:</p>	<p>The <i>firm</i> should provide the number of customers judged by the <i>firm</i> to have links to jurisdictions identified by it as high-risk in question 3B. Therefore <i>firms</i> who provide customer numbers in response to question 17 should also provide a response to question 3B.</p> <p>Links to a high-risk jurisdiction, for the purposes of this question, means <i>customers</i> or <i>clients</i> that are resident/domiciled/incorporated in a jurisdiction identified as high-risk by the <i>firm</i>.</p>
18A&B	<p>Please provide the number of customer relationships refused or exited for financial crime reasons during the reporting period:</p>	<p>The number of 'refused' relationships refers to the number of <i>customers</i> or <i>clients</i> that the <i>firm</i> did not take on, where financial crime was the principal driver behind the decision. This could be at any stage of <i>customer</i> or <i>client</i> take-on.</p> <p>It would not include <i>customers</i> or <i>clients</i> whose application did not proceed because, for example, they lacked appropriate documentary evidence of identity or who failed Immigration Act 2014 checks. It would include <i>customers</i> or <i>clients</i> whose application was escalated to management (due to financial crime concerns) for a decision on whether to proceed, and was rejected.</p> <p>'Relationships exited' covers any <i>customers</i> or <i>clients</i> with whom the <i>firm</i> ceased to do business where financial crime was the principal driver behind the decision. This would only include <i>customers</i> or <i>clients</i> exited from all lines of business.</p> <p>'Relationships exited' also covers criminal behaviour by the <i>customer</i> or <i>client</i> where such behaviour has a financial element, e.g. benefits fraud.</p>

Section 3: Compliance information

*Firms* should ensure they record an entry in each field. Where a *firm* has no data to report it should record '0'.

Please provide the number of suspicious activity reports (SARs) under Part 7 of the Proceeds of Crime Act 2002 (POCA):

19A	Submitted internally to the nominated officer/ <i>MLRO</i> , within the <i>firm</i> , as at the end of the reporting period.	<p>This includes reports filed internally from staff to the <i>MLRO</i> that relate to the staff member's concerns, suspicions or knowledge of <i>money laundering</i>. The reported figure should include SARs generated by the AML/compliance function and system-generated SARs. These reports will be considered by the <i>MLRO</i> in order to decide whether a formal submission to the authorities is justified.</p> <p>The figure should not include (either for staff-generated or system-generated SARs) any reports filtered out at an earlier stage.</p>
19B	Disclosed to the National Crime Agency as at the end of the reporting period.	The number of SARs disclosed to the National Crime Agency within the reporting period, as at the end of the reporting period.
19C	The number of those SARs which were consent requests under s. 335 POCA.	The number of disclosed SARs which sought consent from the National Crime Agency within the reporting period, as at the end of the reporting period.
20	Please provide the number of SARs disclosed to the National Crime Agency under the Terrorism Act 2000 during the reporting period:	The number of SARs disclosed to the National Crime Agency under the Terrorism Act 2000 (including consent SARs) within the reporting period, as at the end of the reporting period.
21	Please provide the number of investigative court orders received as at the end of the reporting period:	<p>This refers to production orders, disclosure orders, account monitoring orders and customer information orders as defined by the POCA, and/or the Terrorism Act 2000, received by the <i>firm</i> from law enforcement agencies or accredited financial investigators from other bodies as set out in an Order under section 453 of the POCA.</p> <p>This would include, for example, investigative court orders relating to suspected benefits fraud.</p> <p>The figure reported for this field should be the number of court orders received, regardless of the number of relationships to which these relate.</p>
22A&B	Please provide the number of restraint orders being serviced/in effect as at the end of the reporting period and the number of new restraint orders received during the reporting period:	<p>A 'restraint order' here refers to either a restraint order under section 42 of the POCA or a property freezing order under section 245A of the POCA.</p> <p>The number of restraint orders being serviced should include all restraint orders which are still in effect as at the end of the reporting period.</p> <p>The number of new restraint orders received should include all new restraint orders received by the <i>firm</i> during the reporting period, as at the end of the reporting period.</p> <p>The figure reported for this field should be the number of restraint orders received, regardless of the number of relationships to which these relate.</p>

23A&B	<p>Please provide the number of relationships maintained with natural or corporate <i>persons</i> (excluding group members) which introduce business to the <i>firm</i>. Please also provide the number of these relationships which have been exited for financial crime reasons during the reporting period.</p>	<p>This question refers to individuals who, or corporate entities which, directly introduce <i>customers</i> or <i>clients</i> to the <i>firm</i> under a formal agency/broker agreement in return for a direct or indirect fee, commission or other monetary benefit.</p> <p>If the <i>firm</i> makes no payment to the introducer (e.g. commission) it is not necessary to report these relationships.</p> <p>Legacy commission payments do not need to be included where these arrangements were made prior to the relevant reporting period.</p> <p>This question does not concern reliance as defined under Regulation 39 of the <i>Money Laundering Regulations</i>.</p>
If the <i>firm</i> has appointed representatives (ARs):		
24	<p>Please provide the number of appointed representative (AR) relationships exited due to financial crime reasons:</p>	<p><i>Firms</i> should report the number of existing AR relationships terminated for financial crime reasons during the reporting period.</p> <p>If the <i>firm</i> has no appointed representatives it should record '0'.</p>
For all <i>firms</i> :		
25	<p>As at the end of the reporting period, please provide the <b>total full time equivalent (FTE)</b> of UK staff with financial crime roles:</p>	<p><i>Firms</i> should provide an FTE figure on a reasonable endeavours basis.</p> <p>For example, if the <i>firm</i> has 20 part time staff that work 50% of normal hours in a financial crime role, the figure would be 10 FTE.</p> <p>This figure should cover staff in roles relating to anti-money laundering, counter-terrorist financing, anti-bribery and corruption, and fraud.</p> <p>This field facilitates the entry of numbers to two decimal places. Integers should therefore be provided in the format [n].00.</p> <p>If this report is being completed on a <i>group</i> basis this figure should be the FTE for the specified <i>group</i>.</p> <p>Where this report is being completed on a single regulated entity basis and services are shared across multiple <i>firms</i>, <i>firms</i> may provide an estimate of the FTE spent on each reported entity on a best endeavours basis.</p> <p>In <i>firms</i> where financial crime responsibilities are divided up among staff with other roles rather than managed by a dedicated function, the figure should reflect the aggregated FTE spent on financial crime activity.</p> <p>The phrase 'financial crime roles' for the purposes of this question is intended to cover staff employed in a dedicated financial crime function (for example AML or compliance teams) who deal with, or take decisions on financial crime issues. Therefore it would not cover teams or individuals responsible for collecting customer due diligence or those who submit internal suspicious activity reports.</p>



Of which:

26 Please provide the **percentage of the FTE** stated above dedicated to **fraud** responsibilities

Outsourced financial crime activities should not be included in this figure.

*Firms* should provide a **percentage figure** on a reasonable endeavours basis. This field facilitates the entry of numbers to two decimal places. Integers should therefore be provided in the format [n].00.

*Firms* should note that this question requires them to provide the percentage of financial crime staff dedicated to fraud (i.e. of the total number provided in response to Q25, what proportion of staff deal with fraud only). This field should contain a value between 0 and 100 (to two decimal places).

If this report is being completed on a *group* basis this figure should be the percentage for the specified *group*.

Where this report is being completed on a single regulated entity basis and services are shared across multiple *firms*, *firms* may provide an estimate of the percentage spent on each reported entity on a best endeavours basis.

Section 4: Sanctions-specific information

27 Does the *firm* use an automated system (or systems) to conduct screening against relevant sanctions lists?

*Firms* should answer 'Yes' or 'No'. Note there is no explicit regulatory or legal requirement for the use of automated screening tools. This question relates to automated systems for screening *customers* and *clients* only.

Relevant sanctions lists are the lists against which the *firm* screens its *customers* and *clients*.

28A&B How many TRUE sanctions matches were detected during the reporting period?

The number of confirmed true sanctions alerts which matched against the *firm's customer, client* or *payment*.

The number to be reported relates to any matches against any relevant sanctions lists and is defined as any matches reported to the relevant authorities, regardless of whether these are confirmed as true by the authority.

Relevant sanctions lists are the lists against which the *firm* screens its *customers* or *clients*.

Where no true sanctions matches were detected, *firms* should record '0'.

29 Does the *firm* conduct repeat customer sanctions screening?

*Firms* should answer 'Yes' or 'No'.

This question relates to repeat *customer* or *client* sanctions screening only.

Section 5: Fraud

30-35A-D Please indicate the *firm's* view of the top three most prevalent frauds which the *FCA* should be aware of and whether they are

NB. This question is not mandatory.

This question is designed to obtain the *firm's* view on the most prevalent frauds relevant to the

increasing, decreasing or unchanged.

*firm's* business and will be used by the *FCA* to understand whether the organisation is aware of the fraud risks identified by the broader industry.

The fraud typologies available in the dropdown list are a subset taken from the Action Fraud A-Z of fraud types and are specified below. Please refer to the Action Fraud definitions in answering this question.

The identified fraud typologies may or may not be those by which the *firm* has been specifically impacted, but should be those that the *firm* considers most prevalent as at the end of the reporting period.

**Fraud typologies**

- 419 emails and letters
- Abuse of position of trust
- Account takeover
- Advance fee fraud
- Application fraud
- Asset misappropriation fraud
- Bond fraud
- Carbon credits fraud
- Cashpoint fraud
- Cheque fraud
- Companies – fraudulent
- Computer hacking
- Credit card fraud
- Debit card fraud
- Expenses fraud
- Exploiting assets and information
- Fraud recovery fraud
- Hedge fund fraud
- Identity fraud and identity theft
- Insurance fraud
- Landbanking fraud
- Loan repayment fraud
- Short and long firm fraud
- Malware-enabled fraud
- Mandate fraud
- Mortgage fraud
- Other (to be used where the specified typologies are not applicable). Please provide the fraud type in the free text box.
- Other investment fraud
- Pension liberation fraud



- Phishing
- Ponzi schemes
- Procurement fraud
- Pyramid schemes
- Share sale fraud
- Smishing
- Vishing
- Suspected perpetrators**
- Customer
- Internal employee
- Organised crime group
- Other (to be used where the suspected perpetrator typologies are not applicable). Please provide the perpetrator type in the free text box.
- Third party contractor
- Third party professional
- Third party supplier
- Unknown third party
- Primary Victim**
- Customer
- Other (to be used where the suspected perpetrator is neither a customer nor a regulated *firm/electronic money institution/payment institution*). Please provide the primary victim type in the free text box.
- Regulated *firm/electronic money institution/payment institution* (all jurisdictions).
- Incidence**
- Decreasing
- Emerging risk
- Increasing
- Stable



Guidance Notes: Geographical breakdown for section 2 of SUP 16 Annex 42AR

General Notes

Questions 7 – 16 of the form in ■ SUP 16 Annex 42AR require a breakdown of a *firm’s* customers by geographical area. This annex specifies, for the avoidance of doubt, how countries are categorised in this breakdown.

References to the *European Economic Area (EEA)* and the *United Kingdom (UK)* are defined in the *FCA Handbook*, and *firms* should use these definitions when completing relevant questions in the form in ■ SUP 16 Annex 42AR.

Note: Question 3 requires jurisdictions to be reported under ISO 3166-1 3-digit codes. These may be more granular than the classification below but this does not affect the categories in questions 7 – 16. For example, Jersey and Guernsey should be reported under their respective 3-digit codes in question 7, but for brevity have been included under ‘Channel Islands’ below.

This classification will be reviewed every two years. If a *firm* does business in a jurisdiction not listed, the *firm* should include that business under the region it considers most appropriate.

Classification of jurisdictions by geographical area for the purposes of SUP 16 Annex 42AR

Europe	
Åland Islands	Lithuania
Albania	Luxembourg
Andorra	Malta
Austria	Moldova
Belarus	Monaco
Belgium	Montenegro
Bosnia and Herzegovina	Netherlands
Bulgaria	Norway
Channel Islands	Poland
Croatia	Portugal
Cyprus	Romania
Czech Republic	Russia
Denmark	San Marino
Estonia	Serbia
Faroe Islands	Slovakia
Finland	Slovenia
France	Spain
FYR Macedonia	Svalbard and Jan Mayen islands
Germany	Sweden
Gibraltar	Switzerland
Greece	Turkey
Greenland	Ukraine

Europe	
Hungary	United Kingdom
Iceland	Holy See (Vatican)
Ireland	
Isle of Man	
Italy	
Latvia	
Liechtenstein	
Middle East & Africa	
Algeria	Morocco
Angola	Mozambique
Bahrain	Namibia
Benin	Niger
Botswana	Nigeria
Burkina Faso	Oman
Burundi	Palestine
Cameroon	Qatar
Cape Verde	Reunion
Central African Republic	Rwanda
Chad	Saint Helena, Ascension and Tristan da Cunha
Comoros	Sao Tome and Principe
Congo	Kingdom of Saudi Arabia
Democratic Republic of Congo	Senegal
Cote d'Ivoire	Seychelles
Djibouti	Sierra Leone
Egypt	Somalia
Equatorial Guinea	South Africa
Eritrea	South Sudan
Ethiopia	Sudan
Gabon	Swaziland
The Gambia	Syria
Ghana	Tanzania
Guinea	Togo
Guinea-Bissau	Tunisia
Iran	Uganda
Iraq	United Arab Emirates
Israel	Western Sahara
Jordan	Yemen
Kenya	Zambia
Kuwait	Zimbabwe
Lebanon	
Lesotho	
Liberia	

Middle East & Africa	
Libya	
Madagascar	
Malawi	
Mali	
Mauritania	
Mauritius	
Mayotte	
North America	
Bermuda	Saint Pierre and Miquelon
Canada	United States
Mexico	
Central America & Caribbean	
Anguilla	Honduras
Antigua and Barbuda	Jamaica
Aruba	Martinique
Bahamas	Montserrat
Barbados	Nicaragua
Bonaire, Sint Eustatius and Saba	Panama
Belize	Puerto Rico
British Virgin Islands	Saint Barthelemy
Cayman Islands	Saint Kitts and Nevis
Costa Rica	Saint Lucia
Cuba	Saint Martin (French)
Curacao	Saint Vincent and the Grenadines
Dominica	Sint Maarten (Dutch)
Dominican Republic	Trinidad and Tobago
El Salvador	Turks and Caicos Islands
Grenada	US Virgin Islands
Guadeloupe	
Guatemala	
Haiti	
South America	
Argentina	Guyana
Bolivia	Paraguay
Brazil	Peru
Chile	Suriname
Colombia	Uruguay
Ecuador	Venezuela
Falkland Islands	
French Guiana	

Asia	
Afghanistan	Philippines
Armenia	Singapore
Azerbaijan	Sri Lanka
Bangladesh	Taiwan
Bhutan	Tajikistan
Brunei Darussalam	Thailand
Cambodia	Timor-Leste
PR China	Turkmenistan
Democratic People’s Republic of Korea	Uzbekistan
Georgia	Vietnam
Hong Kong	
India	
Indonesia	
Japan	
Kazakhstan	
Republic of Korea	
Kyrgyzstan	
Laos	
Macao	
Malaysia	
Maldives	
Mongolia	
Myanmar	
Nepal	
Pakistan	
Oceania	
American Samoa	Northern Mariana Islands
Australia	Palau
Cook Islands	Papua New Guinea
Fiji	Pitcairn
French Polynesia	Samoa
Guam	Solomon Islands
Kiribati	Tokelau
Marshall Islands	Tonga
Federated States of Micronesia	Tuvalu
Nauru	Vanuatu
New Caledonia	Wallis and Futuna Islands
New Zealand	
Niue	
Norfolk Island	

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## Forms REP015 and REP016

[SUP\\_16\\_ann\\_43A\\_REP015\\_20180930.pdf](#)

[SUP\\_16\\_ann\\_43A\\_REP016\\_20180930.pdf](#)





Guidance notes for completion of the Retirement income flow data return ('REP015') and the Retirement income stock and withdrawals flow data return ('REP016')

This annex consists only of guidance notes for form REP015 and form REP016.

Introduction

1.These notes aim to assist *firms* in completing and submitting the Retirement income flow data return ('REP015') and the Retirement income stock and withdrawals flow data return ('REP016').

Defined terms

2.*Handbook Glossary* terms are italicised in these notes.

Key abbreviations

3.The following table summarises the key abbreviations used in these notes::

AUA	assets under administration
DB	defined benefit
DC	defined contribution
EBC	<i>employee benefit consultant</i>
HMRC	HM Revenue & Customs
LTA	lifetime allowance
PCLS	pension commencement lump sum
PIPs	pension investment plans
REP015	Retirement income flow data return
REP016	Retirement income stock and withdrawals flow data return
SIPP	self-invested personal pension
TIPs	trustee investment plans
UFPLS	<i>uncrystallised funds pension lump sum</i>

Data requested

4.We are asking for data on all UK defined contribution (DC) pension plans held in a *personal pension scheme* or *stakeholder pension scheme*, or in a *defined contribution occupational pension scheme* (including *small self-administered schemes* (SSASs) and Executive Pension Plans (EPPs)), where the firm is the scheme's pension provider and/or the retirement income provider. We are also asking for data on *pension annuities*.

5.This includes DC and money purchase plans that provide a guaranteed income benefit – whether this is in the form of a deferred annuity or *guaranteed annuity rate*. Plans with guaranteed income benefits that are covered by this return include (but are not limited to):

- (a)plans that are a result of an individual or bulk transfer from a defined benefit (DB) scheme;
- and

(b) plans with guaranteed benefits as a result of contracting out (i.e. plans with guaranteed minimum pension or equivalent pension benefits). Examples of such contracts include 'section 32 buyout plans', *retirement annuity* contracts (often known as a 'section 226 pension' or 'section 620 pension'), executive pension plans and bulk purchase annuities.

6. DB pensions and pension assets that are managed on behalf of third parties (such as trustee investment plans (TIPs) that are managed on behalf of DB or DC schemes, and pension investment plans (PIPs) that are managed on behalf of SIPPs) should not be included.

## Group level data

7. Where *firms* are part of a group, requests should be completed at group level, giving information for all FCA regulated *firms* who have provided *pension annuities* within the relevant reporting period and/or pension scheme operators. This will involve aggregating various sources of management information in to a single group-level figure; however, we believe this is the best method to provide a basis for trend analysis across the market.

## Identifying the 'retirement income provider'

8. Data on retirement income plans should be submitted by the retirement income product provider. In the case of drawdown plans opened by existing plan holders, the originating pension provider is the retirement income provider, and therefore should submit the data. This includes the scenario where the transition to drawdown happened within the same *pension scheme*. In the case of annuities, it is only the annuity provider who should submit data on plans being used to purchase annuities.

9. Where white labelling or other third party arrangements exist between a *firm* such as a pension provider (or other third party) that does not itself provide retirement products and another *firm*, it is the *firm* providing retirement income products on its behalf that is considered to be the retirement income provider, and who should therefore report data in respect of all plan holder actions including entering drawdown, taking an *uncrystallised funds pension lump sum* (UFPLS) and purchasing an annuity.

10. Where outsourcing arrangements exist between a retirement income provider and a third party administrator, the retirement income provider should report the requested data.

11. Where a third party arrangement (see examples below) exists between a retirement income provider and a pension provider, the retirement income provider should report all of the plan holder actions, i.e. entrants to drawdown and annuity purchases.

## Example 1 – single tie arrangements

12. A mutual society (pension provider) has pension plan holders but does not provide annuities itself. Instead, it has a single firm arrangement with a life company which provides annuities. Under this arrangement, plan holders of the pension provider who want to purchase an annuity are referred to the life company. In this scenario, the life company providing annuities is considered to be the retirement income provider, and should report this data.

## Example 2 – panel arrangements

13. A trust-based pension scheme uses an *employee benefit consultant* (EBC) to advise on their scheme retirement options. The trust-based scheme does not provide drawdown or annuities to its members, and the EBC offers a panel of life companies or other annuity providers which provide drawdown and annuities. The relevant life company or annuity provider should report the data as the retirement income provider.

## Example 3 – white labelling

14. A pension provider offers annuities to its plan holders which it does not provide itself: the annuities are in fact provided by a third party life company through a white labelling arrangement. Plan holders wishing to purchase an annuity are referred to the life company, as part of a single-firm third party arrangement. In this scenario, the third party life company is considered to be the retirement income provider, and should report the data in respect of these annuities.

## Example 4 – white labelling

15.A SIPP operator white labels their SIPP plan, which includes drawdown facilities, to a third party. The SIPP operator, rather than the third party, is the retirement income provider, and so should report all sales under such white labelling as ‘single-provider third party arrangement’.

Format of responses

16.All figures in REP015 and REP016 should be entered in single units; these returns do not ask for any data to be reported in units of thousands or millions. Figures required in pounds sterling should be reported to two decimal places.

17.REP015 and REP016 both have one optional question at the end where the *firm* can enter a text-based response. *Firms* should use this question to provide any additional information that might help explain any of the answers provided in the return.

18.While for ease of explanation this *guidance* sometimes refers to plan holders, *firms* should respond on the basis of each individual policy or plan. We do not want *firms* to submit data at a plan holder level where a plan holder holds more than one plan. However, where a number of arrangements have been set up for one individual within a scheme, these arrangements should be reported as one plan. Plans should be reported regardless of whether they are held by the original plan holder or by a beneficiary.

NOTES FOR COMPLETION OF THE RETIREMENT INCOME FLOW DATA RETURN (‘REP015’) AND THE RETIREMENT INCOME STOCK AND WITHDRAWALS FLOW DATA RETURN (‘REP016’)

Section A Notes for completion of REP015

The following notes do not cover all questions in REP015, but only those questions where we considered *guidance* would assist *firms* in completing the return.

Part 1 – activity during the reporting period (questions 4 to 11)

*Firms* should answer all questions in this part.

Q4: How many plans were transferred away to another provider by plan holders aged 55 and over who had not yet accessed their benefits?	<p>Include all plans that were transferred away to another provider during the reporting period (i.e. exits) by plan holders aged 55 and over, who had not yet accessed any benefits (i.e. not taken any UFPLS payments or crystallised any of their plan). Include plans where the Open Market Option is being exercised (i.e. a PCLS is being paid and an annuity is being purchased from another provider). Deaths of plan holders meeting these criteria should be excluded.</p> <p>We understand that where a plan has in the past been transferred in from a previous provider, the current provider may not always be aware if a UFPLS had been taken prior to that transfer. Such plans should be reported here unless the current provider is aware that the plan was previously accessed.</p>
Q5: How many plans were transferred away to another provider by plan holders aged 55 and over who had already accessed their benefits (by crystallising some or all of their assets or taking an <i>uncrystallised funds pension lump sum</i> (UFPLS))?	<p>Include all plans that were transferred to other providers during the reporting period by plan holders aged 55 and over who had already accessed their benefits by crystallising some or all of the assets (entering drawdown), by using some assets to purchase an annuity, or by taking one or more UFPLS from their plan at any time (i.e. whether or not such access took place during the reporting period or prior to it). Deaths of plan holders meeting these criteria should be excluded.</p> <p>We understand that where a plan has in the past been transferred in from a previous provider, the current provider may not always be aware if a</p>

Q6: How many defined benefit (DB) to defined contribution (DC) transfers have you completed?	<p>UFPLS had been taken prior to that transfer. Plans should not be reported here unless the current provider has been made aware that the plan was previously accessed.</p> <p>Report the number of DB to DC transfers in that have taken place during the reporting period. This should be DB to DC transfers only, and <i>pension transfers</i> with other safeguarded benefits should not be included. Section 32 buyout policies should also be excluded.</p> <p>The data required here is different to the data required under the Product Sales Data Return on pension transfers.</p>
Q7: What was the total value withdrawn via Pension Commencement Lump Sum (PCLS) for all plans? (£)	<p>Report the total value of all PCLS (tax free cash) taken by plan holders who have, during the reporting period, taken a PCLS. Report all plans that have taken any PCLS, including those that have also taken an income via drawdown, purchased an annuity, or transferred away. Only include the value of the PCLS, and not any of the taxable income withdrawn.</p> <p>This should be reported in pounds sterling and single units.</p>
Q8: What was the total number of plans that were fully encashed via small pot lump sums, UFPLS or drawdown?	<p>Report the number of plans that have had all funds withdrawn during the reporting period (i.e. where plans close with nil value), regardless of when the plan was first set up or when the plan holder first accessed their plan.</p> <p>Include all plans that have been fully withdrawn (extinguished) by a small pot lump sum, UFPLS or drawdown, and plans that were fully withdrawn in one payment or in multiple payments during the period.</p> <p>Note: we do not expect any plans with an amount remaining at the end of the reporting period to be captured here, unless it is a de minimis amount (e.g. £1) that has been left in order to avoid paying an account closure fee.</p>
Q9: What was the total amount withdrawn this period from the fully encashed plans reported in question 8? (£)	<p>Report the total amount withdrawn during this reporting period from those fully encashed plans reported in question 8; by either small pot lump sums, UFPLS or drawdown. Include all withdrawals made from these plans in the reporting period. This figure should be reported in pounds sterling and single units.</p>

Part 2 – Breakdown of activity by plan holders accessing their pension plans during the reporting period

Value of assets under administration in plans accessed during the reporting period (questions 10 to 13)

Questions 10 to 13 should be completed by all *firms*.

Please note that the reporting requirements vary between questions:

- For questions 10 and 11, *firms* should include data relating to all plan holders who enter drawdown or purchase an annuity for the first time, regardless of whether the plan has previously been accessed in other ways.
- For questions 12 and 13, *firms* should only include data relating to plan holders who have not accessed their plans prior to this reporting period.

The figures should be reported in pounds sterling and single units.

Q10: What was the total value for assets under administration (AUA) of plans that entered drawdown? Value should be after any PCLS but before any income withdrawn (£).

Drawdown assets should only be reported by the provider of the drawdown plan.

Report the total value of assets in plans of all plan holders who enter drawdown for the first time in the reporting period and who do not withdraw all their assets. Include instances where the transition to drawdown happened within the same *pension scheme*. Include both the value of the crystallised assets and any remaining uncrystallised assets in the plans. The value should be after any PCLS but before any income withdrawn.

It should INCLUDE plans held by plan holders who:

- enter drawdown for the first time, crystallise 100% of their plan, and withdraw part (but not all) of their crystallised assets; or
- enter drawdown for the first time and crystallise only a part of their pension plan, leaving at least some crystallised and/or uncrystallised funds invested; or
- enter drawdown for the first time, crystallise 100% of their plan, taking their PCLS but taking no income; and/or
- enter drawdown for the first time, but have previously accessed their plan by using part of it to take a UFPLS or purchase an annuity.

It should EXCLUDE plan holders who:

- at the start of the relevant reporting period already have part uncrystallised and part crystallised plans which are in drawdown, but crystallise a new portion of their assets in the relevant reporting period, as they are not new entrants to drawdown;
- at the start of the relevant reporting period are already in drawdown and, although not drawing an income, partially crystallise additional assets and therefore may get a new 'slice' of tax free cash, as they are not new entrants to drawdown; and/or
- access their plan for the first time and take all of their benefits during the period. (These plan holders should be reported in question 15.)

If the answer to this question is £0, then questions 14 – 29 can be left blank.

Q11: For annuity providers only, what was the total value of AUA for plans that were used to purchase annuities? Value should be after any PCLS but before annuity purchase (£).

This question should be completed by the annuity provider only.

Report the total value of the assets in plans where the plan holder purchased an annuity during the reporting period. The value should be after any PCLS but before annuity purchase.

*Firms* should not include the value of any plans used to purchase products that are reported to

Q12: What was the total value of AUA for plans that were accessed for the first time by taking a partial UFPLS? Value should be before any partial UFPLS withdrawals (£).

Q13: What was the total value withdrawn from plans that were accessed for the first time and fully encashed via small pot lump sums, UFPLS or drawdown? Value should be gross, i.e. include both tax free and taxable portions (£).

HM Revenue & Customs (HMRC) under draw-down rules (e.g. products that are marketed as annuities but which are actually crystallised assets in drawdown). The value of plans used to purchase these products should be reported in question 10.

Do not include values where a plan holder starts receiving annuity payments in place of a DB pension that was already in payment (e.g. DB pensions transferred to an annuity as a result of a scheme buyout).

However, *firms* should include values where DB scheme benefits that were not in payment were transferred to your *firm* and a plan holder then chose to take up an annuity (e.g. a section 32 plan holder who bought a lifetime annuity).

If the answer to this question is £0, then questions 30 – 53 can be left blank.

Report the total value of assets in plans held by plan holders who accessed their plan for the first time by taking a partial UFPLS payment during the reporting period.

The total value should include the value of all uncrystallised assets before the first UFPLS withdrawal.

Do not include plans that have already been accessed by the plan holder prior to the start of the reporting period (e.g. by partially crystallising the plan or by taking an earlier UFPLS payment).

We understand that where a plan has in the past been transferred in from a previous provider, the current provider may not be aware if a UFPLS had been taken prior to that transfer. Only exclude such plans if you have been made aware that the plan was previously accessed.

If the answer to this question is £0, then questions 54 – 60 can be left blank.

Report the gross amount of all the withdrawals made during this reporting period by plan holders who accessed their plan for the first time and fully encashed it by the end of the period.

It should include both tax free and taxable portions. It should include plan holders who fully withdraw their plan in one payment, or in multiple payments, as long as all payments were made in the same reporting period.

Do not include plans that have already been accessed by the plan holder prior to the start of the reporting period (e.g. by partially crystallising the plan or by taking an earlier UFPLS payment).

We understand that where a plan has in the past been transferred in from a previous provider, the current provider may not be aware if a UFPLS



had been taken prior to that transfer. Only exclude such plans if you have been made aware that the plan was previously accessed.

[Note: we do not expect any plans with an amount remaining at the end of the period to be captured here, unless it is a minimal amount (e.g. £1) that has been left in order to avoid paying an account closure fee.]

If the answer to this question is £0, then questions 61 – 68 can be left blank.

The remainder of Part 2 of REP015 is separated into four sections: on entering drawdown, purchasing annuities, taking UFPLS, and taking full encashments. Only those firms that responded in questions 10 to 13 confirming these activities took place during the reporting period should complete the subsequent relevant questions.

**Plan holders that entered drawdown during the reporting period but did not fully exhaust their plan (questions 14-29)**

This captures all new entrants to drawdown in the reporting period who did not withdraw all their assets. If firms report any value of drawdown sales greater than zero under question 10 they should complete questions 14 to 29; other firms may leave these questions blank.

When completing the return, *firms* should report plans in the appropriate column for the pot size band that reflects the amount of AUA in the plan after any PCLS but before any income withdrawal.

Q14: What was the total number of plans that entered drawdown during the reporting period by crystallised pot size?

The notes to question 10 provide more information about which plans should be included for this question.

Plans should be reported under the pot size band that reflects the amount of AUA in the plan after any PCLS but before any income withdrawal (i.e. the pot size when the plan holder entered drawdown).

Q15 – Q19: Number of plans by plan holder age band and crystallised pot size

Questions 15 to 19 ask for the figures reported in question 14 to be broken down into age bands.

Firms may report plans according to either the age of the plan holder at the end of the reporting period, or the age of the plan holder at the point the plan entered drawdown.

Q20 – Q23: Number of plans by distribution channel and crystallised pot size

Distribution should be reported under the following categories:

- ‘Existing plan holders’, i.e. existing accumulation pension/internal vesting plan holders.
- ‘New plan holders via single firm third party arrangement’, i.e. plan holders whose accumulation pension is with a third party pension provider for whom the reporting *firm* is a sole provider for a retirement income product.
- ‘New plan holders via multi-firm third party arrangements’, i.e. panel arrangements where the reporting *firm* receives business from a third party pension provider as a result of a restricted retirement income product panel.
- ‘New plan holders’, i.e. transfers in not from third party arrangements and which do not re-

Q24: Number of plans by use of advice and crystallised pot size: number that were advised

Q25: Number of plans by use of advice and crystallised pot size: number that were not advised but took up *pensions guidance* (e.g. Pension Wise)

Q26 – Q28: Number of plans by packaged product options and crystallised pot size

late to any third party arrangement. Benefits may be purchased by an Open Market Option or transfer (including immediate vesting).

Distribution figures should be reported by the retirement income product provider. In the case of arrangements for drawdown to existing plan holders this means the originating pension provider should report the sales as the 'retirement income provider'. This includes a situation where the transition to drawdown happened within the same pension scheme.

Where third party arrangements exist between a retirement income provider and a pension provider, the retirement income provider should report all of the plan holder actions, i.e. entrants to drawdown and annuity purchases.

All new plan holders received through panels and bureaux should be reported as through multi-firm third party arrangements. This includes panels that are part of intermediary *firms*.

Where third party arrangements exist between a retirement income provider and a pension provider, the retirement income provider should report all of the plan holder actions, i.e. entrants to drawdown and annuity purchases.

The examples in the Introduction to these *guidance* notes help clarify which *firms* should be reporting third party sales.

Of the plans reported as entering drawdown in question 14, report how many of the plan holders were advised at the point of entering drawdown.

**COBS 19.7.19** requires *firms* to record whether the *retail client* has received regulated advice and risk warnings when they contact the *firm* about accessing their pension. Report the number of plan holders who informed your *firm* they received advice at this point.

Of the plans reported as entering drawdown in question 14, report how many of the plan holders who were not advised at the point of entering drawdown stated that they used Pension Wise.

**COBS 19.7.8R** and **COBS 19.7.19R** require *firms* to ask whether the *retail client* has received *pensions guidance* when they contact the *firm* about accessing their pension, and for *firms* to keep a record of the response. *Firms* should report plan holders who informed the *firm* they received guidance (but not advice) at this point.

Of the plans reported as entering drawdown in question 14, report how many have the relevant packaged product attributes stated in questions 26 to 28.

Fixed term annuities, variable annuities and 'retirement account' products (e.g. where guaran



Q29: What was the total number of plans where only a PCLS was taken by crystallised pot size?

tees on investments or funds structured through TIPs pay income back into the drawdown account) should be reported in these questions.

Question 26 'Capital guarantee for part or all of assets' captures all fixed term annuity products. These products may pay out an income that is set at the outset, but this income will not rise over the term.

Fixed term annuities should not be reported under question 27 'Income guarantee for all or part of assets'. Question 27 is intended to capture unit-linked income guarantees in drawdown that have the potential to increase over the term, e.g. variable annuities and some of the new retirement account TIPs.

Of the plans reported as entering drawdown in question 14, report the number of 'zero income' plans where funds were crystallised and PCLS taken, but no taxable drawdown income has been taken.

**Pension annuities purchased during the reporting period (questions 30 to 53)**

Please do not report new products marketed as annuities but which are actually crystallised assets in drawdown and therefore reported to HMRC under drawdown rules.

Please do not include cases where a plan holder starts receiving annuity payments in place of a DB pension that was already in payment (e.g. DB pension benefits transferred to an annuity as a result of a scheme buyout).

However, please do include cases where DB pension benefits that were not in payment were transferred to your *firm* and a plan holder then chose to take up an annuity (e.g. a section 32 plan holder who bought a lifetime annuity).

When completing the return, *firms* should report annuity sales under the pot size band that reflects the amount of AUA in the plan after any PCLS but before annuity purchase.

Q30: What was the total number of pension annuities purchased during the reporting period by pot size?

The *guidance* to question 11 provides more information about which plan holders should be included for this question.

Annuity purchases should be reported under the pot size band that reflects the amount of AUA in the plan after any PCLS but before annuity purchase.

Q31 – Q35: Number of pension annuities by plan holder age band and pot size

Questions 31 to 35 ask for all the annuity purchases reported in question 30 to be broken down into age bands of the plan holder.

*Firms* may report plans according to either the age of the plan holder at the end of the reporting period, or the age of the plan holder at the point the annuity was purchased.

Q36 – Q39: Number of pension annuities purchased by distribution channel and pot size

Questions 36 to 39 ask for all the annuity purchases reported in question 30 to be broken down into the distribution channel, (such as via a single firm third party arrangement or multi-firm third party arrangements) used to sell the product.

Q40: Number of pension annuities by use of advice and pot size: number that were advised

Q41: Number of pension annuities by use of advice and pot size: number that were not advised but took up *pensions guidance* (e.g. Pension Wise)

Q42 – Q53: Number of pension annuities by product types/options and pot size

The *guidance* to questions 20 to 23 provides more information about how this data should be reported.

Of the annuity purchases reported in question 30, report how many plan holders were advised at the point of purchasing the annuity.

COBS 19.7.19 requires *firms* to record whether the *retail client* has received regulated advice and risk warnings when they contact the *firm* about accessing their pension. *Firms* should report plan holders who informed your *firm* they received advice at this point.

Of the annuity purchases reported in question 30, report how many of the plan holders who did not receive advice stated that they used Pension Wise.

COBS 19.7.8R and COBS 19.7.19R require *firms* to ask whether the *retail client* has received pensions guidance when they contact the *firm* about accessing their pension, and for *firms* to keep a record of the response. *Firms* should report plan holders who informed the *firm* they received guidance (but not advice) at this point.

Questions 42 to 53 ask for data on the product features of the annuity purchases reported in question 30.

The annuity features and options in these questions are not mutually exclusive and one annuity sale could therefore be reported under more than one of these questions (e.g. a single-life escalating annuity would be reported under both questions 49 and 52).

In this return, we mean 'enhanced annuities' (question 42) to be only those underwritten on impaired life or lifestyle factors, e.g. smoking. This should not include annuities solely underwritten on other factors, e.g. occupation or post-code details.

We mean 'flexible annuities' (question 53) to be those that change shape (e.g. 'U', 'J' or 'L' shaped annuities) and which have only become available since 6 April 2015. These flexible annuities may include features such as:

- provision to take a lump sum in future;
- a taxed lump sum at outset;
- reduced income after a specified period, or at a particular age, such as at State Pension Age, or provision for this; and/or
- increased income after a specified period, or at a particular age or event, such as on identification of a care need, or provision for this.

Only report investment-linked annuities as flexible annuities (in question 53) if they follow a

structure that only became allowable since the April 2015 changes.

**Plan holders who accessed their plan for the first time by taking a partial UFPLS payment (questions 54 to 60)**

Plans which are accessed for the first time by taking a first UFPLS payment in the reporting period should be reported, but only where they have assets remaining at the end of the period, i.e. they have taken partial UFPLS with the first payment during the reporting period.

Do not include plans that have already been accessed by the plan holder prior to the start of the reporting period (e.g. by partially crystallising the plan or by taking an earlier UFPLS payment).

These questions capture the numbers of those plan holders that have taken an UFPLS withdrawal and not the numbers with access to UFPLS.

Plans should be reported under the pot size band that reflects the amount of uncrystallised AUA in that plan prior to the first UFPLS withdrawal.

Q54: What was the total number of plans where plan holders accessed their plan for the first time by taking partial UFPLS payments during the reporting period by uncrystallised pot size?

The *guidance* to question 12 provides more information about which plans should be reported for this question.

Plans should be reported under the pot size band that reflects the amount of uncrystallised AUA in the plan prior to the first UFPLS withdrawal.

Q55 – Q58: Number of plans by plan holder age band and uncrystallised pot size

Questions 55 to 58 ask for the plans reported in question 54 to be broken down by the age band of the plan holder.

*Firms* may report plans according to either the age of the plan holder at the end of the reporting period, or the age of the plan holder at the point the UFPLS was paid from the plan.

Q59: Number of plans by use of advice and uncrystallised pot size: number that were advised

Of the plans reported in question 54, report how many plan holders were advised at the point of accessing their benefits.

**COBS 19.7.19** requires *firms* to record whether the *retail client* has received regulated advice and risk warnings when they contact the *firm* about accessing their pension. *Firms* should report plan holders who informed the *firm* they received advice at this point.

Q60: Number of plans by use of advice and uncrystallised pot size: number that were not advised but took up *pensions guidance* (e.g. Pension Wise)

Of the plans reported in question 54, report how many of the plan holders who did not receive advice stated that they used Pension Wise.

**COBS 19.7.8R** and **COBS 19.7.19R** require *firms* to ask whether the *retail client* has received pensions guidance when they contact the *firm* about accessing their pension, and for *firms* to keep a record of the response. *Firms* should report plan holders who informed the *firm* they received guidance (but not advice) at this point.

**Full encashments made by plan holders who accessed their plans for the first time (questions 61 to 68)**

*Firms* should report plans where the plan holder withdrew all their funds in the reporting period, but had not previously accessed their plan. This includes plan holders who fully withdrew their funds in one or more payments (as long as all payments were made in the same reporting period).

Do not include plans that have already been accessed by the plan holder prior to the start of the reporting period (e.g. by partially crystallising the funds or by taking an earlier UFPLS payment).

Do not report any plans with an amount remaining at the end of the reporting period here, unless it is a minimal amount (e.g. £1) that has been left in order to avoid paying an account closure fee.

Plans should be reported under the pot size band that reflects the amount of uncrystallised AUA in the plan prior to the first withdrawal in the reporting period.

Q61: What was the total number of full encashments by plan holders who accessed their plan for first time (via small pot lump sums, UFPLS or drawdown) by pot size?

The notes to question 13 provide more information about which plan holders should be included for this question.

Plans should be reported under the pot size band that reflects the amount of uncrystallised AUA in the plan prior to the first withdrawal in the reporting period.

Q62 – Q66: Number of full encashments by plan holder age band and uncrystallised pot size

Questions 62 to 66 ask for the full encashments reported in question 61 to be broken down into age bands.

*Firms* may report plans according to either the age of the plan holder at the end of the reporting period, or the age of the plan holder at the point the plan was fully encashed.

Q67: Number of full encashments by use of advice and pot size: number that were advised

Of the full encashments reported in question 61, report how many were made by plan holders who were advised at the point of accessing their benefits.

**COBS 19.7.19** requires *firms* to record whether the *retail client* has received regulated advice and risk warnings when they contact the *firm* about accessing their pension and receive the risk warnings. *Firms* should report plan holders who informed the *firm* they received advice at this point.

Q68: Number of full encashments by use of advice and pot size: number that were not advised but took up *pensions guidance* (e.g. Pension Wise)

Of the full encashments reported in question 61, report how many of the plan holders who did not receive advice stated that they used Pension Wise.

**COBS 19.7.8R** and **COBS 19.7.19R** require *firms* to ask whether the *retail client* has received pensions guidance when they contact the *firm* about accessing their pension, and for *firms* to keep a record of the response. *Firms* should report plan holders who informed the *firm* they received guidance (but not advice) at this point.

## Section B Notes for completion of REP016

The following notes do not cover all questions in REP016, only those questions where we considered guidance would assist firms in completing the return.

### Part 1 – Retirement income stock data (questions 4 to 16)

This section captures the group's pension and retirement income books in aggregate as at the end of the period being reported. Where questions ask for plans or assets to be reported by the age of the plan holder, it is the age at the end of the reporting period that is relevant.

Questions 4 to 12 are split so that firms provide separate figures depending on whether the figure reported relates to a trust-based scheme or a contract-based scheme:

•Firms should report all personal and stakeholder pensions as contract-based schemes, including SIPPs written under trust.

•Only DC occupational money purchase schemes should be reported as trust-based schemes. For unitised with-profits business, firms should report the policy fund value.

For traditional or conventional with-profits business, firms should report the asset share or other appropriate available value.

Providers should report asset values for all single arrangement SIPPs where individual investments are not allocated between uncrystallised or crystallised investments. All such assets should be split across the uncrystallised and crystallised questions (4 to12) using either unitised holdings split between plan members or percentage lifetime allowance (LTA) calculations that exist for the single arrangement SIPP.

Uncrystallised stock data (questions 4 to 8)

This section captures plans with uncrystallised assets only. Firms should not include crystallised plans in schemes with retirement ages below 55.

Do not include plans that are partially crystallised in this section (they are captured in the next section). Plans that are in phased drawdown should not be included in this section.

Q4: How many defined contribution (DC) pension plans do you have in accumulation where the plan holder is aged 55 or over and has not accessed their pension?

This captures plans where the plan holder is aged 55 and over and has never accessed their benefits (i.e. taken no PCLS, UFPLS or drawdown income) and which remain completely uncrystallised.

Q5: How many DC pension plans do you have with only uncrystallised assets where the plan holder is aged 55 or over and has at any time taken a lump sum payment via uncrystallised funds pension lump sum (UFPLS)?

Report the number of plans where the plan holder is aged 55 or over and has only uncrystallised assets (but has at any time accessed their pensions via UFPLS and so has assets remaining).

Firms should not include plans where the plan holder takes an UFPLS payment from uncrystallised funds, but part of the plan is already crystallised and in drawdown.

Q6: How many DC pension plans do you have in accumulation where the plan holder is aged under 55 years old?

Report the number of plans where the plan holder is aged under 55 years old and has never accessed their plan and so has only uncrystallised assets.

Q7: How many DC pension plans do you have which are still solely in accumulation (uncrystallised) and have a guaranteed income benefit such as a guaranteed annuity rate (GAR), deferred annuity option, or guaranteed minimum pension (GMP)?

Report any DC and money purchase plans that include guaranteed income benefit (whether this is in the form of a deferred annuity or *guaranteed annuity rate*). This would include, but is not limited to, plans that are created as a result of an individual or bulk transfer from a *defined benefit occupational pension scheme* and contracts with guaranteed benefits as a result of contracting out (i.e. plans with guaranteed minimum pension or equivalent pension benefits). Examples of such contracts include section 32 buyout plans, *retirement annuity* contracts (often known as a 'section 226 pension' or 'section 620 pension'), executive pension plans and bulk purchase annuities.

[Note: see 'Identifying the retirement income provider' at paragraphs 8–11 of these notes.]

Do not report any plans which have been accessed in any way (e.g. where PCLS or UFPLS have been taken).

Q8: What is your total value of uncrystallised assets under administration (AUA) in DC pension plans? (£)

Report all uncrystallised pension assets here, regardless of the age of the plan holders or whether they also have crystallised assets. Include the uncrystallised assets of any partially crystallised plans.

For unitised with-profits business, *firms* should report the policy fund value. For traditional or conventional with-profits business, *firms* should report the asset share or other appropriate available value.

Where SIPP providers are unable to provide a valuation for the date required (31 March) they should use the most recent valuation.

The figure should be reported in pounds sterling and single units.

## Partially crystallised stock data (question 9)

All plans where the plan holder has both uncrystallised and crystallised funds should be reported in this question. This includes all plans in 'phased' or 'drip feed' drawdown. Plan holders who have part of their funds crystallised in drawdown and are also taking UFPLS from uncrystallised funds should be included.

## Crystallised stock data (questions 10 to 12)

This section is intended to capture the *firm's* crystallised book of pension business, i.e. assets in drawdown. All products marketed as annuities but written within drawdown tax rules (e.g. fixed term and variable annuities) should be included here even if funds are domiciled outside the UK.

Q10: How many drawdown (capped and flexi) plans do you have where 100% of the funds are crystallised?

Report all plans where all the assets are crystallised.

Q11: How many drawdown plans do you have where a PCLS has been paid but no income has ever been taken?

Report all plans where a PCLS has been taken but no income has been paid. Include plans which are 100% crystallised and those which are partially crystallised.

Q12: What is the total value of crystallised assets under administration (AUA) in DC pension plans? (£)

Report all crystallised (in drawdown) pension assets here, regardless of the age of the plan holders or whether they also have uncrystallised assets. Include the crystallised assets of any partially crystallised plans.

For unitised with-profits business, *firms* should report the policy fund value. For traditional or conventional with-profits business, *firms* should report the asset share or other appropriate available value.

Where SIPP providers are unable to provide a valuation for the relevant date (31 March), they should use the most recent valuation.

The figure should be reported in pounds sterling and single units.

## Report all plans where all the assets are crystallised.

Q13: In total how many annuities do you currently have in payment?

Report how many annuities were in payment at the end of the reporting period. *Firms* should report all annuities in payment regardless of whether the annuitant has an individual contract (i.e. bulk annuities in payment should be re



<p>Q14: What was the total income paid on all your annuities in payment during the reporting period? (£)</p> <p>Q15: What is the total number of plans where the plan holder made regular withdrawals by drawdown or UFPLS?</p>	<p>ported for each individual recipient not as one single contract in payment).</p> <p>Annuities in payment to dependents, spouses and civil partners of the original annuitant should be included.</p> <p>Report the total amount of all annuity payments made during the period.</p> <p>The figure should be reported in pounds sterling and single units.</p> <p>Report the total number of plans where the plan holder gave instructions for regular withdrawals at any point previously (by drawdown or by UFPLS) and where the plan remains invested at the end of the reporting period.</p> <p>Include plans with regular withdrawals of any frequency (e.g. annual, quarterly, monthly or other frequency) so long as at least one withdrawal was made during the reporting period.</p> <p>Include plans where the plan holder has chosen to take additional ad hoc payments in addition to their regular income or has chosen to vary the level of their regular payments during the period.</p> <p>Include all plans with regular withdrawals regardless of whether the plan holder accessed their plan prior to this reporting period or not.</p> <p>Plans with both capped and flexi-access drawdown should be captured.</p> <p>Plans where the plan holder remained invested but did not take an income in the period can be excluded.</p> <p>If this figure is lower than 750, questions 17 – 31 can be left blank.</p>
<p>Q16: What is the total number of plans where the plan holder made ad hoc partial withdrawals by drawdown or UFPLS?</p>	<p>Report the total number of plans where the plan holder has received ad hoc payments (by drawdown or by UFPLS) and where the plan remains invested at the end of the reporting period. Do not include any plans where the plan holder has given instructions for regular withdrawals as these should be reported separately at question 15. Plans with both capped and flexi-access drawdown should be captured. Plans where the plan holder remained invested but did not take an income in the period can be excluded. If this is figure is 0, questions 32 and 33 can be left blank</p>

Part 2 - Withdrawals flow data (questions 17 to 34)

This section captures more information about the plans reported in questions 15 and 16 where plan holders made one or more withdrawals in the relevant period and remain invested at the period end, and includes plan holders regardless of when they began accessing their plan. The *guidance* for questions 15 and 16 provides more information on which plans should be included.

Plans where the plan holder remained invested but did not take an income in the period can be excluded.

Plans where the plan holder gave instructions for regular withdrawals should be reported under questions 17 to 31.

Note that *firms* should only complete questions 17 to 31 where 750 or more plans with regular withdrawals are reported in question 15. If this is not the case, these questions can be left blank.

Include plans with regular withdrawals of any frequency (e.g. annual, quarterly, monthly or other frequency) providing that at least one withdrawal was made during the reporting period. Plans where the plan holder has given no instructions for regular withdrawals and instead has made withdrawals by one or more ad hoc requests should be reported under questions 32 and 33.

Where plan holders have set up a regular payment and also taken one or more ad hoc withdrawals during the reporting period, *firms* should include their plans in the answers on regular withdrawals (questions 17 to 31) and not ad hoc withdrawals (questions 32 and 33).

In questions 17–24 plans should be reported in the age band column that reflects the age of the plan holder at the end of the reporting period.

In questions 25–33 plans should be reported in the pot size band column that reflects the pot size at the start of the reporting period, or when the plan entered drawdown (if later).

Note that questions 32 and 33 should only be completed where one or more plans with ad hoc partial withdrawals are reported in question 16. If this is not the case, these questions can be left blank.

To answer questions 17 to 31, *firms* should calculate annual withdrawal rates for all the plans with regular withdrawals set up and which were reported in question 15.

*Firms* should not calculate withdrawal rates for each withdrawal; it is a rate of withdrawal for each plan holder over the year that should be calculated.

*Firms* should use one of two methods set out below for calculating annual withdrawal rates.

## Method 1 – Electronic valuations (where possible)

Where *firms* can extract an up to date valuation electronically, *firms* should use the following method:

- Step 1: the member's plan value (in pounds sterling) at the beginning of the period being reported is extracted (including both crystallised and uncrystallised funds);
- Step 2: any contributions and transfers in to the plan over the period are added to the value at step 1;
- Step 3: any transfers out of the plan and/or PCLS over the period are deducted from the value at step 2; and
- Step 4: all income payment withdrawals over the period (regular and ad hoc drawdown and UFPLS) should then be totalled and divided by the value after step 3 to calculate the annual withdrawal rate.

## Method 2 – Latest annual valuations (where method 1 is not possible)

Where electronic valuations at specific dates cannot be extracted, *firms* should use the following alternative method:

- Step 1: extract the member's plan value (in pounds sterling) at the last annual valuation date prior to the start of the period being reported;
- Step 2: any contributions and transfers in over the 12-month period starting with the annual valuation identified in step 1 and ending with the following annual valuation (which will have taken place during this reporting period) are added to the value at step 1;
- Step 3: any transfers out of the plan and/or PCLS over the 12-month period between valuations are deducted from the value at step 2; and
- Step 4: all income payment withdrawals over the period between valuations (regular and ad hoc drawdown and UFPLS) should then be totalled and divided by the plan value after step 3 to calculate the annual withdrawal rate.

Both methods ignore investment growth as it will be carried over to the starting valuation of the next year's calculation and be reflected in the withdrawal rate reported then.



Where a plan holder enters a drawdown arrangement for the first time within the year being reported and starts regular withdrawals, *firms* should use the starting value when the plan entered drawdown.

Plans where plan holders make both regular and ad hoc withdrawals should be reported as one plan only and both the regular and ad hoc withdrawals should be included together in the rate of withdrawal calculation.

## Example 1 – using method 1

A SIPP plan has an opening valuation of £200,000 at the start of the reporting period (i.e. 1 April). The plan holder has regular withdrawals set up and withdraws £100,000 from the SIPP during the reporting period. A *firm* able to extract the value of the plan at the beginning of the period (method 1) should calculate this as a 50% annual withdrawal rate, i.e.  $\text{£100,000/£200,000}$ .

## Example 2 – using method 2

A SIPP provider does not have electronic valuation information available and instead undertakes manual annual valuations (method 2) on 1 October each year. Under method 2 the SIPP provider calculates the withdrawal rate for the 12 months between the last two annual valuations (i.e. October to September). To do this it should total all the withdrawals made in the 12 months between valuations and divides this against the starting valuation for the period.

The SIPP's value at the start of the period was £250,000, and the plan holder made regular and ad hoc withdrawals totalling £100,000 during the following 12 months. The *firm* should therefore calculate the withdrawal rate for this reporting period as 40%, i.e.  $\text{£100,000/£250,000}$ .

## Example 3 – making contributions during the year

A plan holder starts the reporting period (year 1) with a £50,000 pot of crystallised assets and during the period makes use of their money purchase annual allowance and pays in £10,000 as uncrystallised assets. They have regular withdrawals set up and during the reporting period withdraw £12,000.

To calculate the withdrawal rate the provider divides the withdrawals of £12,000 by the total of the starting pot plus contributions ( $\text{£50,000} + \text{£10,000} = \text{£60,000}$ ), which results in a rate of 20%.

At the start of the next reporting period (year 2) the starting valuation should include both the crystallised assets and the new uncrystallised assets resulting from the £10,000 contribution last period, even if the uncrystallised assets are in a separate arrangement and remain untouched throughout year 2.

## Example 4 – entering drawdown within the reporting period

A plan holder transfers into the pension scheme in January, entering drawdown with a starting value (after PCLS) of £100,000. They set up regular withdrawals and receive £5,000 in February and £5,000 in March. The withdrawal rate should be 10%, i.e.  $\text{£10,000/£100,000}$ .



Employers’ Liability Register compliance return

*SUP 16 Annex 44A*



## Guidance notes for the completion of Employers' Liability Register compliance return in SUP 16 Annex 44AR

### Firm details

#### 1FRN

Enter the *firm* reference number.

#### 2Firm name

Enter the *firm* name as it appears on the Financial Services Register.

### Director's certificate

**3Is the firm materially compliant with ICOBS 8.4.4R(2) and ICOBS 8 Annex 1 in the production of the firm's employers' liability registers in the reporting period?**

If the *firm* is materially compliant, select 'Yes' and move on to question 4.

If the *firm* is not materially compliant, select 'No' and proceed to answer questions 3.1 to 3.3.

**3.1Please confirm that the director's certificate contains a description of the ways in which the firm, in its production of the register, is not materially compliant and of the steps, together with relevant timescales, that the firm is taking to ensure that the firm will be materially compliant as soon as practicable. This question relates to the requirement in SUP 16.23A.5R(1)(b).**

If an explanation is provided in the *director's* certificate or auditor's report select 'Yes'.

**3.2How many policies are omitted from the register? (as a proportion of the total number of policies required to be included in the register.)**

Enter the percentage of the total number of *policies* omitted from the register.

If this percentage is an estimate, the basis for estimation should be included in the supporting documents.

**3.3How many policies in the register contain incorrect or incomplete information? (as a proportion of the total number of policies required to be included in the register.)**

Enter the percentage of the total number of *policies* where there is incorrect or incomplete information on the register.

If this percentage is an estimate, the basis for estimation should be included in the supporting documents.

### Director's Certificate upload

**4Please upload a copy of the director's certificate here in PDF format**

[upload functionality]

### Auditor's report

**5Does the auditor's report confirm the firm is materially compliant with ICOBS 8.4.4R(2) and ICOBS 8 Annex 1 in the production of its employers' liability registers in the reporting period?**

Indicate if the auditor's report confirms the *firm* is materially compliant by selecting 'Yes'.

Where the auditor's report states the *firm* is not materially compliant select 'No'.

Auditor's report upload

6Please upload a copy of the auditor’s report here in PDF format.  
[upload functionality]

## Annual Claims Management Report form

CMC001: Key data for Claims Management

Currency: Sterling only

Units: integers

A

### Group reporting

- 1 Does the data reported in this return relate to more than one *firm*? (NB: You should always answer "No" if your *firm* is not part of a *group*)
- 2 If "Yes" then list the firm reference numbers (FRNs) of all of the additional *firms* included in this return.

### Nil return

- 3 Do you wish to report a nil return?  
*Firms* answering 'yes' are not required to complete the remaining questions.
- 4 Over the reporting period, how many *employees* did the *firm* have on average?
- 5 How many *employees* left the *firm* (for any reason) during the reporting period?
- 6 What was the *firm's* annual *employee* turnover rate during the reporting period?
- 7 What was the total remuneration paid to the *firm's* *employees* over the reporting period?
- 8 What was the total amount of variable remuneration paid to the *firm's* *employees* over the reporting period?
- 9 How does the *firm* charge fees to its *customers*?
- 10 What was the total annual income for all *regulated claims management activities*, as defined in FEES 4 Annex 11AR for the purposes of FCA fees reporting (see guidance in FEES 4 Annex 13G)?

### Profit and loss account (over reporting period)

- 11 What was the *firm's* income from *seeking out, referrals and identification of claims or potential claims*?
- 12 What was the *firm's* income from all *regulated claims management activities*?
- 13 What was the *firm's* income from all *regulated activities*?
- 14 What was the *firm's* income from activities which are not *regulated activities*?
- 15 What was the *firm's* total income, including from activities which are not *regulated activities*?
- 16 What was the *firm's* expenditure in respect of all *regulated claims management activities*?
- 17 What was the *firm's* expenditure in respect of all *regulated claims management activities* (excluding expenditure of the sort listed in CMCOB 7.2.8R(2)(b))?
- 18 What was the *firm's* operating profit from *regulated claims management activities*?

### Balance sheet (as at end of reporting period)

- 19 What was the value of the *firm's* total assets (fixed and current)?
- 20 How much *cash* did the *firm* hold?

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- 21 What was the value of the *firm's* other current assets?
- 22 How much did the *firm* owe in overdrafts and bank loans due within one year?
- 23 What was the value of the *firm's* current liabilities (other than overdrafts and bank loans)?
- 24 What was the value of the *firm's* total (current and non-current) liabilities?
- 25 What was the value of the *firm's* current assets less the value of its current liabilities?
- 26 What was the value of the *firm's* total assets less the value of its current liabilities?

Prudential resources

- 27 What level of prudential resources did the *firm* hold at the end of the reporting period (as calculated in [CMCOB 7.3](#))?
- 28 Was the *firm* a Class 1 firm or a Class 2 firm (as defined in [CMCOB 7.2.5R](#)) at the end of the reporting period?
- 29 What was the *firm's* overheads requirement (as calculated in [CMCOB 7.2.8R](#)) as at the end of the reporting period?
- 30 As at the end of the reporting period, was the *firm's* overheads requirement (as calculated in [CMCOB 7.2.8R](#)) greater than the amount set out in whichever of [CMCOB 7.2.6R\(1\)\(a\)](#) or [7.2.7R\(1\)\(a\)](#) was applicable to the *firm*?
- 31 Did the *firm* hold *client money* at any point during the reporting period?
- 32 What was the *firm's* prudential resources requirement (as calculated in [CMCOB 7.2.6R](#) and [7.2.7R](#)) as at the end of the reporting period?
- 33 Did the *firm* have a prudential surplus or deficit at the end of the reporting period?
- 34 What was the amount of the prudential surplus or deficit at the end of the reporting period?

Relevant Connections

These questions are for *firms* carrying on or which have *permission* to carry on: *seeking out, referrals and identification of claims or potential claims; and/or advice, investigation or representation in relation to a financial services or financial product claim.*

- 35 Is the *firm* providing notification of individuals, as per [CMCOB 2.1.21R](#)?

Yes / No

If the answer to question 35 is yes, please complete the following information:

36	Where <a href="#">CMCOB 2.1.21R(3)</a> applies to the individual:						
	the name of the individual	the individual's role in the <i>firm</i> providing the notification	the name of the <i>firm</i> at which the FSCS-eligible activity was carried on by the individual	the individual's role at the <i>firm</i> at which the FSCS-eligible activity was carried on	the date that role started	the date that role ended	

37	Where <a href="#">CMCOB 2.1.21R(5)</a> applies to the individual:						
	the name of individual A	the individual A's role in relation to	the name of individual B	the relationship between individual	the name of the <i>firm</i> at which the FSCS-	the individual B's role at the <i>firm</i> at	the date that role started and



	the <i>firm</i> providing the noti- fication	A and indi- vidual B	eligible ac- tivity was carried on by indi- vidual B	which the FSCS-eli- gible activ- ity was car- ried on	date that role ended
The remaining questions are only for <i>firms</i> that have permission for one or more of:					
<ul style="list-style-type: none"><li>• <i>advice, investigation or representation in relation to a personal injury claim;</i></li><li>• <i>advice, investigation or representation in relation to a financial services or financial product claim;</i></li><li>• <i>advice, investigation or representation in relation to a housing disrepair claim;</i></li><li>• <i>advice, investigation or representation in relation to a claim for a specified benefit;</i></li><li>• <i>advice, investigation or representation in relation to a criminal injury claim; and</i></li><li>• <i>advice, investigation or representation in relation to an employment-related claim.</i></li></ul>					
Professional Indemnity Insurance					
38	Does the <i>firm</i> have permission for <i>advice, investigation or representation in relation to a personal injury claim</i> ?				
39	Did the <i>firm</i> have a professional indemnity insurance policy in place for <i>advice, investi- gation or representation in relation to a personal injury claim</i> as at the end of the re- porting period?				
	If yes, please complete questions 40 to 46:				
40	Who is the underwriter of the insurance?				
41	What is the policy renewal date?				
42	Have the minimum terms of the policy been reviewed in the last five years?				
43	What is the amount of the limit of indemnity (liability) for any single claim?				
44	What is the amount of the limit of indemnity (liability) for claims in the aggregate over the policy period?				
45	What is the amount of the excess (or deductible) that would be applicable for any one claim?				
46	Has the identity of the insurance provider or the terms and conditions of the insurance policy changed from the content of the last Annual Claims Management Report form submitted to the <i>FCA</i> ?				
Client Money					
47	What was the highest balance of <i>client money</i> held by the <i>firm</i> at any point during the reporting period?				
48	In relation to the balance reported for question 47, for how many different <i>customers</i> did the <i>firm</i> hold <i>client money</i> ?				
49	For how many different <i>customers</i> did the <i>firm</i> hold <i>client money</i> for a period longer than two <i>business days</i> ?				
50	For how many different <i>customers</i> did the <i>firm</i> hold <i>client money</i> for a period longer than five <i>business days</i> ?				
51	What was the longest period of time for which the <i>firm</i> held <i>client money</i> for a <i>customer</i> ?				
Third-party Lead Generators					
52	How many leads did the <i>firm</i> purchase from <i>lead generators</i> during the reporting period?				
	If you have provided a figure in response to question 52, provide the following details in respect of the three <i>lead generators</i> from which the <i>firm</i> purchased the most leads dur- ing this reporting period in response to 53 to 55:				

Name	Postal address	Email address	Does supplier use over-seas facilities (e.g. a call centre)?	Number of leads purchased from supplier over reporting period	Average cost per lead purchased from supplier over reporting period
53					
54					
55					
56	How many leads did the <i>firm</i> supply to a third party? (include all the occasions on which the <i>firm</i> passed a <i>customer</i> , or details of a <i>customer</i> or <i>claim</i> , to a third party)				
Product Data					
57	What was the average fee charged by the <i>firm</i> , during the reporting period in respect of a <i>claim</i> ?				
	How was the <i>firm's regulated claims management activity</i> divided among the following areas of work? Please complete 58 to 77 below:				
Revenue	Number of <i>claims</i> where lead obtained from <i>lead generator</i>	Number of <i>claims</i> pursued	Number of successful <i>claims</i>	Number of <i>claims</i> halted or not taken forward because: no good arguable base (left hand column), suspected fraud (middle column), or being frivolous or vexatious (right hand column)	
financial services or financial product <i>claims</i>					
58	Payment protection insurance				
59	Packaged bank accounts				
60	Investments				
61	Payment card or bank charges				
62	Mortgages				
63	Consumer credit				
64	Pensions, including SERPS				
65	Interest rate swaps and hedging products				
66	Other (please specify)				
	<i>personal injury claims</i>				
67	Holiday sickness				
68	Road traffic accidents (excluding whiplash)				
69	Slips, trips and falls (excluding accidents at work)				
70	Accidents at work				
71	Clinical negligence				

	Name	Postal address	Email address	Does supplier use overseas facilities (e.g. a call centre)?	Number of leads purchased from supplier over reporting period	Average cost per lead purchased from supplier over reporting period
72	Whiplash					
73	Other (please specify)					
74	<i>housing disrepair claims</i>					
75	<i>claims for a specified benefit</i>					
76	<i>criminal injury claims</i>					
77	<i>employment-related claims</i>					
	Of the above types of <i>claim</i> , which three saw the largest percentage change in number of successful <i>claims</i> ? Please complete 78 to 80 below:					
	Type of <i>claim</i>	Percentage change				
78						
79						
80						



## Guidance notes for completion of the Annual Claims Management Report form

### Guidance for CMC001

#### General notes

This *data item* collects key information annually from *firms* with permission to undertake *regulated claims management activity*.

Except for rows 13 to 15, 19 to 27 and 30 to 34, the data provided in this form should relate only to *regulated claims management activity*, even if the *firm* undertakes regulated or unregulated activities in other areas. Except where a single Annual Claims Management Report is submitted in respect of a *group* in accordance with ■ SUP 16.25.8R, the data should not include the assets, liabilities, income or costs of any consolidated subsidiaries of the *firm*.

If you have undertaken no *regulated claims management activity* during the reporting period, answer “yes” to question 3 “do you wish to report a nil return?” to attest that there is no activity to report to us.

All questions requiring a monetary answer must be answered in sterling only. Figures should be reported in integers (that is, single units, to the nearest whole number), except where otherwise specified in the form: for example, income figures should be given to the nearest pound, not to the nearest thousand pounds.

Question 1 to 34 must be answered by all *firms* (including those that only have permission for *seeking out, referrals and identification of claims or potential claims*, or agreeing to carry on a *regulated activity* in respect of one of these activities).

Questions 35 to 37 apply to *firms* carrying on, or with *permission* to carry on, *seeking out, referrals and identification of claims or potential claims* and/or *advice, investigation or representation in relation to a financial services or financial product claim*.

Question 38 onwards should be completed by *firms* that have permission for one or more of the following activities:

- *advice, investigation or representation in relation to a personal injury claim;*
- *advice, investigation or representation in relation to a financial services or financial product claim;*
- *advice, investigation or representation in relation to a housing disrepair claim;*
- *advice, investigation or representation in relation to a claim for a specified benefit;*
- *advice, investigation or representation in relation to a criminal injury claim; and*
- *advice, investigation or representation in relation to an employment-related claim,*

collectively referred to in these guidance notes as ‘advising on a *claim*, investigating a *claim*, or representing a *claimant*’.

#### Data elements

	Question	Notes	B
3	Do you wish to report a nil return?	If the <i>firm</i> has undertaken no <i>regulated claims management activity</i> during this reporting period then answer "yes" and submit the form.	
4	Over of the reporting period, how many employees did the <i>firm</i> have on average?	State how many employees the <i>firm</i> had on average during the reporting period.  Include part time workers in this figure as 0.5.	
5	How many employees left the <i>firm</i> (for any reason) during the reporting period?	State the figure for the number of employees who left the <i>firm</i> .  Include part time workers in this figure as 0.5.	
6	What was the <i>firm's</i> annual employee turnover rate during the reporting period?	This should be the number of employees who left the <i>firm</i> during the reporting period (item 5) divided by the average number of employees the <i>firm</i> had during the reporting period (item 4), multiplied by 100.	
7	What was the total remuneration paid to the <i>firm's</i> employees over the reporting period?	Include all remuneration received by employees, including any variable remuneration such as bonuses, commissions or performance-based pay. Include share-based remuneration, options and the monetary value of benefits in kind.	
8	What was the total amount of variable remuneration paid to the <i>firm's</i> employees over the reporting period?	Include only variable remuneration such as bonuses, commissions or performance-based pay. Include share-based remuneration, options and the monetary value of benefits in kind to the extent that these are variable.	
9	How does the <i>firm</i> charge fees to its <i>customers</i> ?	Please describe all the ways in which the <i>firm</i> charges fees: for example, whether calculated by reference to the amount recovered for the <i>customer</i> or on an hourly rate, and whether fees are charged up front or on account, or are invoiced periodically or at the end of the <i>claim</i> .	
10	What was the total annual income for all <i>regulated claims management activities</i> , as defined in FEES 4 Annex 11AR for the purposes of FCA fees reporting (see guidance in FEES 4 Annex 13G)?	Refer to the <i>guidance</i> contained in FEES 4 Annex 13G before completing this question. If you undertake other activities this will be a subset of your total income.	

	Question	Notes	B
11	What was the <i>firm's</i> income from <i>seeking out, referrals and identification of claims or potential claims</i> ?	State the revenue from generating leads for, or selling leads to, third parties. If you do not have this permission enter "0".	
12	What was the <i>firm's</i> income from all <i>regulated claims management activities</i> ?		
13	What was the <i>firm's</i> income from all <i>regulated activities</i> ?		
14	What was the <i>firm's</i> income from activities which are not <i>regulated activities</i> ?		
15	What was the <i>firm's</i> total income, including from activities which are not <i>regulated activities</i> ?	This should be the sum of items 13 and 14.	
16	What was the <i>firm's</i> expenditure in respect of all <i>regulated claims management activities</i> ?	Include any share of overheads which is allocated to income from <i>regulated claims management activities</i> .	
17	What was the <i>firm's</i> expenditure in respect of all <i>regulated claims management activities</i> (excluding expenditure of the sort listed in CMCOB 7.2.8R(2)(b))?		
18	What was the <i>firm's</i> operating profit from <i>regulated claims management activities</i> ?	Operating profit is equal to income (item 12) less expenditure (item 16).	
	Balance sheet	Questions 19 to 27 are to be answered as at the end of the relevant reporting period	
19	What was the value of the <i>firm's</i> total assets?	Include all fixed and current assets.	
20	How much <i>cash</i> did the <i>firm</i> hold?	This should relate to the whole <i>firm</i> but should not include the cash of any consolidated subsidiaries. This should include cash held in a bank account available for instant withdrawal.	
21	What was the value of the <i>firm's</i> other current assets?	A current asset is an asset that is expected to be converted to cash within a year of the date of measurement (but does not include cash). This should relate to the whole <i>firm</i> (including investments in or receivables from other group entities) but should not include the assets of any consolidated subsidiaries.	
22	How much did the <i>firm</i> owe in overdrafts and bank loans due within one year?	Include only the drawn amount of overdrafts.	

	Question	Notes	B
23	What was the value of the <i>firm's</i> current liabilities (other than overdrafts and bank loans)?	A current liability is a debt or obligation that falls due within one year of the date of the liability arising. This should relate to the whole firm (including any amounts owed to other group entities) but should not include any consolidated subsidiaries.	
24	What was the value of the <i>firm's</i> total (current and non-current) liabilities?	Non-current liabilities are those falling due more than one year after the date of measurement.	
25	What was value of the <i>firm's</i> current assets less the value of its current liabilities?	This should equal the sum of items 20 and 21 less the sum of items 22 and 23.	
26	What was the value of the <i>firm's</i> total assets less the value of its current liabilities?	This should equal the sum of item 19, less the sum of items 22 and 23.	
27	What level of prudential resources did the <i>firm</i> hold at the end of the reporting period (as calculated in <a href="#">CMCOB 7.3</a> )?	<a href="#">CMCOB 7.3</a> sets out how prudential resources are to be calculated and which forms of capital are eligible for inclusion.	
28	Was the <i>firm</i> a Class 1 firm or a Class 2 firm (as defined in <a href="#">CMCOB 7.2.5R</a> ) at the end of the reporting period?		
29	What was the <i>firm's</i> overheads requirement (as calculated in <a href="#">CMCOB 7.2.8R</a> ) as at the end of the reporting period?	<a href="#">CMCOB 7.2.8R</a> sets out how the overheads requirement is to be calculated.	
30	As at the end of the reporting period, was the <i>firm's</i> overheads requirement (as calculated in <a href="#">CMCOB 7.2.8R</a> ) greater than the amount set out in whichever of <a href="#">CMCOB 7.2.6R(1)(a)</a> or <a href="#">7.2.7R(1)(a)</a> was applicable to the <i>firm</i> ?	The sums applicable under <a href="#">CMCOB 7.2.6R</a> and <a href="#">7.2.7R</a> are £10,000 for a Class 1 firm and £5,000 for a Class 2 firm.	
31	Did the <i>firm</i> hold <i>client money</i> at any point during the reporting period?	Answer "yes" or "no". For the purposes of this question, include <i>client money</i> which has been sent out by cheque and is uncleared and/or unbanked.	
32	What was the <i>firm's</i> prudential resources requirement (as calculated in <a href="#">CMCOB 7.2.6R</a> and <a href="#">7.2.7R</a> ) as at the end of the reporting period?	<a href="#">CMCOB 7.2.6R</a> sets out how the prudential resources requirement is to be calculated for Class 1 firms. <a href="#">CMCOB 7.2.7R</a> sets out how the prudential resources requirement is to be calculated for Class 2 firms.	
33	Did the <i>firm</i> have a prudential surplus or deficit at the end of the reporting period?	A <i>firm</i> with prudential resources in excess of its prudential resources requirement has a prudential surplus. A <i>firm</i> with prudential resources less than its prudential resources requirement has a prudential deficit.	



	Question	Notes	B
34	What was the amount of the prudential surplus or deficit at the end of the reporting period?	Enter positive figures only (irrespective of whether the amount was a surplus or deficit.)	
	<p>Relevant Connections</p> <p>These questions are for <i>firms</i> carrying on, or which have <i>permission</i> to carry on: <i>seeking out, referrals and identification of claims or potential claims</i>; and/or <i>advice, investigation or representation in relation to a financial services or financial product claim</i> .</p>		
35	Is the <i>firm</i> providing a notification of individuals, as per CMC OB 2.1.21R?	<p>Answer "yes" or "no".</p> <p><i>Firms</i> should answer "yes" if there are any individuals at their <i>firm</i> (including <i>employees, controllers</i> or members of the <i>firm's governing body</i>) who are/were directly involved in, or responsible for, the carrying on of an FSCS-eligible activity at another <i>firm</i>; or if any <i>controller</i> or member of the <i>firm's governing body</i> is related to someone who is/was directly involved in, or responsible for, the carrying on of an FSCS-eligible activity at another <i>firm</i>.</p> <p>In summary, an FSCS-eligible activity is an activity in connection with which a <i>claim</i> could be made to the FSCS now or in the future; it is defined in CMC OB 2.1.17R(6) and CMC OB 2.1.18G.</p>	
	If the answer to question 35 is yes, please complete the following information:		
36	Where CMC OB 2.1.21R(3) applies to the individual, complete the information required in the following table.		
	Name of the individual	The individual is an <i>employee</i> or <i>controller</i> of your <i>firm</i> , or any member of its <i>governing body</i> , who is or was directly involved in or responsible for the carrying on of an FSCS-eligible activity at another <i>firm</i> .	
	Individual's role in the <i>firm</i> providing the notification	Please state the individual's role at your <i>firm</i> .	
	Name of the <i>firm</i> at which the FSCS-eligible activity was carried on by the individual	Please provide the name of the other <i>firm</i> where the individual is or was directly involved in or responsible for carrying on an FSCS-eligible activity.	
	Individual's role at the <i>firm</i> at which the FSCS-eligible activity was carried on	Please provide the individual's role at the other <i>firm</i> where that individual is or was directly involved in or responsible for carrying on an FSCS-eligible activity.	
	Date that role started	Please provide the date the individual's role at the other <i>firm</i> started.	

	Question	Notes	B
	Date that role ended	Please provide the date the individual's role at the other <i>firm</i> ended (if it has ended).	
37	Where <a href="#">CMCOB 2.1.21R(5)</a> applies to the individual, complete the information required in the following table.		
	Name of individual A	Individual A is any <i>controller</i> or member of your <i>firm's governing body</i> who is related to a person (individual B) who is or was directly involved in or responsible for the carrying on of an FSCS-eligible activity at another <i>firm</i> .  Under <a href="#">CMCOB 2.1.17R(5)</a> , A is related to B for these purposes if:  (a) A is B's spouse or civil partner;  (b) A's relationship to B has the characteristics of the relationship between spouses or civil partners; or  (c) A is B's parent, brother, sister, child, grandparent or grandchild (including step-relations in these categories).	
	Individual A's role in relation to the <i>firm</i> providing the notification	Please provide individual A's role at your <i>firm</i> .	
	Name of individual B	Individual B is the person who is or was directly involved in or is or was responsible for the carrying on of an FSCS-eligible activity at another <i>firm</i> , who is related to individual A.	
	Relationship between individual A and individual B	Describe how individual A is related to individual B (see <a href="#">CMCOB 2.1.17R(5)</a> ).	
	Name of the <i>firm</i> at which the FSCS-eligible activity was carried on by individual B	Please provide the name of the <i>firm</i> at which individual B is or was directly involved in or responsible for carrying on an FSCS-eligible activity.	
	Individual B's role at the <i>firm</i> at which the FSCS-eligible activity was carried on	Please provide individual B's role at the other <i>firm</i> where they are or were directly involved in or responsible for carrying on an FSCS-eligible activity.	
	Date that role started and date that role ended	Please provide the date individual B's role at the other <i>firm</i> started and the date it ended.	
	The remaining questions are only for <i>firms</i> that have permission for advising on a <i>claim</i> , investigating a <i>claim</i> , or representing a <i>claimant</i> .	All the questions below relate to advising on a <i>claim</i> , investigating a <i>claim</i> , or representing a <i>claimant</i> and should not include data for any other <i>regulated claims management activity</i> .	
	Professional Indemnity Insurance		

	Question	Notes	B
38	Does the <i>firm</i> have permission for <i>advice, investigation or representation in relation to a personal injury claim</i> ?	Answer "yes" or "no". Having these permissions in respect of <i>personal injury claims</i> triggers a requirement to hold professional indemnity insurance.	
39	Did the <i>firm</i> have a professional indemnity insurance policy in place for <i>advice, investigation or representation in relation to a personal injury claim</i> at the end of the reporting period?	Answer "yes" or "no". If yes, please complete questions 40 to 46. If no, go to question 47.	
40	Who is the underwriter of the insurance?	State the underwriter's name.	
41	What is the policy renewal date?	Provide the end date of the policy in the format dd/mm/yyyy.	
42	Have the minimum terms of the policy been reviewed in the last five years?		
43	What is the amount of the limit of indemnity (liability) for any single claim?	If the policy applies different indemnity limits to different insured events, enter the lowest applicable limit.	
44	What is the amount of the limit of indemnity (liability) for claims in the aggregate over the policy period?		
45	What is the amount of the excess (or deductible) that would be applicable for any one claim?		
46	Has the identity of the insurance provider or the terms and conditions of the insurance policy changed from the content of the last Annual Claims Management Report form submitted to the FCA?	Answer "yes" or "no".	
Client Money			
47	What was the highest balance of <i>client money</i> held by the <i>firm</i> at any point during the reporting period?	Report rounded to the nearest pound.	
48	In relation to the balance reported for question 47, for how many different <i>customers</i> did the <i>firm</i> hold <i>client money</i> ?	Report the number of <i>customers</i> to whom the balance reported for question 47 relates.	

	Question	Notes	B
49	For how many different <i>customers</i> did the <i>firm</i> hold <i>client money</i> for a period longer than two <i>business days</i> ?	Report the total number of <i>customers</i> for whom the <i>firm</i> held <i>client money</i> for longer than two <i>business days</i> .	
50	For how many different <i>customers</i> did the <i>firm</i> hold <i>client money</i> for a period longer than five <i>business days</i> ?	Report the total number of <i>customers</i> for whom the <i>firm</i> held <i>client money</i> for longer than five <i>business days</i> . Exclude (for question 50 reporting purposes only) any <i>customers</i> to which the <i>firm</i> has sent a cheque or other payable order which is uncleared and/or unbanked. For the avoidance of doubt, a <i>firm</i> must continue to treat this money as <i>client money</i> until the cheque or order is presented and paid by the bank.	
51	What was the longest period of time for which the <i>firm</i> held <i>client money</i> for a <i>customer</i> ?	Report in <i>days</i> .	
	Third-party Lead Generators		
52	How many leads did the <i>firm</i> purchase from <i>lead generators</i> during the reporting period?	State "0" or provide a positive figure.  If your answer to question 52 is "0", go to question 56.	
53-55	If you have provided a figure in response to the previous question, provide the following details in respect of the three <i>lead generators</i> from which the <i>firm</i> purchased the most leads during this reporting period:	Provide all the information requested in each column for 53 to 55.	
56	How many leads did the <i>firm</i> supply to a third party? (include all the occasions on which the <i>firm</i> passed a <i>customer</i> , or details of a <i>customer</i> or <i>claim</i> , to a third party)  Product Data		
57	What was the average fee charged by the <i>firm</i> , during the reporting period in respect of a <i>claim</i> ?	Include in the average only <i>claims</i> where a fee was charged.	
58-77	How was the <i>firm's regulated claims management activity</i> divided among the following areas of work?	For 58 to 77, provide the following figures for each area of work.  For financial services and products <i>claims</i> and <i>personal injury claims</i> show how this work is split between different subcategories.  When reporting "other", complete the free text box to indicate what the figures relate to.	

Question		Notes	B
	Revenue	Enter the total income earned from this type of work during the reporting period.	
	Number of <i>claims</i> where lead obtained from <i>lead generator</i>	Enter the number of <i>claims</i> where the <i>customer</i> was obtained from a lead purchased from a <i>lead generator</i> .	
	Number of <i>claims</i> pursued	Enter the number of <i>claims</i> in respect of which an agreement was reached with the <i>customer</i> for the <i>firm</i> to investigate, advise or represent.	
	Number of successful <i>claims</i>	Enter the number of <i>claims</i> which resulted in a payment or other remedy for the <i>customer</i> . Include <i>claims</i> settled on such terms.	
	Number of <i>claims</i> halted or not taken forward because: no good arguable base, suspected fraud, or being frivolous or vexatious	Enter the number of <i>claims</i> which the <i>firm</i> declined, or declined to continue to pursue because there was no arguable case in the left hand column; the number of those where there was suspected fraud in the middle column; and the number of those which were frivolous or vexatious in the right hand column.	
78-80	Of the above types of <i>claim</i> , which three saw the largest percentage change in number of successful <i>claims</i> ?	Percentage change is the increase or decrease in the number of successful <i>claims</i> concluded during the reporting period compared to the number in the equivalent period ending 12 months earlier. Enter the name of the type of <i>claim</i> and the percentage change at 78 to 80. For financial services or financial product <i>claims</i> and <i>personal injury claims</i> , enter the more detailed <i>claim</i> category (e.g. Whiplash).	



REP020 Statistics on the availability and performance of a dedicated interface

REP020 Statistics on the availability and performance of a dedicated interface form:  
SUP 16 Annex 46AD





## Notes on completing REP020 Statistics on the availability and performance of a dedicated interface

These notes contain guidance for quarterly reporting by Account Servicing Payment Service Providers (ASPSPs) with payment accounts accessible online that are required to publish on their website quarterly statistics on the availability and performance of the dedicated interface and of the interface used by its payment service users under article 32(4) *SCA RTS*.

The following completion notes should be read in conjunction with *EBA Guidelines* on the conditions to benefit from an exemption from the contingency mechanism under article 33(6) of Regulation (EU) 2018/389 (RTS on SCA & CSC) ("the EBA Guidelines").

The form provides the means for ASPSPs to provide the *FCA* with quarterly statistics on the availability and performance of the dedicated interface and of the interface used by its *payment service users*.

'Account Servicing Payment Services Providers' has the same definition as at Regulation 2(1) Payment Services Regulations 2017.

All ASPSPs with payment accounts accessible online and providing access to account information service providers (AISPs), payment initiation service providers (PISPs), or card based payment instrument issuers (CBPIIs), via a 'dedicated interface' are required to provide data.

ASPSPs with payment accounts accessible online and providing access to AISPs, PISPs, or CBPIIs via means other than the dedicated interface are not required to report daily statistics on the availability and performance of such interfaces, and should submit a 'nil return'.

### Structure of the return

REP020 requires the ASPSP to report daily statistics on the availability and performance for each of its payment service user interfaces and dedicated interfaces for the previous quarter, for the daily statistics published on the ASPSPs website in accordance with article 32(4) of the *SCA-RTS*.

For each dedicated interface, the ASPSP should indicate by selecting 'yes' or 'no' if the dedicated interface benefits from an exemption under article 33(6) of the *SCA-RTS*. This will be 'no' for any payment service user interface.

### Availability

Availability of each dedicated interface and payment service user interface should be reported as a percentage of uptime (Column D) and downtime (Column E).

To calculate the availability of each interface, the ASPSP should:

- calculate the percentage uptime as 100% minus the percentage downtime;
- calculate the percentage downtime using the total number of seconds the dedicated interface was down in a 24-hour period starting and ending at midnight;
- count the interface as 'down' when five consecutive requests for access to information for the provision of payment initiation services, account information services or confirmation of availability of funds are not replied to within a total timeframe of 30 seconds, irrespective of whether these requests originate from one or multiple PISPs, AISPs or CBPIIs. In such case, the ASPSP should calculate downtime from the moment it has received the first request in the series of five consecutive requests that were not replied to within 30 seconds, provided that

there is no successful request in between those five requests to which a reply has been provided.

Performance

Performance should be reported for each interface based on the daily average time in milliseconds.

At column F, ASPSPs should report daily statistics for each payment service user interface on the daily average time (in milliseconds) taken, per request, for the ASPSP to respond to payment service user requests in that interface.

At column G, ASPSPs should report daily statistics for each dedicated interface on the daily average time (in milliseconds) taken, per request, for the ASPSP to provide to the account information service provider (AISP) all the information requested in accordance with regulation 69(2)(b) of the *Payment Services Regulations* and article 36(1)(b) of the *SCA RTS*.

At column H, ASPSPs should report daily statistics for each dedicated interface on the daily average time (in milliseconds) taken, per request, for the ASPSP to provide to the payment initiation service provider (PISP) all the information requested in accordance with article 36(1)(a) of the *SCA RTS*.

At column I, ASPSPs should report daily statistics for each dedicated interface on the daily average time (in milliseconds) taken, per request, for the ASPSP to provide to the card based payment instrument issuer (CBPII) or to the PISP a 'yes/no' confirmation in accordance with regulation 68(4), (7) and (8) of the *Payment Services Regulations* and article 36(1)(c) of the *SCA RTS*.

At column J, ASPSPs should report daily statistics for each dedicated interface on the daily error response rate as a percentage – calculated as the number of error messages concerning errors attributable to the ASPSP sent by the ASPSP to the PISPs, AISPs and CBPIIs in accordance with article 36(2) of the *SCA RTS* per day, divided by the number of requests received by the ASPSP from AISPs, PISPs and CBPIIs in the same day and multiplied by 100.

Data elements

Quarterly statistics on availability and performance of dedicated interfaces

1A – Do you wish to make a nil return?	ASPSPs providing payment accounts accessible online and facilitating access to AISPs, PISPs or CBPIIs via a dedicated interface must submit a return each quarter and should select 'no'.  ASPSPs providing access via other means other than a dedicated interface are not required to submit a return and should select 'yes'.
2A – Interface Name/Id	ASPSPs submitting a return should provide the name or ID used within the PSP to identify the interface being reported on. This should indicate whether the interface is a dedicated interface or a payment service user interface. Where relevant, it should be the same ID used when the ASPSP submitted a request for exemption from the contingency mechanism (max 100 characters).
Availability statistics	
2B – Interface type	Select what type of interface the statistics are being provided for: <ul style="list-style-type: none"><li>•PSU interface</li><li>•Dedicated interface</li></ul>
2C – Has exemption been granted for dedicated interface?	Select 'yes' or 'no' indicating if the interface has been exempted under article 33(6) of the <i>SCA RTS</i> .
2D – Uptime (%)	ASPSPs should report the uptime of the interface as a percentage in accordance with the calculation method at GL 2.4(a) <i>EBA Guidelines</i> for each day in the reporting period (up to 92 days where applicable). Percentage figure should be provided to two decimal places.

2E – Downtime (%)	ASPSPs should report the downtime of the interface as a percentage in accordance with the calculation method at GL 2.4(b) <i>EBA Guidelines</i> for each day in the reporting period (up to 92 days where applicable). Percentage figure should be provided to two decimal places.
<b>Performance statistics</b>	
Payment Services User (PSU) interface	
2F – response (milliseconds)	Only to be completed if “PSU interface” has been selected at 2B.  ASPSPs should provide the daily average response time, (in milliseconds expressed as a whole number, e.g. 1.5 seconds is represented as 1500 milliseconds) taken per request, for the ASPSP to respond to requests from payment service user via the payment service user interface.
Dedicated interface	
2G – AISP response (milliseconds)	Only to be completed if “Dedicated interface” has been selected at 2B.  ASPSPs should provide the daily average time (in milliseconds expressed as a whole number, e.g. 1.5 seconds is represented as 1500 milliseconds) taken, per request, for the ASPSP to provide to the account information service provider (AISP) all the information requested in accordance with Regulation 69(2)(b) of the <i>Payment Services Regulations</i> and article 36(1)(b) of the <i>SCA RTS</i> .
2H – PISP response (milliseconds)	Only to be completed if “Dedicated interface” has been selected at 2B.  ASPSPs should provide the daily average time (in milliseconds expressed as a whole number, e.g. 1.5 seconds is represented as 1500 milliseconds) taken, per request, for the ASPSP to provide to the payment initiation service provider (PISP) all the information requested in accordance with article 36(1)(a) of the <i>SCA RTS</i> .
2I – CBPII/PISP yes/no response (milliseconds)	Only to be completed if “Dedicated interface” has been selected at 2B.  ASPSPs should provide the daily average time (in milliseconds expressed as a whole number, e.g. 1.5 seconds is represented as 1500 milliseconds) taken, per request, for the ASPSP to provide to the card based payment instrument issuer (CBPII) or to the PISP a ‘yes/no’ confirmation in accordance with regulation 68(4), (7) and (8) of the <i>Payment Services Regulations</i> and article 36(1)(c) of the <i>SCA RTS</i> .
2J – Error response rate	Only to be completed if “Dedicated interface” has been selected at 2B.  ASPSPs should provide the daily error response rate – calculated as the number of error messages concerning errors attributable to the ASPSP sent by the ASPSP to the PISPs, AISPs and CBPIIs in accordance with article 36(2) of the <i>SCA RTS</i> per day, divided by the number of requests received by the ASPSP from AISPs, PISPs and CBPIIs in the same day. Percentage figure should be provided to two decimal places.



Directory persons report

(1) Date information reported:												(2) Confirm information being reported is accurate and complete			
(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Individually reported information (IRN)	Passport number and nationality, for any Directory person who does not have an NI Number or for whom a passport number, and not an NI number, has been provided	National Insurance Number (NI) of birth	Date of birth	Title (optional)	First name	Name commonly known (if known)	Middle names (if known)	Last name	Date started	Date ended	Relevant roles currently held	Activities which the Directory person carries on and for which they hold the relevant qualifications	Customer engagement method(s) (on-line, local, telephone, face to face)	Work-Related place event(s) (on-line, local, telephone, face to face)	Other place event(s) (on-line, local, telephone, face to face)
[FCA]												2. Giv-			

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, has pre- vi- ously been pro- vided	Na- tional in- sur- ance (NI) num- ber birth	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face and re- quires a quali- fica- tion to do so
											CF] (1) CASS over- sight function	ing per- sonal re- com- menda- tions on se- curit- ies which are not stake- holder pen- sion			

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, Na- tional in- sur- ance (NI) has been pro- vided	Na- tional in- sur- ance Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Cus- tomer en- gage- ment meth- ods (on- line, tele- phone, face to face) of- fered by any Dir- ect- ory per- son who deals with cus- tomers with face to face and re- quires a quali- fica- tion to do so	Work- place ev- iden- tiation (s)ac- credited body for mem- ber- ship for any Dir- ect- ory per- son who deals with cus- tomers with face to face and re- quires a quali- fica- tion to do so	Work- place ev- iden- tiation (s)ac- credited body for mem- ber- ship for any Dir- ect- ory per- son who deals with cus- tomers with face to face and re- quires a quali- fica- tion to do so	
												schemes, per- sonal pen- sion schemes or broker funds			
										[FCA CF] (2) [deleted]		3. Giv- ing per- sonal re- com- menda- tions			

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, has pre- vi- ously been pro- vided	Na- tional in- sur- ance (NI) num- ber pro- vided	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face and re- quires a quali- fica- tion to do so
												on de- rivatives	4. Giv- ing per- sonal re- com- menda- tions on re- tail in- vest- ment prod-		



(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, Na- tional ity sur- vived has been pro- vided	(NI)	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Cus- tomer en- gage- ment method (on- line, tele- phone, face to face) of- fered by any Dir- ect- ory per- son who deals with cus- tomer and re- quires a quali- fica- tion to do so	Work- place ev- en- tial (s)ac- cess to body mem- ber- ship for any Dir- ect- ory per- son who deals with cus- tomer and re- quires a quali- fica- tion to do so	Rel- at- ant ac- cred- ited body for any Dir- ect- ory per- son who deals with cus- tomer and re- quires a quali- fica- tion to do so
												[FCA CF] (4) Signi- ficant management	ucts which are not broker funds  6. Giv- ing per- sonal re- com- menda- tions on Friendly Soci-		

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, has pre- vi- ously been pro- vided	Na- tional in- sur- ance (NI) num- ber pro- vided	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face and re- quires a quali- fica- tion to do so

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, Na- tional ity sur- vived pre- vi- ously been pro- vided	has pre- vi- ously sur- vived pre- vi- ously been pro- vided	Na- tional ity sur- vived pre- vi- ously been pro- vided	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Cus- tomer en- gage- ment meth- ods (on- line, loca- tion(s) tele- phone, face to face) of- fered by any Dir- ect- ory per- son who deals with cus- tomers with face to face and re- quires a quali- fica- tion to do so	Work- place ev- id- ence ac- cess cred- ited to de(s)) body mem- ber- ship for any Dir- ect- ory per- son who deals with cus- tomers with face to face and re- quires a quali- fica- tion to do so	Work- place ev- id- ence ac- cess cred- ited to de(s)) body mem- ber- ship for any Dir- ect- ory per- son who deals with cus- tomers with face to face and re- quires a quali- fica- tion to do so
														policy special ap- plica- tion condi- tions are met)		
												[FCA CF] (5) Func- tions re- quir-	7. Giv- ing per- sonal re- com- menda-			

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, has been pro- vided	Na- tional in- sur- ance (NI) num- ber	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face and re- quires a quali- fica- tion to do so	place ev- luation ac- cred- ited de(s) body for mem- ber- ship for any Dir- ect- ory per- son de- als with cus- tomers with face and re- quires a quali- fica- tion to do so	Rel- evant quali- fications to do so
											ing quali- fications	tions on long- term care insur- ance contracts			
											[FCA CF] (6) Man- ager of certi- fica-	8. Giv- ing per- sonal re- com- menda- tions			

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, Na- tional ity sur- vived pre- vi- ously been pro- vided	(NI)	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Cus- tomer en- gage- ment meth- od(s) (on- line, tele- phone, face to face) for any Dir- ect- ory per- son who deals with cus- tomers and re- quires a qual- ifica- tion to do so	Work- place ev- iden- ce (s)ac- cessed to de(s)) body mem- ber- ship for any Dir- ect- ory per- son who deals with cus- tomers and re- quires a qual- ifica- tion to do so	Rel- atant ac- cred- ited body for any Dir- ect- ory per- son who deals with cus- tomers and re- quires a qual- ifica- tion to do so
											tion employee	on in- vest- ments in the course of cor- porate fin- ance business			
											[FCA CF] (7) Mat- erial	9. Ad- vising on syn- dicate			

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, has pre- vi- ously been pro- vided	Na- tional in- sur- ance (NI) num- ber pro- vided	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face to face and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face to face and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face to face and re- quires a quali- fica- tion to do so
											risk taker	parti- cipa- tion at Lloyd's			
											[FCA CF] (8) Client dealing	9A. Advis- ing on P2P agreements			
											[FCA CF]	10. Broker			

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
Individual Reference Number (IRN)	Passport number and nationality, for any Directory person who does not have an NI Number or for whom a passport number, and not an NI number, has been provided	National Insurance Number (NI)	Date of birth	Title (optional)	First name	Name commonly known by		Date started role	Date ended	Relevant roles currently held	Activities which the Directory person carries on and for which they hold the relevant qualifications	Customer engagement methods (online, telephone, face to face) offered by any Directory person who deals with customers and requires a qualification to do so	Work-Related place(s) accessed (post code(s)) for any person with deals to face and requires a qualification to do so	Work-Related event(s) conducted by any Directory person with deals to face and requires a qualification to do so	Work-Related event(s) conducted by any Directory person with deals to face and requires a qualification to do so	
						by known	Middle names (if known)									
											(9) Algorithmic trading	fund adviser				
											[PRA CF] Significant risk taker or material risk taker	11. Pension transfer specialist				
											[PRA	12				

16



(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, Na- tional ity sur- vived has been pro- vided	(NI)	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Customer en- gage- ment method(s) (on-line, loca- tion(s) tele- phone face to face) of- fered by any Dir- ect- ory per- son who deals with cus- tomers and re- quires a quali- fica- tion to do so	Work- place ev- ident ac- cred- ited body for mem- ber- ship for any Dir- ect- ory per- son who deals with cus- tomers and re- quires a quali- fica- tion to do so	Work- place ev- ident ac- cred- ited body for mem- ber- ship for any Dir- ect- ory per- son who deals with cus- tomers and re- quires a quali- fica- tion to do so
													holder pen- sion schemes, per- sonal pen- sion schemes or broker funds		
											[PRA CF] Man- aging a	13. Giving per- sonal re-			

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, has pre- vi- ously been pro- vided	Na- tional in- sur- ance (NI) num- ber (if pro- vided)	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face to face and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face to face and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face to face and re- quires a quali- fica- tion to do so
											mat- erial risk taker	com- menda- tions on and dealing in de- rivatives			
											Dir- ector of firm who is not a certi- fica-	14 Man- aging in- vestments			

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, Na- tional ity sur- vived pre- vi- ously been pro- vided	Na- tional ity sur- vived pre- vi- ously been pro- vided	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Cus- tomer en- gage- ment method(s) (on-line, loca- tion(s) tele- phone, face to face) of- fered by any Dir- ect- ory per- son who deals with cus- tomers with face to face and re- quires a quali- fica- tion to do so	Work- place ev- ident ac- cred- ited body for mem- ber- ship for any Dir- ect- ory per- son who deals with cus- tomers with face to face and re- quires a quali- fica- tion to do so	Work- place ev- ident ac- cred- ited body for mem- ber- ship for any Dir- ect- ory per- son who deals with cus- tomers with face to face and re- quires a quali- fica- tion to do so
												tion em- ployee or a SMF manager			
												Sole trader dealing with clients for which they re- quire a	15. Oper- ating a col- lect- ive in- vest- ment scheme or un-		

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, has pre- vi- ously been pro- vided	Na- tional in- sur- ance (NI) num- ber birth	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Customer en- gage- ment method (on- line, tele- phone, face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face to face and re- quires a quali- fica- tion to do so	Work- place ev- lu- ation (s)ac- cred- ited de(s)) body for mem- ber- ship for any Dir- ect- ory per- son who de- als with cus- tomers with face to face and re- quires a quali- fica- tion to do so	Work- place ev- lu- ation (s)ac- cred- ited de(s)) body for mem- ber- ship for any Dir- ect- ory per- son who de- als with cus- tomers with face to face and re- quires a quali- fica- tion to do so
											quali- fication	der- taking the activ- ities of a trustee or de- posit- ary of a col- lective in- vest- ment scheme			
											Ap-	16			

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, Na- tional ity sur- vived pre- vi- ously been pro- vided					Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers and re- quires a quali- fica- tion to do so
											pointed rep- res- entat- ive dealing with clients for which they re- quire a quali- fication	Safe- guarding and ad- minis- tering in- vest- ments or hold- ing client money			17.

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, has pre- vi- ously been pro- vided	Na- tional in- sur- ance (NI) of birth	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face to face and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face to face and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face to face and re- quires a quali- fica- tion to do so
												Ad- minis- trative func- tions in re- lation to man- aging in- vestments			
												18 Ad- minis- trat-			

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an In- di- vid- ual Ref- er- ence Num- ber (IRN)	NI num- ber, has pre- vi- ously been pro- vided	Na- tional in- sur- ance (NI) number of birth	Date of Title (optional) name	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Cus- tomer en- gage- ment meth- ods (on- line, tele- phone, face to face) of- fered by any Dir- ect- ory per- son who deals with cus- tomer face and re- quires a quali- fica- tion to do so	Work- Rel- place ev- luation ac- tivity con- ducted by any Dir- ect- ory per- son with cus- tomer face and re- quires a quali- fica- tion to do so	Work- Rel- place ev- luation ac- tivity con- ducted by any Dir- ect- ory per- son with cus- tomer face and re- quires a quali- fica- tion to do so
												ive func- tions in re- lation to ef- fecting or car- rying out con- tracts of in- sur- ance which are			

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, has pre- vi- ously been pro- vided	Na- tional in- sur- ance (NI) num- ber if pro- vided	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who de- als with cus- tomers with face and re- quires a quali- fica- tion to do so
												life policies  19. Ad- minis- trative func- tions in re- lation to the op- era- tion of stake-			



(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, Na- tional in- sur- ance Date of birth Title (optional) First name (if known)	has pre- vi- ously been pro- vided	Na- tional in- sur- ance Date of birth	Title (optional)	First name (if known)	Name com- monly known by (if known)	Middle names (if known)	Last name (if known)	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Work- Rel- (on- line, tele- phone, face to face) any Dir- ect- ory per- son who deals with cus- tomer face and re- quires a qual- ifica- tion to do so	Work- Rel- (on- line, tele- phone, face to face) any Dir- ect- ory per- son who deals with cus- tomer face and re- quires a qual- ifica- tion to do so	Work- Rel- (on- line, tele- phone, face to face) any Dir- ect- ory per- son who deals with cus- tomer face and re- quires a qual- ifica- tion to do so	
													holder pen- sion schemes 20. Advis- ing or arran- ging (bringing about) regu- lated mort- gage con- tracts			

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Individual Reference Number (IRN)	Passport number and nationality, for any Directory person who does not have an NI Number or for whom a passport number, and not an NI number, has previously been provided	National Insurance Number (NI)	Date of birth	Title (optional)	First name	Name commonly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended role	Relevant roles currently held	Activities which the Directory person carries on and for which they hold the relevant qualifications	Customer engagement method(s) (on-line, local, telephone, face to face)	Work-Related place or location(s) (post code(s))	Any other relevant information
												for a non-business purpose			
												21. Advising or arranging (bringing about) equity release transactions			

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, Na- tional ity sur- vived pre- vi- ously been pro- vided	NI has pre- vi- ously sur- vived pre- vi- ously been pro- vided	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who deals with cus- tomers and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who deals with cus- tomers and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) of- fered by any Dir- ect- ory per- son who deals with cus- tomers and re- quires a quali- fica- tion to do so
												21A. De- sign- ing scripted ques- tions for execu- tion- only sales of regu- lated mort- gage			

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, has been pro- vided	Na- tional in- sur- ance (NI) num- ber or date of birth	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Customer en- gage- ment method (on- line, tele- phone, face to face) with cus- tomer and re- quires a quali- fica- tion to do so	Work- place ev- luation ac- cred- ited de(s) body for mem- ber- ship for any Dir- ect- ory per- son de- als with cus- tomers face and re- quires a quali- fica- tion to do so	Other quali- fications to do so
												con- tracts for a non- busi- ness purpose			
												Re- spons- ibility for Insur- ance Distri- bu- tion (MI-	22. De- sign- ing scripted ques- tions for execu- tion-		

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, Na- tional ity sur- vived pre- vi- ously been pro- vided	(NI)	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Work- Rel- (on- line, tele- phone face to face) by any Dir- ect- ory per- son who deals with cus- tomer and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) by any Dir- ect- ory per- son who deals with cus- tomer and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) by any Dir- ect- ory per- son who deals with cus- tomer and re- quires a quali- fica- tion to do so
												PRU 2.2.1R)	only sales of equity re- lease transac- tions		
												Re- spons- ibility for MCD Inter- medi- ation (MI-)	23. Over- seeing execu- tion- only sales on a day-		

(3)	(4)	(5)	(6)	(6A)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
In- di- vid- ual Ref- er- ence Num- ber (IRN)	Pass- port num- ber and na- tion- al- ity, for any Dir- ect- ory per- son who does not have an NI Num- ber or for whom a pass- port num- ber, and not an NI num- ber, has pre- vi- ously been pro- vided	Na- tional in- sur- ance (NI) num- ber birth	Date of birth	Title (optional)	First name	Name com- monly known by (if known)	Middle names (if known)	Last name	Date started role	Date ended	Relevant roles cur- rently held	Activities which the Dir- ectory person carries on and for which they hold the rel- evant quali- fications	Work- Rel- (on- line, tele- phone face to face) for any Dir- ect- ory per- son who deals with cus- tomers and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) for any Dir- ect- ory per- son who deals with cus- tomers and re- quires a quali- fica- tion to do so	Work- Rel- (on- line, tele- phone face to face) for any Dir- ect- ory per- son who deals with cus- tomers and re- quires a quali- fica- tion to do so
											PRU 2.2.1R)	to- day basis in re- lation to equity re- lease transac- tions			

## Guidance notes for Directory persons report in SUP 16 Annex 47AR

1. In (1), the *firm* must specify the date on which the information being submitted about the particular *Directory person* is reported to the *FCA*.

2. In (2), the *firm* must confirm that the information being reported in respect of the particular *Directory person* is accurate and complete. Each *firm* is responsible for ensuring that any information reported about a *Directory person* is accurate and complete.

Even if the *firm* believes or knows that information has been provided to the *FCA* before (whether as part of another notification or otherwise) or is in the public domain, it should be disclosed clearly and fully as part of this report.

It is a criminal offence, knowingly or recklessly, to give the *FCA* and/or *PRA* information that is materially false, misleading or deceptive (see sections 398 and 400 Financial Services and Markets Act).

The *FCA* will not verify the information about *Directory persons* which is reported by the *firm*. If a *firm* becomes aware of any inaccuracies or errors in the information reported about a *Directory person* it must rectify that information as soon as possible in accordance with applicable *data protection legislation*.

The *firm* should be aware that, while advice may be sought from a third party (e.g. legal advice), the *firm* has responsibility for the accuracy of information, as well as the disclosure of relevant information in the report. For *certification employees*, the Senior Manager with responsibility for certification (PRb) is accountable for the accuracy of the information submitted in this report.

3. It is only necessary to report a *Directory person's* individual reference number (IRN) in (3) if the *person* has one.

4. The information in (4), (5) and (6) will be used to cross-check the identity of the *Directory person* against other information held by the *FCA*. It will not be published on the *Directory*. It is only necessary to report a *Directory person's* passport number and nationality in (4) where:

- (a) the *Directory person* does not hold an NI number; or
- (b) the *firm* has previously provided us with a passport number, and not an NI number, for a *Directory Person*. This is to enable the *Directory person's* records to be correctly matched.

5. In (10) and (11), for each role which the *Directory person* performs, specify the dates when the individual starts and stops performing the role.

6. In (12), the *firm* should specify every role performed by the *Directory person*:

- (a) For a *certification employee* this will be the particular *certification function* or functions which the individual has been assessed as being fit and proper to perform and performing for which the employee has a certificate at the time of the report.
- (b) For a *non-SMF director Directory person* this will be "Director of firm who is not a certification employee or a SMF manager".
- (c) For a *sole trader Directory person*, this will be "Sole trader dealing with clients for which they require a qualification".

(d) In respect of an *appointed representative Directory person*, this will be “Appointed representative dealing with clients for which they require a qualification”.

7. Although a *firm* does not need to issue multiple certificates for any employee who performs several different *certification functions* (see ■ SYSC 27.2.14G(6)), in (12) the *firm* must select all relevant *certification functions* which are performed by the individual (both *FCA certification functions* and *PRA certification functions*).

8. In (13) select all the relevant qualifications (see ■ TC App 1.1 (Activities and Products/Sectors to which TC applies subject to Appendices 2 and 3)) which the *Directory person* requires and holds so as to carry on the role that they perform.

9. For example, if the *Directory person* is an *appointed representative* who holds the necessary qualifications to be able to *advise on investments* and *advise on regulated mortgage contracts* but has been appointed by the *firm* only to *advise on regulated mortgage contracts*, the *firm* should select only “20. Advising or arranging (bringing about) regulated mortgage contracts for a non-business purpose”.

10. In relation to (14), the engagement methods (online, telephone, face to face) offered by a *Directory person* only need to be reported where the *Directory person* deals with customers and requires a qualification under ■ TC App 1.1 to do so.

11. In relation to (15), workplace location (post code) only needs to be reported where the *Directory person* offers face to face engagement and requires a qualification under ■ TC App 1.1 to do so. The *FCA* will use the post code provided to publish a *Directory person's* workplace location at town or city level, the post code itself will not be published on the Directory.

Where a *firm* has reason to believe that making public a *Directory person's* workplace location would put them at risk, that *firm* may not report the information required in (15) or may provide the post code for its head office.

12. In relation to (16), “relevant accredited body membership” is membership of any of the following professional bodies: CFA Society of the UK; The Chartered Institute for Securities and Investment (CISI); The Chartered Banker Institute (CBI); The Chartered Insurance Institute (CII); and The London Institute of Banking and Finance (LIBF). Relevant accredited body membership only needs to be reported where the *Directory person* deals with customers and requires a qualification under ■ TC App 1.1 to do so.



Products covered by the reporting requirement in SUP 16.27.7R

Product	Product definition
After the event legal expenses	<i>contracts of insurance</i> (or cover within a <i>policy</i> ), taken out in relation to an event that has already occurred, to provide cover against the risks of loss to the persons insured attributable to their incurring legal expenses, including costs of litigation in relation to that event.
Alloy wheel insurance	<i>contracts of insurance</i> against the risks of loss in relation to vehicle alloy wheels.
Before the event legal expenses	<i>contracts of insurance</i> (or cover within a <i>policy</i> ), taken out in relation to a potential future event or events, to provide cover against the risks of loss to the persons insured attributable to their incurring legal expenses, including costs of litigation.
Breakdown insurance	<i>contracts of insurance</i> under which benefits are provided in the event of an accident to or breakdown of a vehicle including those where the effecting and carrying out is excluded from article 10(1) or (2) of the <i>Regulated Activities Order</i> by article 12(1), but excluding parts and garage cover <i>contracts of insurance</i> .
Dental cover	<i>contracts of insurance</i> providing benefits in the nature of indemnity, with or without limit, or fixed pecuniary benefits (or a combination of both) against risks of loss to the persons insured attributable to their incurring the cost of dental work.
Excess protection (for motor insurance)	<i>contracts of insurance</i> to cover the risks of incurring an excess in the event of a motor insurance claim.
Extended warranty – furniture	<i>contracts of insurance</i> against the risks of loss attributable to damage to furniture and having the effect as if the manufacturer’s or vendor’s warranty on the furniture is extended for a period of time or is extended in scope.
Extended warranty – electrical goods	<i>contracts of insurance</i> against the risks of loss attributable to failure of an electrical product (excluding motor vehicles and personal gadgets) and having the effect as if the manufacturer’s or vendor’s warranty on the product is extended for a period of time or is extended in scope.
Extended warranty – motor	<i>contracts of insurance</i> against the risks of loss to the persons insured attributable to failure of a motor vehicle and having the effect as if the manufacturer’s or vendor’s warranty on the motor vehicle is extended for a period of time or is extended in scope.

Product	Product definition
Gadget (including mobile phone)	<i>contracts of insurance</i> against the risks of loss attributable to loss, breakdown or failure of a personal electronic gadget (including mobile phones).
<i>GAP contracts</i>	see <i>Glossary</i> definition.
Healthcare cash plan	<i>contracts of insurance</i> providing fixed pecuniary benefits against risks of the persons insured requiring health care for sickness, infirmity, dental work or injuries sustained.
Home – buildings	<i>contracts of insurance</i> against loss of or damage to the structure of (but not the contents of) domestic properties.
Home – buildings and contents	<i>contracts of insurance</i> against loss or damage to either the structure or contents of domestic properties and including cover against risks of incurring liabilities to third parties arising out of injuries sustained within the boundary of a domestic property.
Home – contents	<i>contracts of insurance</i> against loss of or damage to the contents of (but not the structure of) domestic properties.
Home emergency	<i>contracts of insurance</i> providing assistance in the event of home emergencies.
Identity theft	<i>contracts of insurance</i> relating to assistance in the event of identity theft.
Key cover	<i>contracts of insurance</i> to cover the risks of loss arising from lost, stolen and/or broken keys.
Missed Event/Ticket insurance	<i>contracts of insurance</i> against the risk of loss of use of the ticket (excludes <i>travel policies</i> ).
Mortgage payment protection	<i>payment protection contracts</i> enabling a <i>policyholder</i> to protect their ability to continue to make payments due to third parties in respect of mortgages.
Motor	<p><i>motor vehicle liability</i>, where the <i>vehicle</i> has more than two wheels and is not a motorcycle with side-car and:</p> <p>(a) the primary purpose of each <i>vehicle</i> insured on the contract is to transport nine or fewer non-fare paying persons and each <i>vehicle</i> insured on the contract is individually rated;</p> <p>(b) the primary purpose of each <i>vehicle</i> insured on the contracts is to transport nine or fewer non-fare paying persons the persons insured are not a body corporate or partnership, and the number of <i>vehicles</i> insured on the contract is three or less; or</p> <p>(c) the primary purpose of each <i>vehicle</i> insured on the contracts is to transport ten or more non-fare paying persons, the persons insured are not a body corporate or partnership and each <i>vehicle</i> insured on the contract is individually rated.</p>
Motorcycle	<i>motor vehicle liability</i> in respect of two-wheeled <i>vehicles</i> or motorcycles with a side car.

Product	Product definition
Parts and garage cover	<i>contracts of insurance</i> to cover the risks of incurring parts and garage repair costs in the event of a motor vehicle breakdown, but excluding breakdown insurance.
Payment protection (including credit card, store cards and personal loans)	<i>payment protection contracts</i> enabling a <i>policyholder</i> to protect their ability to continue to make payments due to third parties other than in respect of mortgages.
Personal accident	<p><i>contracts of insurance</i> providing fixed pecuniary benefits and/or benefits in the nature of indemnity against the risks of a beneficiary:</p> <p>(a)sustaining injury as a result of an accident; or</p> <p>(b)dying as a result of an accident; or</p> <p>(c)becoming incapacitated in consequence of disease,</p> <p>but excluding healthcare cash plans and private medical products.</p>
Pet – accident only policies	<i>contracts of insurance</i> against the risk of loss to the person insured attributable to accidents to domestic pets, providing for each accidental injury.
Pet – lifetime policies	<i>contracts of insurance</i> against risk of loss to the person insured attributable to new illness or injury to domestic pets, providing a set amount of cover each year the <i>policy</i> remains in force.
Pet – maximum benefit policies	<i>contracts of insurance</i> against risk of loss to the person insured attributable to sickness of or accidents to domestic pets providing a fixed maximum benefit for each illness or injury.
Pet – time-limited policies	<i>contracts of insurance</i> against risk of loss to the person insured attributable to sickness of or accidents to domestic pets to cover the treatment of each illness or injury and a set time period for which treatment of each illness or injury will be covered.
Single trip – travel	<i>contracts of insurance</i> against a risk of loss to the persons insured attributable to a travelling on single-trip or to their making of travel arrangements for a single trip.
Travel (annual) – EU	<i>contracts of insurance</i> against a risk of loss to the persons insured attributable to their travelling or to their making of travel arrangements, covering the <i>UK</i> and/or the <i>EU</i> for a year.
Travel (annual) – worldwide	<i>contracts of insurance</i> against a risk of loss to the persons insured attributable to their travelling or to their making of travel arrangements, covering worldwide travel (excluding European-only travel insurance) for a year.
Tyre insurance	<i>contracts of insurance</i> to cover the risks of loss arising from the need to repair or replace motor vehicle tyres.

Product	Product definition
Vehicle cosmetic insurance	<i>contracts of insurance</i> to cover the risks of loss arising from cosmetic damage to motor vehicles <i>such as minor scratches and dents</i> . (excludes motor and motorcycle insurance policies).
Vehicle misfuelling insurance	<i>contracts of insurance</i> to cover the risks of loss arising from putting the wrong fuel into motor vehicles.
Vehicle pothole insurance	<i>contracts of insurance</i> to cover risks of loss arising from vehicle damage caused by potholes.
Wedding and party insurance	<i>contracts of insurance</i> against the risk of loss arising from the cancellation of weddings or private parties.

Value measures report form (REP019)

SUP 16 Annex 48AR



Notes on completing the value measures report form (REP019)

Proforma column	Proforma	Guidance
B	Add-on policies and stand-alone policies sales	Where cover is included within the main <i>policy</i> or sold as an optional extra or a cover extension of the <i>policy</i> (A) and not a separate <i>policy</i> then that cover should be reported as part of the reporting for <i>policy</i> (A). The only exception to this approach is the reporting of legal expenses cover which should be reported separately in any event.
F	Number of claims registered	<p>Examples of how the number of claims registered should be reported are set out below:</p> <p>Scenarios</p> <p>Where an event covers multiple claim components this should be reported as a single claim. This could include multiple treatments for a single condition for pet insurance, which would be treated as a single claim.</p> <p>Where a person contacts the <i>firm</i> to report an event as required under their insurance <i>policy</i> but does not wish to make a claim, this should not be reported as a claim registered.</p> <p>Where a customer initially calls, or contacts the <i>firm</i>, to make a claim and is advised at that time that the loss is not covered or the claim is below the <i>policy</i> excess and decides not to pursue a potential claim further then this should be reported as a claim registered and a rejected claim.</p> <p>Where a person rings the <i>firm</i> to ask a general or hypothetical question about their <i>policy</i> or the cover, or checks their <i>policy</i> coverage online then this should not be reported as a claim registered.</p>

Proforma column	Proforma	Guidance
I	Number of claims accepted	<p>Where a claim is registered but not subsequently pursued (including where the customer does not contact the <i>firm</i> again) and the <i>firm</i> closes the claim within a reasonable period then the claim should be removed from claims registered (in the period that the claim is closed) and treated as a claims walkaway in that period.</p> <p>Examples of how the number of claims accepted should be reported are set out below:</p> <p>Scenarios</p> <p>If a <i>firm</i> pays out on one element of a claim, but is still investigating another element of the claim at the end of the relevant reporting period (i.e. the claim is still open) then this claim should only be reported as a claim accepted in the reporting period in which:</p> <p>(a) the final pay-out has been made; or</p> <p>(b) the claim is otherwise closed.</p> <p>If a <i>firm</i> pays out on one or more elements of a claim, but rejects other elements of the claim (and the claim is now closed by the end of the reporting period) then this claim acceptance should be reported in this data field.</p> <p>If a <i>firm</i> pays out on one or more elements of a claim and there are no outstanding elements of the claim at the year end and it is closed, these claims should be included. If in the subsequent period, the claim is reopened then this subsequent element of the claim should not be included in this data field.</p>
J	Claims rejected	<p>For the purposes of the report <i>firms</i> may use the description of insurance fraud in the Insurance Fraud Register (see <a href="http://www.theifr.org.uk/en/faqs/#1175">http://www.theifr.org.uk/en/faqs/#1175</a>).</p> <p>An example of a claim rejected because of breach of condition of the <i>policy</i> is where a claimant failed to notify the provider</p>



Proforma column	Proforma	Guidance
		<p>within an appropriate time period after an event that was likely to result in a claim.</p> <p>An example of a claim rejected because there is no cover is where the claim falls within an exclusion under the terms and conditions.</p> <p><i>Firms</i> should include claims rejected at the first notification of loss.</p> <p><i>Firms</i> should include claims whether or not they were registered in the same reporting period as they were rejected.</p> <p>Examples of how <i>firms</i> should report rejected claims are set out below:</p> <p>Scenarios</p> <p>Where a <i>firm</i> rejects one element of the claim but other element(s) of the claim are still being investigated and are outstanding then this partial rejection should not be included in this data field for this reporting period. However, if in the following period the remaining elements of the claim are rejected then the claim rejection should then be included in this data field for that later reporting period.</p> <p>Where a <i>firm</i> accepts one element of the claim but rejects another element of the claim, this should not be treated as a rejected claim.</p> <p>Where a claim has been rejected because the <i>policy</i> has been voided, this should not be treated as a rejected claim.</p> <p>Where a customer has contacted the wrong <i>insurer</i> or provider to make a claim – this should not be included in the registered and rejected claims data.</p> <p>Where a person contacts the <i>firm</i> to enquire whether they are covered for a claim (relating to an event that has taken place or loss that has occurred) and are informed that they are not covered, then this should</p>

Proforma column	Proforma	Guidance
L	Total claims pay-out cost	<p>be included in both claims re-jected and claims registered.</p> <p>Where an <i>insurer</i> or provider is part of a panel and the panel provider may not record which <i>insurer</i>/providers on the panel rejected the claim – <i>firms</i> may estimate their number of re-jected claims by calculating a proportion of rejected claims in line with the <i>insurer</i>/provider's share of the business.</p> <p>Where a claim is closed and the only cost incurred is an investi-gation fee or cost (e.g. a call-out charge) and the claim is re-jected then this should be treated as a rejected claim. However, if following the in-vestigation the customer walks away from the claim then the claim should not be treated as a rejected claim.</p> <p>Where a claim is registered and some elements of the claim have been rejected, but the cus-tomer has walked away from the remaining elements of the claim then this should be treated as a rejected claim.</p> <p>These costs could include both internal and external out-sourced costs, where relevant. For example, loss assessment ac-tivities performed in-house could be included, including both the direct cost and an ap-propriate apportionment of overheads.</p> <p>Excluded costs are:</p> <ul style="list-style-type: none"><li>•expenses including costs associ-ated with the general handling of claims;</li><li>•other non-claims costs; and</li><li>•costs of providing a regular ser-vice element such as a helpline or a boiler service for home emergency.</li></ul> <p>Scenarios</p> <p>Where part of the claim was paid-out in the previous re-ported period and part in the current reporting period, then the claim pay-out that took place in the previous period should be included in the calcu</p>

Proforma column	Proforma	Guidance
		lation for the total pay-out in the current reporting period.  Where a claim has been closed/ settled in the previous period but the claim has been re-opened in the current reporting period, any additional claim pay-out should be included in this field.  Where <i>firms</i> subsequently receive recoveries from other <i>firms</i> these recoveries should be netted off against the relevant claim pay-outs.  Where a claim is settled, but the settlement includes a regular payment element then the settlement value as it is reported on the <i>firm's</i> system should be included in the cost.  For all legal expenses and vehicle breakdown products, <i>firms</i> are not required to report data for total claims pay out costs and average claim pay out.
N	Top 2% of claims	<i>Firms</i> should report the amount that the top 2% of claim pay-outs are above in the reporting period.  For example, if you have 100 claims then the 2% column would be the total claim pay-out cost for the claim accepted with the 2nd highest claim.  For all legal expenses and vehicle breakdown products, <i>firms</i> are not required to report data for the top 2% of claims.
Q	Claims complaints as a % of claims	This may be calculated as the number of claims complaints divided by the number claims registered.



General insurance pricing information report forms (REP 021, REP021a, REP021b, REP021c, REP021d and REP021e)

General insurance pricing information report forms



Notes on completing the general insurance pricing information report forms (REP 021, REP021a, REP021b, REP021c, REP021d and REP021e)

This annex contains guidance on completing the pricing information report form (REP 021)

General notes

- (1) All *firms* should complete REP021e. In addition, *insurers* and *managing agents* should complete REP021, REP021a and REP021b, and price setting *intermediaries* should complete REP021c and REP021d.
- (2) All monetary figures should be rounded to the nearest pound.
- (3) Unless otherwise stated, monetary figures should be calculated and reported excluding insurance premium tax.
- (4) Multi-product *policies* which include both *home insurance* and *motor insurance* in a single *policy* should be split between *home insurance* and *motor insurance* and reported as two separate *policies*.
- (5) *Firms* should provide their core pricing information on the core product on an aggregated basis for each of *home insurance* and *motor insurance* products, including *closed books*, and then split by:
  - (a)product type e.g. *motor insurance*: car, motorcycles, including tricycles, other, *home insurance*: buildings only, contents only, buildings and contents;
  - (b)type of *channel* e.g. all products sold direct, via price comparison websites, via intermediaries or via *affinity/partnership schemes*; and
  - (c)*tenure*. For example, for each of *customers* with less than 1-year relationship with the *firm*, *customers* with a 1-year relationship with the *firm*, *customers* with a 2-year relationship etc.
- (6) *Firms* should provide their additional claims-related information on the core product on an aggregated basis for each of *home insurance* and *motor insurance* products, including *closed books*, split by product type only.
- (7) *Firms* should also report core pricing information separately for *closed books*. *Firms* should name each *closed book* with 10,000 *policies* or more. *Firms* should provide information separately for each *closed book* with 10,000 *policies* or more and other *closed books* on an aggregated basis, split by:
  - (a)product type; and
  - (b)*tenure*.
- (8) *Firms* should provide their information on related *additional products* and fees on an aggregated basis for each of their *home insurance* and *motor insurance* business, including *closed books*, split by *tenure*. This information does not need to be categorised by product type.

Data	Notes
Tenure	<p>The number of years a <i>customer</i> has held the <i>policy</i>, including any <i>renewal</i>.</p> <p>For example:</p> <p>T0 = <i>customer</i> who has held their <i>policy</i> for less than 1 year;</p> <p>T1 = <i>customers</i> who held their <i>policy</i> for 1 year;</p> <p>T10+ = <i>customers</i> who have held their <i>policy</i> for 10 years or more.</p>

Data	Notes
	<p><i>Firms</i> should round down to the last full year the <i>customer</i> has held a <i>policy</i> with them in cases where <i>customers</i> have contracts that renew on shorter than annual basis. For example, a <i>firm</i> should classify a <i>customer</i> on a six-monthly contract who has renewed the policy once as T0 (<i>customer</i> who has held their <i>policy</i> for less than 1 year) and a <i>customer</i> who has renewed this policy three times as T1 (<i>customers</i> who have held their <i>policy</i> for 1 year).</p> <p><i>Firms</i> should report data for each <i>tenure</i> individually from T0 to T9 inclusive. Data for any <i>tenure</i> that is T10 or greater should be aggregated and reported as T10+.</p> <p>For <i>retail premium finance</i>, the <i>tenure</i> of the core product should first be considered and then the <i>tenure</i> of the <i>retail premium finance</i>. For example, if a <i>customer</i> cancels an existing <i>policy</i> with <i>retail premium finance</i> and takes out a new <i>policy</i> with <i>retail premium finance</i>, then the <i>tenure</i> for both the new <i>policy</i> and the <i>retail premium finance</i> would be T0. If a <i>customer</i> has the same <i>policy</i> for four years and pays by <i>retail premium finance</i> for the first two years, and for the third year does not use <i>retail premium finance</i> but for the fourth year uses <i>retail premium finance</i> again, the <i>tenure</i> in the fourth year would be T4 for the core product and T0 for the <i>retail premium finance</i>.</p>
Closed books	<p><i>Firms</i> should name each <i>closed book</i> containing 10,000 or more <i>policies</i>. <i>Firms</i> should report information separately for each <i>closed book</i> containing 10,000 or more <i>policies</i> and for all other <i>closed books</i> on an aggregated basis. Separate reporting for <i>closed books</i> should cover the period from the date on which the <i>firm</i> categorised the relevant books as being <i>closed books</i> until the end of the reporting period.</p>
Total gross written premium	The total amount of gross written <i>premium</i> , (excluding insurance premium tax) in relation to <i>policies</i> inceptioned or renewed during the reporting period.
Average gross premium	The total amount of gross written <i>premium</i> , (excluding insurance premium tax) in relation to <i>policies</i> inceptioned or renewed during the reporting period divided by the number of <i>policies</i> inceptioned or renewed in that reporting period.
Total net-rated written premium	For <i>net-rated business</i> , <i>insurers</i> , <i>managing agents</i> and price-setting <i>intermediaries</i> should report the total net-rated <i>premium</i> set by the <i>insurer</i> or <i>managing agent</i> in relation to <i>policies</i> inceptioned or renewed during the reporting period.
Average net-rated premium	For <i>net-rated business</i> , <i>insurers</i> , <i>managing agents</i> and price-setting <i>intermediaries</i> should report the total net-rated <i>premium</i> set by the <i>insurer</i> or <i>managing agent</i> in relation to <i>policies</i> inceptioned or renewed during the reporting period divided by the number of <i>policies</i> inceptioned or renewed on a <i>net-rated business</i> basis in the reporting period.
Total number of <i>policies</i> inceptioned/renewed	The total number of <i>policies</i> inceptioned for <i>tenure</i> T0 and the total number of <i>policies</i> renewed (all other <i>tenures</i> ).
Total number of <i>policies</i> in force	The total number of <i>policies</i> in force at the end of the reporting period.
Average prior year gross premium	<p><i>Firms</i> should report the average gross <i>premium</i> for <i>customers</i> in the preceding year for the core product by product type, type of <i>channel</i> and by <i>tenure</i>. For example, if a <i>firm</i> is reporting data for <i>motor insurance</i>: car, for direct sales to <i>customers</i> with <i>tenure</i> T4, then the <i>firm</i> should report the average gross <i>premium</i> for these <i>customers</i> at <i>tenure</i> T3.</p> <p><i>Firms</i> do not need to report average prior year gross <i>premium</i> in respect of <i>customers</i> of <i>tenure</i> T0.</p>
Proportion of <i>customers</i> where the expected claims ratio is between X% and Y%	Expressed as a percentage, the proportion of <i>customers</i> where the expected claims ratio is between X% and Y%.



Data	Notes
pected claims ratio falls within given bandings	<p>For example, for the proportion of <i>customers</i> with expected claims ratio greater than 30% but less than or equal to 40% for the direct sales type of <i>channel</i>, with a <i>tenure</i> of one year (T1), expressed as a percentage:</p> <p>A. calculate the number of <i>policies</i> inceptioned or renewed with expected claims ratio greater than 30% but less than or equal to 40%; and</p> <p>B. divide (A) by the total number of <i>policies</i> inceptioned or renewed for the direct sales type of <i>channel</i> and <i>customers</i> of <i>tenure</i> T1.</p>
Total earned <i>premium</i>	<p>The total <i>premium</i> earned in the claims-related reporting period. This should be calculated on the same basis as that reported in a <i>firm's</i> financial statements.</p> <p>This information is only to be reported for the total aggregated figures by product type (not by <i>tenure</i>).</p>
Average earned <i>premium</i>	<p>The total <i>premium</i> earned in the claims-related reporting period divided by the number of <i>policies</i> from which the total <i>premium</i> was earned. This should be calculated on the same basis as a <i>firm</i> calculates this metric for internal purposes.</p> <p>This information is only to be reported for the total aggregated figures by product type (not by <i>tenure</i>).</p>
Gross incurred claims ratio (with IBNR/IBNER)	<p>Expressed as a percentage, actual claims incurred ratio for the claim-related reporting period. This data is only to be reported for total aggregated figures by product type (not by <i>tenure</i>).</p> <p>The <i>gross incurred claims ratio</i> represents the incurred claims cost (gross of <i>reinsurance</i>) as a proportion of earned <i>premium</i> (gross of <i>reinsurance</i>), expressed as a percentage. Incurred claims cost is the cost of all claims reported for the claims-related reporting period, plus any other changes in the claims' reserves including for IBNR, IBNER and prior years' reserve adjustments in that period. This should be calculated on the same basis as that reported in a <i>firm's</i> financial statements.</p> <p>IBNR is claims incurred but not reported.</p> <p>IBNER is claims incurred but not enough reported.</p> <p>This information is only to be reported for total aggregated figures by product type (not by <i>tenure</i>).</p>
Developed incurred claims ratio (with IBNR/IBNER)	<p>Expressed as a percentage, actual adjusted (ultimate) claims ratio for:</p> <ul style="list-style-type: none"> <li>•the previous claim-related reporting period</li> <li>•the claim-related reporting period 2 years ago</li> <li>•the claim-related reporting period 3 years ago</li> </ul> <p>The developed incurred claims ratio is the <i>gross incurred claims ratio</i> for prior years adjusted for claims that were not fully developed. This should be calculated on the same basis as that used by the <i>firm</i> to calculate the developed incurred claims ratio for internal purposes.</p> <p>This information is only to be reported for total aggregated figures by product type (not by <i>tenure</i>).</p>
Total prior years' reserve release	<p><i>Firms</i> should report any reserve releases in the current claim-related reporting period that relate to surplus reserves for prior years.</p> <p>This information is only to be reported for total aggregated figures by product type (not by <i>tenure</i>).</p>

Data	Notes
Total prior years' reserve strengthening	<i>Firms</i> should report any reserve strengthening in the current claim-related reporting period that relate to shortfalls in reserves for prior years.  This information is only to be reported for total aggregated figures by product type (not by <i>tenure</i> ).
Total charged (£) for <i>retail premium finance</i> in the reporting period	Total charged for <i>retail premium finance</i> on <i>policies</i> inceptioned or renewed in the reporting period.  The total charged (£) should include only the charge for <i>retail premium finance</i> (and not the total gross written <i>premium</i> of the related core or add-on <i>policies</i> ).
<i>Retail premium finance</i> – number of <i>policies</i> (core products and add-on <i>policies</i> ) inceptioned or renewed with <i>retail premium finance</i>	Total number of <i>policies</i> inceptioned or renewed in the reporting period with <i>retail premium finance</i> .
<i>APR</i> range	The number of <i>policies</i> where the related <i>retail premium finance</i> sold falls within each the following specific <i>APR</i> ranges:  <ul style="list-style-type: none"> <li>•0%</li> <li>•0.1% - 9.9%</li> <li>•10% - 19.9%</li> <li>•20% - 29.9%</li> <li>•30% - 39.9%</li> <li>•40% - 49.9%</li> <li>•50% or more</li> </ul> Where <i>APR</i> falls within a range boundary, e.g. 9.95%, <i>firms</i> should round down. For example, an <i>APR</i> of 9.95% should be reported in the 0.1% - 9.9% <i>APR</i> range. However, an <i>APR</i> of less than 0.1% but greater than 0% should be reported in the 0.1% to 9.9% <i>APR</i> range.  Where a <i>customer's</i> credit risk rating is used in calculating their insurance risk, any related loading should not be reported under <i>retail premium finance</i> .
<i>Premiums</i> from add-on <i>policies</i> inceptioned or renewed - gross written <i>premium</i>	Total gross written <i>premium</i> from add-on <i>policies</i> inceptioned or renewed in the reporting period.  Cover extensions and optional extras should be reported as part of reporting for the core product and not as an add-on <i>policy</i> . Gross written <i>premium</i> should include only the gross written <i>premium</i> for add-on <i>policies</i> (and not that for related core <i>policies</i> ).
Number of add-on <i>policies</i> inceptioned or renewed	Total number of add-on <i>policies</i> inceptioned or renewed in the reporting period.
Pre-contractual fees	Total and average (mean) pre-contractual fees charged on the core product (net of value added tax). The average is the average for each reporting category, based on the number of <i>customers</i> who incurred fees.
Post-contractual fees	Total and average (mean) of any post-contractual fees on the core product (net of value added tax). The average is the average for each reporting category, based on the number of <i>customers</i> who incurred fees.

Funeral Plan

Funeral Plan Providers - Quarterly Conduct Return (FPR001)Funeral Plan Providers - Half-Yearly Prudential Returns (FPR003a)

Funeral Plan Intermediaries - Half-Yearly Prudential Returns (FPR003b)



## Funeral Plan

Proposed Guidance notes for completion of the quarterly conduct return (FP001) for Funeral Plan Providers

Guidance notes for completion of the half yearly prudential data regulatory return FP003a for Funeral Plan Providers and FP003b Funeral Plan Intermediaries



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## **MIF008 remuneration report**

This annex consists of forms which can be found through the following link: [data item MIF008](#)





Guidance notes for the MIF008

This annex consists of forms which can be found through the following link: [guidance notes to data item MIF008](#)



Data items for FIN073 (the Baseline Financial Resilience Report)

Data items for FIN073 (the Baseline Financial Resilience Report) following link:



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## **Guidance notes on the data items for FIN073 (the Baseline Financial Resilience Report)**

This annex consists of guidance which can be found through the following link:

[Guidance notes on the data items for FIN073 \(the Baseline Financial Resilience Report\)](#)



Categories of investment for notifications and reports relating to approvals of financial promotions

This Annex belongs to ■ SUP 16.31.6R and ■ SUP 16.31.10R.

Type of investment
Deposit
Life policy
Non-investment insurance contract
Listed share
Unlisted share promoted on an investment-based crowdfunding platform
Unlisted share (not including those promoted on an investment-based crowdfunding platform)
Debenture promoted on an investment-based crowdfunding platform
Debenture (not including those promoted on an investment-based crowdfunding platform)
Alternative debenture
Government and public security
Warrant
Certificate representing certain security
Unit
Pension (personal or stakeholder pension scheme)
Option
Future
Contract for differences
Emissions allowance
Lloyd’s syndicate capacity and membership
Funeral plan contract
Regulated mortgage contract
Home reversion plan
Home purchase plan
Regulated sale and rent back agreement
Credit agreement (buy now pay later)
Credit agreement (not including buy now pay later)
Consumer hire agreement
Qualifying cryptoasset
Peer-to-peer agreement
Rights to or interests in investment
Claims management activity
Other





# Chapter 17

## Transaction reporting [deleted]



## Chapter 17A

# Transaction reporting and supply of reference data

## 17A.1 Application

### 17A.1.1

**R**

This chapter applies to:

- (1) a *MiFID investment firm* (excluding a *collective portfolio management investment firm*) which:
  - (a) *executes transactions* in a *reportable financial instrument*; and
  - (b) is required under article 26(1) of *MiFIR* to report its *transactions* to the *FCA*;
- (2) an operator of a *trading venue*:
  - (a) through whose systems and platforms a *transaction* in a *reportable financial instrument* is *executed* by a *person* not subject to *MiFIR*; and
  - (b) which is required under article 26(5) of *MiFIR* to report such transactions to the *FCA*;
- (3) a *third country investment firm* which *executes transactions* in a *reportable financial instrument*; and
- (4) a *systematic internaliser* or an operator of a *trading venue* which is required under article 27 of *MiFIR* to supply identifying reference data relating to *financial instruments* traded on its system or *trading venue* to the *FCA*.

[**Note:** article 26 of *MiFIR* and *MiFID RTS 22* contain requirements regarding transaction reporting that are directly applicable to a *firm* in ■ SUP 17A.1.1R(1) or (2), and to an *ARM* or an operator of a *trading venue* which acts on behalf of a *MiFID investment firm* subject to article 26(1) of *MiFIR*]

### 17A.1.2

**G**

GEN 2.2.22AR has the effect of requiring *third country investment firms* to comply with the transaction reporting requirements in article 26 of *MiFIR* and *MiFID RTS 22* as though they were *MiFID investment firms*.

[**Note:** article 27 of *MiFIR* and *MiFID RTS 23* contain requirements about the supply of reference data that are directly applicable to a *systematic internaliser* in relation to *financial instruments* traded on its system or a *trading venue* in relation to *financial instruments* admitted to trading on a *regulated market* or traded on an *MTF* or *OTF*]

## 17A.2 Connectivity with FCA systems

- 17A.2.1** **R** The following *firms* or operators of *trading venues* must deal with the *FCA* in an open and co-operative way when establishing a technology connection with the *FCA* for the submission of *transaction reports* and/or the supply of reference data:
- (1) a *firm* in ■ SUP 17A.1.1R(1) or ■ 17A.1.1R(3) that chooses to submit its reports directly to the *FCA* instead of using an *ARM*;
  - (2) an operator of a *trading venue* in ■ SUP 17A.1.1R(2), other than a *UK RIE* that is not itself an *ARM*; and
  - (3) a *firm* or operator of a *trading venue* in ■ SUP 17A.1.1R(4), other than a *UK RIE*.
- 17A.2.1A** **G** The *FCA* expects a *systematic internaliser* that will be supplying the *FCA* with *financial instrument* reference data in respect of a *financial instrument* traded on its system that is not *admitted to trading* on a *regulated market* or traded on an *MTF* or *OTF* to establish a technology connection with the *FCA* for the supply of that reference data.
- 17A.2.1B** **G** A *firm* in ■ SUP 17A.1.1R(4) may use a third party technology provider to submit to the *FCA* *financial instrument* reference data in respect of a *financial instrument* traded on its system provided that it does so in a manner consistent with *MiFID* and *MiFIR*. *Firms* will retain responsibility for the completeness, accuracy and timely submission of the data. A *firm* should be the applicant for, and should complete and sign, the *FCA MDP on-boarding application form*.
- 17A.2.2** **R** To ensure the security of the *FCA's* systems, a *firm* or operator of a *trading venue* in ■ SUP 17A.2.1R must:
- (1) sign the *MIS confidentiality agreement* at ■ MAR 9 Annex 10D; and
  - (2) send it by email it to MDP.onboarding@fca.org.uk or post an original signed copy to the *FCA* addressed to:
 

The Financial Conduct Authority  
FAO The Markets Reporting Team  
12 Endeavour Square  
London, E20 1JN.

- 17A.2.3** G Once the *FCA* receives the *MIS confidentiality agreement* from the *firm* or operator of a *trading venue*, the *FCA* will:
- (1) provide the *firm* or operator with the *Market Interface Specification (MIS)*; and
  - (2) request the *firm* or operator to:
    - (a) confirm to the *FCA* that it can satisfy these specifications by completing the *FCA MDP on-boarding application form* at ■ [MAR 9 Annex 7D](#); and
    - (b) provide the completed form and any relevant documents to the *FCA* together with the associated fee in ■ [FEES 3.2.7R](#).
- 17A.2.4** R The *firm* or operator of a *trading venue* must confirm to the *FCA* that it can satisfy the *FCA*'s technical specifications before it can establish a technology connection with the *FCA* for the submission of *transaction reports* and/or the supply of reference data.
- 17A.2.5** G Where an *ARM* is used to satisfy a *MiFID investment firm's* or a *third country investment firm's transaction reporting obligations* in accordance with article 26 of *MiFIR* or GEN 2.2.22AR, ■ [MAR 9](#) applies.

## Chapter 18

# Transfers of business



18.1 Application

- 18.1.1
- G
- This chapter provides *guidance* in relation to business transfers.

(1)

■ SUP 18.2 applies to any *firm* or to any *underwriting member* or any former *member* of Lloyd's proposing to transfer the whole or part of its business by an *insurance business transfer scheme* or to accept such a transfer. Some of the *guidance* in this chapter, for example, at ■ SUP 18.2.31 G to ■ SUP 18.2.41 G also applies to the *independent expert* making the *scheme report*.

(2)

■ SUP 18.3 applies to any *firm* proposing to accept certain transfers of *insurance business* taking place outside the *United Kingdom*.

(3)

■ SUP 18.4 applies to any *friendly societies* proposing to amalgamate under section 85 of the Friendly Societies Act 1992, to any *friendly society* proposing to transfer engagements under section 86 of that Act to another body and to any body (whether or not it is a *friendly society*) proposing to accept such a transfer. ■ SUP 18.4 also provides *guidance* to those wishing to make representations to the appropriate authority about an application for confirmation of an amalgamation or transfer.
- Interpretation
- 18.1.1A

G

The 'appropriate authority' in this chapter means the regulator within the meaning of section 119 of the Friendly Societies Act 1992.

18.1.1B

G

References to the 'regulator' and 'regulators' in this chapter means the *FCA* and/or the *PRA*.

18.1.1C

G

References to the 'Memorandum of Understanding' in this chapter is to the memorandum of understanding in force between the regulators under section 3E of the *Act*.

18.1.2

G

[deleted]
- Introduction
- 18.1.3

G

*Insurance business transfers* are subject to Part VII of the *Act* and must be approved by the court under section 111. The following statutory pieces of legislation also apply:
- SUP 18/2
- www.handbook.fca.org.uk
- Release 35 ● Apr 2024



- (1) The Financial Services and Markets Act 2000 (Control of Business Transfers) (Requirements on Applicants) Regulations 2001 (SI 2001/3625), as amended by the Financial Services and Markets Act 2000 (Control of Business Transfers)(Requirements on Applicants) (Amendment) Regulations 2008 (SI 2008/1467) and the Financial Services and Markets Act 2000 (Amendments to Part 7) Regulations 2008 (SI 2008/1468);
- (2) the Financial Services and Markets Act 2000 (Control of Transfers of Business Done at Lloyd's) Order 2001(SI 2001/3626), as amended by The Financial Services and Markets Act 2000 (Control of Transfers of Business Done at Lloyd's) (Amendment) Order (2008/1725); and
- (3) the Reinsurance Directive Regulations 2007 (SI 2007/3253) and the Financial Services and Markets Act 2000 (Reinsurance Directive) Regulations 2007 (SI 2007/3255),

These regulations set out minimum requirements for publicising schemes, notifying certain interested parties directly (subject to the discretion of the court), and giving information to anyone who requests it.

**18.1.4** G An *insurance business transfer scheme* is defined in section 105 of the Act and the definition has been extended to transfers from *underwriting members* and former *members* of Lloyd's.

- (1) [deleted]
  - (a) [deleted]
  - (b) [deleted]
  - (c) [deleted]
- (2) [deleted]

The business transferred may include liabilities and potential liabilities on expired *policies*, liabilities on current *policies* and liabilities on contracts to be written in the period until the transfer takes effect. The parties to schemes approved under foreign legislation or involving novations of reinsurance or a captive *insurer* can apply to the court for an order sanctioning the scheme.

**18.1.5** G The regulators are likely to consider a novation or a number of novations as amounting to an *insurance business transfer* only if their number or value were such that the novation was to be regarded as a transfer of part of the business. A novation is an agreement between the *policyholder* and two *insurers* whereby a contract with one *insurer* is replaced by a contract with the other. If an *insurer* agrees to meet the liabilities (this may include undertaking the administration of the *policies*) of another *insurer* by means of a reinsurance contract, including Lloyd's *reinsurance to close*, this would not constitute an *insurance business transfer* because the contractual liability remains with the original *insurer*; nor would an arrangement whereby an *insurer* offers to renew the *policies* of another *insurer* on their expiry date.

**18.1.6** G Under section 112 of the Act, the court has wide discretion to transfer property and liabilities to the transferee and to make orders in relation to incidental, consequential and supplementary matters.

- 18.1.7

G

Amalgamations of *friendly societies* and transfers of engagements from *friendly societies* to other bodies (whether or not *friendly societies*) are governed by part VIII of the Friendly Societies Act 1992 and Schedule 15 to that Act applies.
- 18.1.8

G

Legislation in respect of other transactions, for example, cross-border mergers, does not negate the requirements under Part VII of the Act. It is for the *firms* participating in such transactions to determine whether or not the proposed transfer gives rise to an *insurance business transfer*. The regulators expect *firms* proposing such transactions to discuss the proposal with them as soon as practicable.



18.2 Insurance business transfers

Purpose

18.2.1 G Transfers may enable *firms* to manage their affairs more effectively. However they represent an interference in the contracts between a *firm* and its *customers*, without the consent of each *customer*, and may also affect the rights of third parties. An important protection is the requirement for the consent of the court.

The regulators

- 18.2.1A G
- (1) Part VII of the *Act* prescribes certain statutory functions in relation to *insurance business transfer schemes* for both the *PRA* and the *FCA*. In accordance with the *Act*, the *PRA* and the *FCA* maintain a Memorandum of Understanding, which describes each regulator’s role in relation to the exercise of its functions under the *Act* relating to matters of common regulatory interest and how each regulator intends to ensure the coordinated exercise of such functions. Under the Memorandum of Understanding, the *PRA* will lead the process for *insurance business transfers* and will be responsible for specific regulatory functions connected with Part VII applications, including the provision of certificates under section 111 of the *Act*. Further, the *PRA* will consult with the *FCA* both at the outset and throughout the *insurance business transfer* process. As such, the scheme promoters should first approach the *PRA* but should also consider whether any aspect of their proposals should be discussed with the *FCA* at an early stage. Scheme promoters should also consider ■ SUP 18.2.13 G.
  - (2) By virtue of section 110 of the *Act*, both the *PRA* and the *FCA* are entitled to be heard in the proceedings. The Memorandum of Understanding confirms that both the *PRA* and the *FCA* may provide the court with written representations setting out their views on the proposed transfer scheme, for example, by way of a report to the court. Each regulator will decide in relation to each *insurance business transfer* whether it is necessary or appropriate to prepare a report bearing in mind its objectives and other relevant matters.
  - (3) As set out in the Memorandum of Understanding, before nominating or approving an *independent expert* under section 109(2)(b) of the *Act* or approving the form of a *scheme report* under section 109(3) the *PRA* will first consult the *FCA*. Further, where the *PRA* is the *appropriate regulator* it will consult appropriately with the *FCA* before approving the notices required under the Financial Services and Markets Act 2000 (Control of Business Transfers) (Requirements on Applicants) Regulations 2001(SI 2001/3625).

18.2.1B	G	In exercising its functions under the <i>Act</i> , each regulator will, so far as is reasonably possible, act in a way which is compatible with, and most appropriate for advancing, its <i>statutory objectives</i> as set out in the <i>Act</i> and will have regard to the regulatory principles in section 3B of the <i>Act</i> .
18.2.2	G	[deleted]
18.2.3	G	[deleted]
18.2.4	G	[deleted]
18.2.5	G	Transfers may have both positive and negative effects on individual <i>consumers</i> . A key concern in this regard for each regulator will be to be satisfy itself that each <i>consumer</i> has adequate information and reasonable time within which to determine whether or not he is adversely affected and, if adversely affected, whether to make representations to the court.
18.2.6	G	[deleted]
18.2.7	G	[deleted]
18.2.8	G	[deleted]
18.2.9	G	[deleted]
18.2.10	G	[deleted]
18.2.11	G	[deleted]
		<b>Procedure: initial steps</b>
18.2.12	G	<p>When an <i>insurance business transfer scheme</i> is being considered, the scheme promoters should discuss the scheme with the <i>appropriate regulator</i> as soon as reasonably practical, to enable the regulators to consider what issues are likely to arise, and to enable a practical timetable for the scheme to be established.</p> <p>(1) [deleted]</p> <p>(2) [deleted]</p> <p>(3) [deleted]</p> <p>(4) [deleted]</p> <p>(5) [deleted]</p>

**18.2.13** G The initial documentary information on the scheme should be provided to the *PRA*, who will share it with the *FCA*, and should include its broad outline and its purpose. Each regulator may indicate to the promoters how closely it wishes to monitor the progress of the scheme, including the extent to which it wishes to see draft documentation.

#### Independent expert: qualifications

**18.2.14** G Under section 109(2) of the *Act* a *scheme report* may only be made by a *person*:

- (1) appearing to the *appropriate regulator* to have the skills necessary to enable him to make a proper report; and
- (2) nominated or approved for the purpose by the *appropriate regulator*.

**18.2.14A** G The promoters should ensure that any relevant fees are paid before any application will be considered.

**18.2.15** G The general principles set out in ■ SUP 5.4.8 G, for suitability of a *skilled person*, apply also to the *independent expert*. The regulators expect the *independent expert* making the *scheme report* to be a natural person, who:

- (1) is independent, that is any direct or indirect interest or connection he has or has had in either the transferor or transferee should not be such as to prejudice his status in the eyes of the court; and
- (2) has relevant knowledge, both practical and theoretical, and experience of the types of *insurance business* transacted by the transferor and transferee.

**18.2.16** G For a transfer of *long-term insurance business* the *independent expert* should be an *actuary* familiar with the role and responsibilities of the *actuarial function* holder and (if the relevant *insurance business* includes *with-profits insurance business*) a *with-profits actuary*.

**18.2.17** G For a transfer of *general insurance business* the *independent expert* should normally be competent at assessing technical provisions and the uncertainties of the liabilities they represent (such as an *actuary*). Exceptionally, where issues other than the ability of the transferee to meet the liabilities to be transferred are much more significant in assessing the likely effects of the scheme, this criterion might not be applied. In such a case the *independent expert* would be expected to take advice from an appropriately qualified practitioner about the adequacy of the financial resources of the transferee.

**18.2.18** G The *independent expert* would not normally be expected to be knowledgeable:

- (1) about *general insurance business* if the business being transferred is *long-term insurance business* only; nor

- (2) about *long-term insurance business* if the business being transferred is *general insurance business* only;

but, where either the transferor or transferee is a composite, he should understand the relevance of the *general insurance business* to the security of the *long-term insurance business policyholders* and vice versa and may need to seek independent specialist advice.

### Independent expert: appointment

- 18.2.19** G The suitability of a *person* to act as an *independent expert* depends on the nature of the scheme and the *firms* concerned. On the basis of the preliminary information supplied by the scheme promoters (and any other knowledge it has of the circumstances and the *firms*), the *appropriate regulator* will consider what skills are needed to make a proper report on the scheme and what criteria should therefore be applied to the choice of *independent expert*. The *appropriate regulator* will inform the promoters of any such criteria it is minded to apply.
- 18.2.20** G Under section 107(2) of the *Act*, the application to the court may be made by the transferor or the transferee or both. As soon as reasonably practical, the intended applicant should choose their nominee for *independent expert* in the light of any criteria advised by the *appropriate regulator*. The intended applicant(s) should then advise the *appropriate regulator* of their choice, unless the *appropriate regulator* wishes them to defer nomination or to make its own nomination. The notification should be accompanied by reasons why the party considers the nominee to be a suitable *person* to act as *independent expert*. Relevant details provided should usually include information about the nominee's experience and qualifications; the proposed terms and conditions of the nominee's appointment, including any *remuneration* arrangements; and any current or previous professional or commercial arrangements with the transferor or transferee or their associated companies, including the remuneration (direct or indirect) for those arrangements with the nominee and/or with any *professional firm* or company in which the nominee has or has had any interest..
- 18.2.21** G The regulators may wish to have preliminary discussions with the nominee about the transfer before the *appropriate regulator* determines if he is suitably qualified to address issues arising from the transfer. The regulators will consider the suitability of the nominee and the *appropriate regulator* will inform the *firm* that nominated him whether he has been approved. Since the nature of the scheme is a factor in determining the suitability of the nominee, the *appropriate regulator* cannot approve a nominee before the broad outlines of the scheme have been determined.
- 18.2.22** G The *appropriate regulator* may itself nominate the *independent expert*, either where it indicates that a nomination is not required by the parties, or where it does not approve the parties' own nomination. In either case the *appropriate regulator* will inform the promoters of its nominee.
- 18.2.23** G *Firms* should co-operate fully with the *independent expert* and provide him with access to all relevant information and appropriate staff.

		<b>Consultation with EEA regulators and/or other foreign regulators</b> .....
18.2.23A	G	Under the terms of the Memorandum of Understanding, the <i>PRA</i> will lead when carrying out consultation with foreign regulators.
18.2.24	G	[deleted]
18.2.25	G	(1) [deleted]  (1A) [deleted]  (2) The <i>United Kingdom</i> , the <i>appropriate regulator</i> will need to certify that the transferee will meet its solvency margin requirements after the transfer. If the <i>appropriate regulator</i> has required of a <i>firm</i> a "recovery plan" of the kind mentioned in the <i>PRA Rulebook: Solvency II firms: Undertakings in Difficulty</i> , the <i>appropriate regulator</i> will not issue a certificate for so long as it considers that <i>policyholders'</i> rights are threatened within the meaning of these paragraphs.
18.2.26	G	[deleted]
18.2.27	G	If the transferee is not (and will not be) <i>authorised</i> and will not be a <i>Swiss general insurance company</i> , then the <i>appropriate regulator</i> will need to consult the transferee's insurance supervisor in the place where the business is to be transferred. The <i>appropriate regulator</i> will need confirmation from this supervisor that the transferee will meet his solvency margin requirements there (if any) after the transfer.
18.2.28	G	[deleted]
18.2.29	G	[deleted]
18.2.30	G	[deleted]
		<b>Form of scheme report</b> .....
18.2.31	G	Under section 109 of the <i>Act</i> , a <i>scheme report</i> must accompany an application to the court to approve an <i>insurance business transfer scheme</i> . This report must be made in a form approved by the <i>appropriate regulator</i> . The <i>appropriate regulator</i> would generally expect a scheme report to contain at least the information specified in ■ SUP 18.2.33 G before giving its approval.
18.2.31A	G	When the <i>appropriate regulator</i> has approved the form of a <i>scheme report</i> , the scheme promoter may expect to receive written confirmation to that effect from that regulator.

- 18.2.32** **G** There may be matters relating to the scheme or the parties to the transfer that the regulators wish to draw to the attention of the *independent expert*. The regulators may also wish the report to address particular issues. The *independent expert* should therefore contact the regulators at an early stage to establish whether there are such matters or issues. The *independent expert* should form his own opinion on such issues, which may differ from the opinion of the regulators.
- 18.2.33** **G** The *scheme report* should comply with the applicable rules on expert evidence and contain the following information:
- (1) who appointed the *independent expert* and who is bearing the costs of that appointment;
  - (2) confirmation that the *independent expert* has been approved or nominated by the *appropriate regulator*;
  - (3) a statement of the *independent expert's* professional qualifications and (where appropriate) descriptions of the experience that fits him for the role;
  - (4) whether the *independent expert* has, or has had, direct or indirect interest in any of the parties which might be thought to influence his independence, and details of any such interest;
  - (5) the scope of the report;
  - (6) the purpose of the scheme;
  - (7) a summary of the terms of the scheme in so far as they are relevant to the report;
  - (8) what documents, reports and other material information the *independent expert* has considered in preparing his report and whether any information that he requested has not been provided;
  - (9) the extent to which the *independent expert* has relied on:
    - (a) information provided by others; and
    - (b) the judgment of others;
  - (10) the people on whom the *independent expert* has relied and why, in his opinion, such reliance is reasonable;
  - (11) his opinion of the likely effects of the scheme on *policyholders* (this term is defined to include *persons* with certain rights and contingent rights under the *policies*), distinguishing between:
    - (a) transferring *policyholders*;
    - (b) *policyholders* of the transferor whose contracts will not be transferred; and
    - (c) *policyholders* of the transferee;
  - (11A) his opinion on the likely effects of the scheme on any *reinsurer* of a transferor, any of whose contracts of *reinsurance* are to be transferred by the scheme;
  - (12) what matters (if any) that the *independent expert* has not taken into account or evaluated in the report that might, in his opinion, be relevant to *policyholders'* consideration of the scheme; and
  - (13) for each opinion that the *independent expert* expresses in the report, an outline of his reasons.



- 18.2.34** G The purpose of the *scheme report* is to inform the court and the *independent expert*, therefore, has a duty to the court. However reliance will also be placed on it by *policyholders*, by *reinsurers*, by others affected by the scheme and by the regulators. The amount of detail that it is appropriate to include will depend on the complexity of the scheme, the materiality of the details themselves and the circumstances.
- 18.2.35** G The summary of the terms of the scheme should include:
- (1) a description of any reinsurance arrangements that it is proposed should pass to the transferee under the scheme; and
  - (2) a description of any guarantees or additional reinsurance that will cover the transferred business or the business of the transferor that will not be transferred.
- 18.2.36** G The *independent expert's* opinion of the likely effects of the scheme on *policyholders* should:
- (1) include a comparison of the likely effects if it is or is not implemented;
  - (2) state whether he considered alternative arrangements and, if so, what;
  - (3) where different groups of *policyholders* are likely to be affected differently by the scheme, include comment on those differences he considers may be material to the *policyholders*; and
  - (4) include his views on:
    - (a) the effect of the scheme on the security of *policyholders'* contractual rights, including the likelihood and potential effects of the insolvency of the *insurer*;
    - (b) the likely effects of the scheme on matters such as investment management, new business strategy, administration, expense levels and valuation bases in so far as they may affect:
      - (i) the security of *policyholders'* contractual rights;
      - (ii) levels of service provided to *policyholders*; or
      - (iii) for *long-term insurance business*, the reasonable expectations of *policyholders*; and
    - (c) the cost and tax effects of the scheme, in so far as they may affect the security of *policyholders'* contractual rights, or for *long-term insurance business*, their reasonable expectations.
- 18.2.37** G The *independent expert* is not expected to comment on the likely effects on new *policyholders*, that is, those whose contracts are entered into after the effective date of the transfer.

- 18.2.38** G For any mutual *company* involved in the scheme, the report should:
- (1) describe the effect of the scheme on the proprietary rights of members of the *company*, including the significance of any loss or dilution of the rights of those members to secure or prevent further changes which could affect their entitlements as *policyholders*;
  - (2) state whether, and to what extent, members will receive compensation under the scheme for any diminution of proprietary rights; and
  - (3) comment on the appropriateness of any compensation, paying particular attention to any differences in treatment between members with voting rights and those without.
- 18.2.39** G For a scheme involving *long-term insurance business*, the report should:
- (1) describe the effect of the scheme on the nature and value of any rights of *policyholders* to participate in profits;
  - (2) if any such rights will be diluted by the scheme, how any compensation offered to *policyholders* as a group (such as the injection of funds, allocation of shares, or cash payments) compares with the value of that dilution, and whether the extent and method of its proposed division is equitable as between different classes and generations of *policyholders*;
  - (3) describe the likely effect of the scheme on the approach used to determine:
    - (a) the amounts of any non-guaranteed benefits such as bonuses and *surrender values*; and
    - (b) the levels of any discretionary charges;
  - (4) describe what safeguards are provided by the scheme against a subsequent change of approach to these matters that could act to the detriment of existing *policyholders* of either *firm*;
  - (5) include the *independent expert's* overall assessment of the likely effects of the scheme on the reasonable expectations of *long-term insurance business policyholders*;
  - (6) state whether the *independent expert* is satisfied that for each *firm* the scheme is equitable to all classes and generations of its *policyholders*; and
  - (7) state whether, in the *independent expert's* opinion, for each relevant *firm* the scheme has sufficient safeguards (such as principles of financial management or certification by a *with-profits actuary* or *actuarial function* holder) to ensure that the scheme operates as presented.
- 18.2.40** G Where the transfer forms part of a wider chain of events or corporate restructuring, it may not be appropriate to consider the transfer in isolation and the *independent expert* should seek sufficient explanations on corporate plans to enable him to understand the wider picture. Likewise he will need

information on the operational plans of the transferee and, if only part of the business of the transferor is transferred, of the transferor. These will need to have sufficient detail to allow him to understand in broad terms how the business will be run.

18.2.41 G A transfer may provide for benefits to be reduced for some or all of the *policies* being transferred. This might happen if the transferor is in financial difficulties. If there is such a proposal, the *independent expert* should report on what reductions he considers ought to be made, unless either:

- (1) the information required is not available and will not become available in time for his report, for instance it might depend on future events; or
- (2) otherwise, he is unable to report on this aspect in the time available.

Under such circumstances, the transfer might be urgent and it might be appropriate for the reduction in benefits to take place after the event, by means of an order under section 112 of the Act. Each regulator would wish to consider any such reduction against its *statutory objectives* and section 113 of the Act allows the court, on the application of either regulator, to appoint an independent *actuary* to report on any such post-transfer reduction in benefits.

**Notice provisions**

18.2.42 G Under the Financial Services and Markets Act 2000 (Control of Business Transfers)(Requirements on Applicants) Regulations 2001 (SI 2001/3625), unless the court directs otherwise, notice of the application must be sent to all *policyholders* of the parties and *reinsurers* (or a person acting on its behalf) any of whose contracts of *reinsurance* are proposed to be transferred as part of the *insurance business transfer scheme*.

It may also be appropriate to give notice to others affected, for example, to anyone with an interest in the *policies* being transferred who has notified the transferor of their interest.

18.2.43 G The regulations referred to in ■ SUP 18.2.42 G require that notice of the application must be published in:

- (1) the London, Edinburgh and Belfast Gazettes; and
- (2) unless the court directs otherwise, in accordance with requirements in those regulations.

Wider publication may be appropriate in some circumstances.

18.2.44 G The regulations referred to in ■ SUP 18.2.42 G require that the *appropriate regulator* approves in advance the notices sent to *policyholders* and published in the press.

18.2.45 G Where a transfer involves *underwriting members* of Lloyd's as transferor or transferee, any notice requirements of the *Society* will also apply.

18.2.46 G The regulators are entitled to be heard by the court on any application for a transfer. A consideration for the regulators in determining whether to oppose a transfer would be their view on whether adequate steps had been taken to tell *policyholders* and, as appropriate, other affected *persons*, about the transfer and whether they had adequate information and time to consider it. The regulators would not normally consider adequate a period of less than six weeks between sending notices to *policyholders* and the date of the court hearing. Therefore it would be sensible, before requesting from the court a waiver of the publication requirements or the requirement to send statements direct to *policyholders*, to consult the regulators on their views about what waivers might be appropriate and what substitute arrangements might be made. The regulators will take into account the practicality and costs of sending notices to *policyholders* (especially for *firms* in financial difficulty), the likely benefits for *policyholders* of receiving notices and the efficacy of other arrangements proposed for informing *policyholders* (including additional advertising or, where appropriate, electronic communication).

18.2.47 G [deleted]

**Statement to policyholders**  
.....

18.2.48 G It would normally be appropriate to include with the notice referred to in ■ SUP 18.2.42 G a statement setting out the terms of the scheme and containing a summary of the *scheme report*. Ideally every recipient should understand in broad terms from the summary how the scheme is likely to affect him. This objective will be most nearly achieved if the summary is clear and concise while containing sufficient detail for the purpose. A lengthy summary or one that was hard to understand would not be appropriate. Regulations require the *scheme report*, the notice and the statement to be made available to anyone requesting them. The internet can be used for this purpose if it is suitable for the *person* making the request.

18.2.49 G Where the transferee is a *friendly society*, the notice should include information about the meeting at which a special resolution in accordance with paragraph 7 of Schedule 12 to the Friendly Societies Act 1992 is to be voted on, including the date of the meeting, how notice of the meeting is to be given to members and the terms of the special resolution. After the meeting the *friendly society* should inform the *appropriate regulator* whether the special resolution has been passed. The court will also need to be informed, so one way of informing the *appropriate regulator* may be to include it in the affidavit to the court.

18.2.50 G The regulators should be given the opportunity to comment on the statement referred to in ■ SUP 18.2.48 G before it is sent, unless the promoters have been informed in writing that this is not necessary.

**Assessment of scheme and the regulators' report(s) to the court**  
.....

18.2.51 G The assessment is a continuing process, starting when the scheme promoters first approach the *appropriate regulator* about a proposed scheme. Each regulator will have an interest in assessing the scheme. Among the considerations that may be relevant to both the depth of consideration each gives to, and each regulator's opinion on, a scheme are:

- (1) the potential risk posed by the transfer to its *statutory objectives*;
- (2) the purpose of the scheme;
- (3) how the security of *policyholders'* (who include *persons* with certain rights and contingent rights under the *policies*) contractual rights appears to be affected;
- (4) how the scheme compares with possible alternatives, particularly those that do not require approval (whether by the court or the *appropriate regulator*);
- (5) how *policyholders'* rights and reasonable expectations appear to be affected;
- (6) the compensation offered to *policyholders* for any loss of rights or expectations;
- (6A) how any *reinsurer* of a transferor, any of whose contracts of *reinsurance* are to be transferred by the scheme may be affected;
- (7) how for other *persons* (besides *policyholders* and *reinsurers*) who have an interest in *policies*, their rights and the security of those rights appear to be affected;
- (8) the opportunity given to *policyholders* and other persons affected by the scheme to consider the scheme, that is whether they have been properly notified, whether they have had adequate information and whether they have had adequate time to consider that information;
- (9) the opinion of the *independent expert*;
- (10) for a transfer that involves *underwriting members* or *former members* of Lloyd's as transferor or transferee, the effect on the *Society*;
- (11) the views of other *regulatory bodies* consulted in connection with the proposed transfer; and
- (12) any views expressed by *policyholders*, *reinsurers* or any other affected parties.

**18.2.52** G The *scheme report* will be an important factor in the view each of the regulators forms on a scheme. Considerable reliance will be placed on the opinions of the *independent expert* and the reasons for them. However each regulator will form its own view taking into account other relevant information and having regard to its *statutory objectives*.

**18.2.53** G The regulators are likely to object to a scheme if they conclude that it is unfair to a class of *policyholders*, unless the *policyholders* of that class have approved the scheme on the basis of information the regulators consider to be adequate, clear and accurate.

**18.2.53A** G If at any time the regulators, or either of them, conclude that *policyholders* and/or, as appropriate, other relevant affected *persons* have not had adequate information and/or sufficient time to consider information, they

- will seek to resolve such issues with the scheme promoters. This may require further notification. If either regulator remains unsatisfied that such *policyholders* and/or other persons have received adequate information and sufficient time to consider it they are likely to object to a transfer.
- 18.2.54** **G** Either regulator may exercise its other powers under the *Act*, if it considers this a more effective method of advancing its *statutory objectives*.
- 18.2.55** **G** Neither regulator is required under its *statutory objectives* to object to a scheme merely because some other scheme might have been in the better interests of *policyholders*, if the scheme itself is not adverse to their interests. However there may be circumstances where either regulator might require a *firm* to consider or to implement an alternative scheme.
- 18.2.56** **G** Where a transfer involves *underwriting members* or *former members* of Lloyd's as transferor or transferee, the *appropriate regulator* will consult the *Society*. Where the business of a *syndicate* is being transferred, the transfer involves all *members* participating in the relevant *syndicate years*.
- 18.2.57** **G** Regulations require that copies of the application to the court, the *scheme report* and the statement for *policyholders* referred to in **■ SUP 18.2.48 G** are also given to the *appropriate regulator*.
- 18.2.57A** **G** The provision of reports from one or other (or both) regulators to assist the court is common practice. In most cases, a first report will be provided to the court in advance of the directions hearing and a second report will be provided to the court in advance of the final hearing. Where additional information needs to be given to the court by either regulator, this will be provided using the most appropriate format for the circumstances in each case, and may include the provision of one or more additional reports to the court.
- 18.2.57B** **G** When assessing a proposed scheme under Part VII of the *Act* each regulator will, taking into account all relevant matters in each case, consider whether it should provide a report to the court. As it will lead the Part VII process for *insurance business transfers*, the *PRA* will usually provide such a report.
- 18.2.57C** **G** In order to enable each of the regulators to assess the scheme and to facilitate the process, the parties to the proposed scheme will need to ensure timely provision of all relevant information to each regulator for its consideration of that scheme.
- 18.2.57D** **G** In relation to the matters at **■ SUP 18.2.57A G** to **■ SUP 18.2.57C G** above and to facilitate the provision to the court of a first report in advance of a directions hearing, near final versions of relevant documents will need to be made available to each of the regulators as soon as practicable. Scheme promoters should be aware that where such documents are produced less than six weeks before the date set for the hearing the regulators will be less likely to be in a position to complete their assessment in advance of the



hearing. Final versions of any such documents should be provided as soon as they are available.

**18.2.57E** G Relevant documents in ■ SUP 18.2.57D G above will usually include:

- (1) the *scheme report*;
- (2) if the business to be transferred includes *long-term insurance business*, copies of reports on the transfer by the *actuarial function holder* and (if the *insurance business* includes *with-profits business*) the *with-profits actuary* of both *firms*;
- (3) draft notices under article 3 of the Financial Services and Markets Act 2000 (Control of Business Transfers)(Requirements on Applicants) Regulations 2001(SI 2001/3625), as amended by the Financial Services and Markets Act 2000 (Control of Business Transfers)(Requirements on Applicants) (Amendment) Regulations 2008 (SI 2008/1467) and the Financial Services and Markets Act 2000 (Amendments to Part 7) Regulations 2008 (SI 2008/1468);
- (4) where a proposed transfer involves an *underwriting member* or *former underwriting member* of the *Society* as transferor or transferee, a copy of the resolution or certificate required by article 4 of the Financial Services and Markets Act 2000(Control of Transfers of Business Done at Lloyd's) Order 2001 (SI 2001/3626), as amended by the Financial Services and Markets Act 2000 (Control of Transfers of Business Done at Lloyd's) (Amendment) Order 2008 (SI 2008/1725;
- (5) any witness statements or other evidence which the parties to the proposed transfer intend to submit to the court for the directions hearing;
- (6) the draft order.

**18.2.57F** G Matters included at ■ SUP 18.2.57EG (5) should include sufficient information to enable:

- (1) the *appropriate regulator* to decide which other non-UK regulators must be consulted. This information should be provided to the *appropriate regulator* as soon as it is available;
- (2) the *appropriate regulator* to decide whether to approve the notices at ■ SUP 18.2.57EG (3); and
- (3) each regulator to form an opinion on any matters arising in connection with press advertising and notifications, including in relation to any waivers the parties to the proposed transfer intend to seek from the court under article 4 of those regulations.

**18.2.57G** G A copy of any order made at the directions hearing should be provided by the applicant to the *appropriate regulator* as soon as it is available.

**18.2.57H** G In relation to the matters at ■ SUP 18.2.57A G to ■ SUP 18.2.57C G and to facilitate the provision to the court of a second or final report in advance of

the final hearing, near-final versions of relevant documents will need to be made available to each of the regulators as soon as practicable. Scheme promoters should be aware that where such documents are produced less than six weeks before the date set for that hearing, the regulators will be less likely to be in a position to complete their assessment in advance of the hearing. Final versions of any such documents should be provided as soon as they are available.

**18.2.58** G [deleted]

**18.2.58A** G Relevant documents in ■ SUP 18.2.57H G will usually include:

- (1) any witness statements or other evidence which the parties to the proposed transfer intend to submit to the court for the final hearing;
- (2) the notice or notices published and sent in accordance with the order of the court at ■ SUP 18.2.57G G;
- (3) proof of publication of the notice or notices at (2);
- (4) any final and/or additional reports of the *independent expert*;
- (5) any objections or other representations received from *policyholders* and/or other affected persons together with any responses to any such objections or representations;
- (6) the draft final order.

**18.2.59** G [deleted]

**18.2.59A** G Provided that any necessary consents have been obtained in respect of confidential information, where either regulator has made a report it will give a copy of its report to the court and will give a copy of its report as filed with the court to each of the parties to the proposed transfer as soon as practicable after such filing.

**18.2.59B** G Provided that any necessary consents have been obtained in respect of confidential information, the parties to the proposed transfer should give a copy of any report at ■ SUP 18.2.59A G to the *independent expert*.

**18.2.59C** G The parties to the proposed transfer should, in each case, consider whether it would facilitate the effective running of the process to give copies to any other person, including any person who alleges that he would be adversely affected by the carrying out of the scheme and intends to be heard in accordance with section 110 of the Act. Where any such provision is to be made, any necessary consents should first be obtained in respect of confidential information.

**18.2.59D** G The court is likely to wish to know the opinion of each of the regulators. Each regulator will decide in each case, taking all relevant matters into account, the most effective method to make known to the court its opinion.



18.2.59E G Where either regulator has indicated to the parties to the proposed transfer that it intends to appear at any hearing before the court in relation to a proposed scheme under Part VII of the Act a copy set of the bundle of documents filed with the court should be provided to it as soon as practicable.

Post-transfer advertising

18.2.60 G [deleted]

18.2.61 G [deleted]

18.2.62 G [deleted]



18.3 Insurance business transfers  
outside the United Kingdom

Purpose

18.3.1 G Under section 115 of the *Act*, the *appropriate regulator* has the power to give a certificate confirming that a *firm* possesses any necessary margin of solvency, to facilitate an *insurance business transfer* to the *firm* under overseas legislation from a *Swiss general insurance company*. This section provides *guidance* on how the *appropriate regulator* would exercise this power and on related matters.

Appropriate regulator response to proposal

18.3.1A G Unless otherwise expressly stated by the *appropriate regulator*, all the procedural aspects for dealing with *insurance business transfers* outside the *United Kingdom* should be discussed by *firms* with the *PRA* in the first instance.

18.3.2 G If it has serious concerns about a proposed transfer from a *Swiss general insurance company*, the *appropriate regulator* should inform the *Swiss regulatory body*.

18.3.3 G The information that the *regulatory body* of the transferor is required to supply will normally be sufficient for the *appropriate regulator* to determine whether the transfer is likely to have a material effect on the transferee.

18.3.4 G If the effect of the transfer is not likely to be material and the *appropriate regulator* does not already have serious concerns about the transferee, the *appropriate regulator* can reply favourably.

18.3.5 G If the effect of the transfer may be material, the *appropriate regulator* will need to consider whether to request a *scheme of operations* or other information from the proposed transferee to assist in determining whether the likely effect of the transfer is such that the *appropriate regulator* should have serious concerns.

18.3.6 G If the effect of the transfer may have a material adverse effect on the transferee or the security of *policyholders*, the *appropriate regulator* will consider whether it is appropriate to exercise its powers under the *Act* to achieve its *statutory objectives*.



18.4 Friendly Society transfers and amalgamations

Purpose

18.4.1 G It is for the committee of management of a *friendly society* to decide whether to recommend an amalgamation or a transfer of engagements to the society's members. This section provides some *guidance* on the procedures to be followed and the information to be provided to a friendly society's members so that they are appropriately informed before they exercise their right to vote on the proposals.

General considerations

18.4.1A G In general, although the legislation governing transfers of engagements involves *friendly societies* is the Friendly Societies Act 1992, similar issues arise in these transfers as in *insurance business transfers* under Part VII of the Act and so the regulators would expect *firms* to be subject to a similar process followed under the Act. Accordingly, *firms* should usually first discuss the procedural aspects for dealing with *friendly society* transfers and amalgamations with the PRA. The PRA will consult the FCA as required by the Friendly Societies Act 1992, or as may otherwise appear to be appropriate.

18.4.2 G *Friendly societies* are encouraged to discuss a proposed transfer or amalgamation with the appropriate authority, at an early stage to help ensure that a workable timetable is developed. This is particularly important where there are notification requirements for supervisory authorities in states other than the *United Kingdom*, or for an amalgamation where additional procedures are required.

18.4.3 G The regulators will want to satisfy themselves that after an amalgamation or a transfer the business will be prudently managed and continue to comply with all applicable requirements.

18.4.4 G For a transfer to another *friendly society*, if the conditions of 87(1) and 87(2) of the Friendly Societies Act 1992 are met a report is required from the *appropriate actuary* of the transferee to confirm that it will meet the necessary margin of solvency. Where the conditions of 87(1) and 87(3) are met the appropriate authority may require a report from the *appropriate actuary* of the transferee to confirm that it will have an excess of assets over liabilities.

- 18.4.5** **G** For a transfer of *long-term insurance business*, the appropriate authority may, under section 88 of the Friendly Societies Act 1992, require a report from an independent *actuary* on the terms of the proposed transfer and on his opinion of the likely effects of the transfer on long-term *policyholder* members of either the transferor or (if it is a *friendly society*) the transferee. A summary is included in the statement sent to members (see ■ SUP 18.4.13 G) and the full report is required to be made available to anyone on payment of a reasonable fee. The general principles in ■ SUP 18.2.32 G to ■ SUP 18.2.40 G apply to the independent *actuary's* report.
- 18.4.6** **G** Under the Friendly Societies Act 1992 the appropriate authority is required to confirm a proposed transfer of engagements. It will do so only where it is satisfied that the transfer is in the interests of the members of each *friendly society* participating in the transfer (see ■ SUP 18.4.25 G (2)(b)). The appropriate authority will therefore ask that the participating societies' *actuaries* confirm that the transfer is in the interests of the members.
- 18.4.7** **G** Under the Friendly Societies Act 1992, members will normally have the opportunity to vote on a proposed transfer or amalgamation (■ SUP 18.4.11 G and ■ SUP 18.4.12 G describe exceptions). A *friendly society* has to ensure that, before casting their votes, its members are clearly and fully informed of the terms on which the amalgamation or transfer of engagements is to take place and that they have all the information needed to understand how their interests will be affected. If the society's rules permit, delegates can vote except on an "affected members' resolution" under section 86. The appropriate authority may not confirm an amalgamation or a transfer if it considers that information material to the members' decision was not made available to all the members eligible to vote.
- 18.4.8** **G** Amendments to a friendly society's registered rules may be necessary to permit a transfer to it. The FCA will need to be consulted in the usual way about registration of the appropriate rules. Similarly for an amalgamation, each of the amalgamating societies has to approve the memorandum and rules of the new society and the requirements of schedule 3 to the Friendly Societies Act 1992 have to be met. It will be necessary to allow adequate time for these processes.
- 18.4.9** **G** For an amalgamation the successor society, and for a transfer the transferee, may need to apply for *permission*, or to vary its *permission*, under Part 4A of the Act. The regulators will need sufficient time before a transfer is confirmed to consider whether any necessary *permission* or variation should be given. If the transferee is a *Swiss general insurance company*, then confirmation will be needed from its regulator that it meets relevant solvency margin requirements (see ■ SUP 18.4.25 G (3)).
- 18.4.10** **G** It is likely that the information sent to members will include a statement explaining the reasons for the amalgamation or transfer and the choice of partner. Although this is not a statutory statement and not subject to either regulator's approval, the regulator's views on the content of the statement will be a factor that the appropriate authority will take into account before considering whether to confirm the amalgamation or transfer. A *friendly society* will therefore find it helpful to consult the regulators about the content of such a statement.

**Exercise of discretion by the appropriate authority**

**18.4.11** **G** The appropriate authority has discretion under section 86(3)(b) of the Friendly Societies Act 1992 to allow a transferee society to resolve to undertake to fulfil the engagements of a transferor society by resolution of the committee of management, rather than by special resolution. Among the issues on which the appropriate authority will wish to be satisfied before exercising this discretion, are that the transfer will be in the interests of the members of both societies and that the transfer will not mean a change of policy by the transferee society. The appropriate authority is unlikely to exercise this discretion unless the transferee is significantly larger than the business to be transferred.

**18.4.12** **G** The appropriate authority has discretion under section 89 of the Friendly Societies Act 1992 to modify some of the requirements for a transfer of engagements from a *friendly society*, on the application of a specified number of its members, if it is satisfied that it is expedient to do so in the interests of its members or potential members.

**Schedule 15 statement to members**

**18.4.13** **G** Schedule 15 to the Friendly Societies Act 1992 requires a statement to be sent to every member of a *friendly society* entitled to vote on a transfer or amalgamation. Among other matters this statement has to cover the financial position of the *friendly society* and every other participant in the transfer or amalgamation. The members should be provided with sufficient financial information about the respective financial positions of the participants to gain an understanding of the relative financial strengths and *key features* of the participants. The statement has to include a summary of any *actuary's* report under section 88, though the appropriate authority may direct that the summary is to be provided separately if inclusion appears impractical.

**18.4.14** **G** The financial information provided under **■ SUP 18.4.13 G** would normally contain comparative statements of balance sheets at the same date, and include main investments, reserves and funds or technical provisions, with details of the number of members of each participant as at the balance sheet date and the *premium* income of the relevant fund of each participant during the financial year to which the balance sheet relates. **■ SUP 18.4.15 G** to **■ SUP 18.4.18 G** give further *guidance* on the financial information to be included.

**18.4.15** **G** If the information relates to a position some time in the past, the information should state that there has been no significant change or include a clear description of the changes. Differences in accounting *policies* and reporting requirements could lead to the loss of some comparability between participants. Such differences and their estimated financial effects (if any) should be explained.

**18.4.16** **G** The information should state whether any of the participants has any significant future capital commitments. The appropriate authority will require it to state that the transfer of engagements or amalgamation will not conflict with any contractual commitment by a society, any *subsidiary* or any body jointly controlled by it and others.

- 18.4.17

G

Brief details should be given of the date of the last actuarial valuation and the position revealed (surplus/deficit, necessary margin of solvency and free assets) for each participant.
- 18.4.18

G

The appropriate authority may require confirmation from the auditors of either *friendly society* involved in the transfer or amalgamation about the reasonableness of any part of the information in the statement. For instance such confirmation would normally be required if the financial information relates to a date more than six months previously.
- 18.4.19

G

The statement is required to include particulars of:

(1) any interest of the members of the committee of management in the amalgamation or transfer; and

(2) any compensation or other consideration proposed to be paid to committee members or other *officers* of the society and to the *officers* of every other society or *person* participating in the amalgamation or transfer.

Under section 92 of the Friendly Societies Act 1992, any compensation must be approved by a special resolution, separate from any resolution approving other terms of the amalgamation or transfer. This enables members to vote on this as a separate issue.
- 18.4.20

G

Under schedule 15 to the Friendly Societies Act 1992, the appropriate authority may require the statement to include any other matter. Under this provision, inclusion of the terms on which the amalgamation or the transfer of engagements is to be made will usually be required.
- 18.4.21

G

The statement should be clearly separate from other information sent to members. It has to be approved by the appropriate authority and if it is not in a self-contained document, the approved element should appear in a separate section.
- 18.4.22

G

■ SUP 18 Annex 1 provides an example of the information for members required by Schedule 15.

Confirmation procedures and criteria

- 18.4.23

G

Under the Friendly Societies Act 1992:

(1) when the members of a transferor society have approved the transfer of its engagements by passing a special resolution and the transferee has approved the transfer (by passing a resolution where the transferee is a *friendly society*); or

(2) when two or more societies have approved a proposed amalgamation by passing a special resolution;

it, or they jointly, must then obtain confirmation by the appropriate authority of the transfer. Notice of the application will need to be published

in one or more of the London, Edinburgh or Belfast Gazettes and other newspapers as directed by the appropriate authority. If the appropriate authority confirms a transfer, then the *FCA* will register the society's instrument of transfer after receiving an application on the appropriate form by the transferor society and the transferee. If the appropriate authority confirms an amalgamation, the *FCA* will register the successor society. All the property, rights and liabilities pass on the transfer date specified by the appropriate authority.

18.4.24 G [deleted]

18.4.25 G The criteria that the appropriate authority must use in determining whether to confirm a proposed amalgamation or transfer are set out in schedule 15 to the Friendly Societies Act 1992. These criteria include that:

- (1) confirmation must not be given if the appropriate authority considers that:
  - (a) there is a substantial risk that the successor society or transferee will be unable lawfully to carry out the engagements to be transferred to it;
  - (b) information material to the members' decision about the amalgamation or transfer was not made available to all the members eligible to vote;
  - (c) the vote on any resolution approving the amalgamation or transfer does not represent the views of the members eligible to vote; or
  - (d) some relevant requirement of the Friendly Societies Act 1992 or the rules of any of the participating societies was not fulfilled (but it can modify some requirements and direct that certain failures may be disregarded, see ■ SUP 18.4.12 G and ■ SUP 18.4.27 G);
- (2) the appropriate authority must be satisfied that:
  - (a) the transferee or successor society will have any *permissions* necessary under Part 4A of the *Act*;
  - (b) for a transfer, it is in the interests of the members of each *friendly society* participating in it (see ■ SUP 18.4.6 G); and
  - (c) [deleted]
- (3) for a transfer, the transferee possesses the necessary margin of solvency after taking the proposed transfer into account or, where it is not required to maintain a necessary margin of solvency, possesses an excess of assets over liabilities (for a transferee that is a *Swiss general insurance company*, this is evidenced by a certificate from its regulator).

18.4.26 G If *authorisation* or a *Part 4A permission* is needed, the appropriate authority will need to consider the application for *authorisation* or *permission* in the usual way. If the *authorisation* or *permission* is refused, confirmation cannot be given even if all the other criteria are met.



18.4.27 **G** The appropriate authority may (as an alternative to refusing confirmation) direct the society or societies to remedy certain procedural defects in a proposed transfer or amalgamation, and after they have been remedied confirm the application. If it appears to the appropriate authority that failure to meet a "relevant requirement" of the Friendly Societies Act 1992 or the rules of the *friendly society* could not be material to the members' decision, then it may direct that this failure is to be disregarded.

Confirmation procedures: representations

18.4.28 **G** Any interested party has the right to make representations to the appropriate authority about an application for confirmation of a transfer or amalgamation. This includes any *person* (whether a member of the *friendly society* or not) who claims that he would be adversely affected by the amalgamation or transfer. The *person* making the representations should state clearly why he or she claims to be an interested party and the ground or grounds to which the representations are directed.

18.4.29 **G** Written representations, or written notice of a *person's* intention to make oral representations, or both, are required to reach the appropriate authority by the date published in the relevant Gazettes and other newspapers. Those giving notice of intent to make oral representations are advised to state the nature and general grounds of the oral representations they intend to make. *Persons* who make written representations but subsequently decide also to make oral representations are required, nevertheless, to give notice of that intention, in writing, to the appropriate authority by the same date.

18.4.30 **G** The appropriate authority will send copies of all written representations to the society(ies), and will afford them an opportunity to comment on the representations. It may consider the written representations and a society's response to them, before the date set for hearing oral representations. A synopsis of the written representations (probably in the form of a summary of each of the points made and the numbers of *persons* making each point) and a society's responses will be made available to those participating in the hearing. This is intended to inform those making oral representations of the points already being considered by the appropriate authority.

18.4.31 **G** The regulators expect that any documents referred to in a society's comments will be made available by the society for inspection at its registered office and, if reasonably possible, at the venue of the hearing on the date of the hearing. However if a society applies to put documents which it considers to be sensitive to the regulator(s) in confidence, the regulators will balance any disadvantage this might cause interested parties in making representations against the commercial damage that publication of the documents might cause, and the appropriate authority may permit the documents or sensitive parts of them not to be available for inspection.

Confirmation hearing

18.4.32 **G** Interested parties may be represented and may make collective representations. Such arrangements should be notified to the appropriate authority in advance to enable it to make appropriate arrangements.



- 18.4.33** **G** The hearing referred to in **■ SUP 18.4.30 G** will be at a time and place that will be notified to the participants and will be conducted by the appropriate authority's representatives. The hearing may last longer than one day and may be adjourned. The appropriate authority will try to tell participants when they may expect to make their representations and when the society may be expected to respond.
- 18.4.34** **G** The appropriate authority expects that oral hearings will be held in public though this is not required. At the start members of the general public and the press will be asked to wait outside while participants are asked if any of them has good reason to object to the admission of the general public or the press. Unless an objection by a participant is upheld by the appropriate authority's representatives, the press and the general public will then be admitted, within the limits of the space available. However, the appropriate authority's representatives may decide that parts of the hearing will be in private if that appears to them to be desirable.
- 18.4.35** **G** The procedure will be informal. All participants will be expected to speak concisely and avoid repetition. The appropriate authority will, as far as practicable, help those who are not professionally represented. Those taking the hearing may question the participants. The sequence of events will normally be broadly:
- (1) any preliminary matters (such as the admission of the public or other procedural questions) will be dealt with;
  - (2) the chair of the hearing will introduce the proceedings;
  - (3) the society representatives will be invited to speak on the application, including a description of the events at the meeting at which the resolution to amalgamate or transfer was put to the members, a statement of the voting on the resolution, and any other matters which they wish to introduce at that stage;
  - (4) the other participants will be invited to speak to their representations. The appropriate authority expects to call them in order of a list arranged, so far as possible, by subject matter;
  - (5) the society representatives will be invited to reply to, or comment on, the points made by the other participants; and
  - (6) the other participants will be invited to comment on the society replies.
- 18.4.36** **G** The above procedure may be varied according to the circumstances at the hearing, and is intended only as a guide. The hearing may be adjourned if the appropriate authority's representatives consider that necessary to enable facts to be checked or additional information to be obtained.
- 18.4.37** **G** The appropriate authority will not decide whether to confirm the transfer or amalgamation at the hearing. A copy of its written decision, including its findings on the points made in representations, will be sent to the society(ies) and to those making representations. It will also be available to any other *person* on request and may be published.



Friendly Society transfer or amalgamation (Information requirements related to Schedule 15 Friendly Societies Act 1992) (This belongs to SUP 18.4.22G)

Transfer/Amalgamation of [Society A] to/with [Society B]		
Proposed effective date:		
Comparative financial positions		
(a) Balance Sheet as at 31 December 20-		
	Society A	Society B
ASSETS		
Land and buildings (4)		
Government securities		
Equities		
Other investments (6)		
Fixed assets		
Other assets		
Cash at bank and in hand		
LIABILITIES		
Benefit funds [technical provisions] (7)		
[Management fund]		
Other liabilities and provisions		
Reserve funds [Reserves] (8)		
NOTES		
(1)	The above figures are extracted from the audited accounts [unaudited accounts] of [Society A and Society B] for the year [period] ended:	
(2)	There has been no significant change in the financial position of the [participants] [except for ]	
(3)	The future capital commitments of [the participants] are:[None of [the participants] has any significant future capital commitments.]	
(4)	Land and buildings have been brought into account on the following bases: (include statement of any differences in accounting policies and where material any estimated financial effects)	
(5)	Investments have been brought into account on the following bases: (include statement of any differences in accounting policies and where material any estimated financial effects)	
(6)	Other investments comprise: (include statement of any differences in accounting policies and where material any estimated financial effects)	

(7)	Benefit Funds [Technical Provisions] comprise:(include statement of any differences in accounting policies and where material any estimated financial effects)
(8)	Reserve Funds [Reserves] comprise:
(9)	The membership at [ ] and premium income received during [ ] for each [participant] were:
(10)	Brief summary of the financial position of each [participant] as shown in the last actuarial investigation:
(11)	Summary of independent actuary's report under section 88 of the Friendly Societies Act 1992:
(12)	The interests of committee members of the [participants] in the transfer [amalgamation] are:
(13)	Proposed compensation to be paid to committee members and[/or] to other officers is:
(14)	The terms of the transfer[amalgamation] are:

# Chapter 20

## Fees Rules



The provisions relating to periodic fees rules are set out in FEES 4 (Periodic fees)





The provisions relating to periodic fees rules are set out in FEES 4 (Periodic fees)



The provisions relating to periodic fees rules are set out in FEES 4 (Periodic fees)



These provisions have been moved to FEES 3 Annex 6R



# Chapter 21

## Waiver



## 21.1 Form of waiver for energy market participants

- 21.1.1** G ■ SUP 21 Annex 1 sets out a form of *waiver* that the *FCA* will be minded to give to *energy market participants* in the exercise of its statutory discretion under sections 138A and 138B of the *Act* to grant a *waiver* of its *rules*.
- 21.1.2** G *Energy market participants* should bear in mind that sections 138A and 138B of the *Act* requires that in order to give a *waiver* of particular *rules*, the *FCA* must be satisfied that:
- (1) compliance with the *rules*, or with the *rules* as unmodified, would be unduly burdensome or would not achieve the purpose for which the *rules* were made; and
  - (2) the *waiver* would not adversely affect the advancement of any of the *FCA*'s operational objectives.
- 21.1.3** G Accordingly, the *FCA* must be satisfied that the statutory criteria will be met in each case where an *energy market participant* applies for a waiver in the form in ■ SUP 21 Annex 1.
- 21.1.4** G In particular, clause 4 of the form of *waiver* in ■ SUP 21 Annex 1 will not ordinarily be inserted in *waivers* for *energy market participants* that will not, at the time the *waiver* will take effect, clearly satisfy the conditions set out in that clause. For these purposes the *FCA* will take into account the relative proportions of the *energy market participant's* assets and revenues that are referable to the various parts of its business, as well as to any other factor that the *FCA* considers is relevant to an assessment of the prudential risk presented by the *energy market participant*.



This annex consists only of one or more forms. Forms are to be found through the following address:

*Form of Waiver: Energy Market Participant - sup\_chapter 21*



# Appendix 2

## Insurers: Regulatory intervention points and run-off plans

### 2.1 Application

- App2.1.1** **R** Subject to SUP App 2.1.6R, ■ SUP App 2.1 to ■ 2.15 apply to an *insurer*, unless it is a *Swiss general insurer*.
- App2.1.2** **G** ■ SUP App 2.1 to ■ 2.15 apply to every *friendly society* that is an insurer.
- App2.1.4** **G** SUP App 2.14A and ■ SUP App 2.15 apply to an *insurer* carrying on *with-profits business*, but ■ SUP App 2.15 only applies if ■ COBS 20.2.53 R (Ceasing to effect new contracts of insurance in a with-profits fund) also applies.
- App2.1.5** **G** ■ SUP App 2.7.1 G is made by the FCA for the purpose of its application to *dormant asset fund operators*.
- App2.1.6** **R** [deleted]
- App2.1.7** **G** The *rules for Solvency II firms* in difficulty or in an irregular situation are in the PRA Rulebook: Solvency II Firms: Undertakings in Difficulty.

### 2.2 Interpretation

App2.2.1 **R** For the purpose of ■ SUP App 2.1 to ■ 2.14:

- (1) "capital resources":
  - (a) in relation to a *non-directive friendly society*, has the meaning given to "margin of solvency" in rule 2.1 of the Friendly Society – Overall Resources and Guarantee Fund part of the PRA Rulebook;
  - (b) [deleted]
  - (c) in relation to any other *firm* which is not a *Solvency II firm*, means the *firm's* capital resources as calculated in accordance with:
    - (i) in the case of a *dormant asset fund operator*, the version of ■ GENPRU 2.2.17R that applied as at 31 December 2015 (the effect of which has been preserved for the purposes of ■ INSPRU 7); and
    - (ii) in the case of a *non-directive insurer* (other than a *non-directive friendly society*), the PRA Rulebook: Non-Solvency II Firms: Insurance Company – Capital Resources; and
  - (d) in relation to a *Solvency II firm* means the *firm's* "eligible own funds" as defined in the PRA Rulebook: Glossary;
- (2) [deleted]
  - (b) [deleted]
- (3) "material transaction" means a transaction (when aggregated with any similar transactions) in which:
  - (a) the price actually paid or received for the transfer of assets or liabilities or the performance of services; or
  - (b) the price which would have been paid or received had that transaction been negotiated at arm's length between unconnected parties; exceeds:
    - (c) in the case of a *firm* which carries on *long-term insurance business*, but not *general insurance business*, the sum of €20,000 and 5% of the *firm's* liabilities arising from its *long-term insurance business*, excluding *property-linked liabilities* and net of *reinsurance ceded*; or
    - (d) in the case of a *firm* which carries on *general insurance business*, but not *long-term insurance business*, the sum of €20,000 and 5% of the *firm's* liabilities arising from its *general insurance business*, net of *reinsurance ceded*; or
    - (e) in the case of a *firm* which carries on both *long-term insurance business* and *general insurance business*:
      - (i) where the transaction is in connection with the *firm's long-term insurance business*, the sum of €20,000 and 5% of the *firm's* liabilities arising from its *long-term insurance business*, excluding *property-linked liabilities* and net of *reinsurance ceded*; and
      - (ii) in all other cases, the sum of €20,000 and 5% of the *firm's* liabilities arising from its *general insurance business*, net of *reinsurance ceded*; and

- (4) "required margin of solvency":
- (a) in relation to a *non-directive friendly society*, has the meaning given to that term in *IPRU(FSOC)*;
  - (b) in relation to a *participating insurance undertaking*, means R-S-U, where R, S and U have the meanings given by ■ *INSPRU 6.1.45R (3)(c)*, ■ (d) and ■ (f) respectively;
  - (c) in relation to a *firm* which is not covered by (a) or (b), carrying on *general insurance business*, means the *general insurance capital requirement* applicable to that *firm*; and
  - (d) in relation to a *firm* which is not covered by (a) or (b), carrying on *long-term insurance business*, means the *long-term insurance capital requirement* applicable to that *firm*.

## 2.3 Purpose

### App2.3.8 G

## 2.7 Capital resources below the level of individual capital guidance

**App2.7.1** G For a *dormant asset fund operator*, unless any of ■ *SUP App 2.4.1 R*, ■ *SUP App 2.5.1 R*, ■ *SUP App 2.5.3 R* or ■ *SUP App 2.6.1 R* applies, if a *firm's* circumstances change, such that its capital resources have fallen, or are expected to fall, below the level advised in *individual capital guidance* given to the *firm* by the *FCA*, then, consistent with ■ *PRIN 2.1.1 R Principle 11* (Relations with regulators), a *firm* should inform the *appropriate regulator* of this fact as soon as practicable, explaining why capital resources have fallen, or are expected to fall, below the level advised in *individual capital guidance*, and:

- (1) what action the *firm* intends to take to increase its capital resources; or
- (2) what modification the *firm* considers should be made to the *individual capital guidance* which it has been given.

**App2.7.2** G Terms in ■ *SUP App 2.7.1G* have the meaning in ■ *INSPRU 7* and *GENPRU* in force as at 31 December 2015. References to *SUP App 2* provisions are to the provisions in force in the *PRA Rulebook* on 31 December 2015.

App2.7.3 G

## 2.8 Ceasing to effect contracts of insurance

**App2.8.1** R If a *firm* (whether within or outside the scope of the *Solvency II Directive*) decides to cease to effect new *contracts of insurance*, it must, within 28 days of that decision, submit a run-off plan to the *FCA* including:

- (1) a *scheme of operations*; and
- (2) an explanation of how, or to what extent, all liabilities to *policyholders* (including, where relevant, liabilities which arise from the regulatory duty to treat *customers* fairly in setting discretionary benefits) will be met in full as they fall due.

**App2.8.4** G Under *Principle 11*, the *FCA* normally expects to be notified by a *firm* when it decides to cease *effecting new contracts of insurance* in respect of one or more classes of contract of insurance (see ■ SUP 15.3.8 G). At the same time, the *FCA* would normally expect the *firm* to discuss with it the need for the *firm* to apply to vary its *permission* (see ■ SUP 6.2.6 G and ■ SUP 6.2.7 G) and, if appropriate, to submit a *scheme of operations* in accordance with ■ SUP App 2.8.1 R.

## 2.9 Under control of a new parent undertaking

**App2.9.1** G [deleted]

## 2.10 Grant or variation of permission

**App2.10.1** G The *PRA* will ask *Solvency II firms* seeking a grant or variation of *permission* to provide a *scheme of operations* as part of the application process (see the *UK* provisions which implemented article 18 of the *Solvency II Directive*). It may make a similar request to other *firms* (see ■ SUP 6.3.25 G). *Firms* which have submitted such a *scheme of operations* are not required to submit to the *PRA* a further *scheme of operations* under this appendix unless ■ SUP App 2.8 or the relevant parts of *PRA* Rulebook: Non-Solvency II firms: Run Off Operations or *PRA* Rulebook: Solvency II

firms: Run Off Operations apply. ■ SUP 6 Annex 4 does, however, apply to such a *firm*.

## 2.11 Submission of a scheme of operations or a plan for restoration

### App2.11.4 G

## 2.14A Fairness issues for with-profit firms in difficulty or in an irregular situation

App2.14A.1 G ■ SUP App 2.14A applies to a *firm* carrying on *with-profits* business.

App2.14A.2 G Action which a *firm* takes either to restore its capital resources to the levels set by the intervention points in *PRA Rulebook: Solvency II Firms: Undertakings in Difficulty* or *PRA Rulebook: Non-Solvency II firms: Run Off Operations*, or to prevent its capital resources falling below those points, should be consistent with *Principle 6* of the *FCA's Principles for Businesses*. *Principle 6* requires a *firm* to pay due regard to the interests of its *customers* and treat them fairly.

App2.14A.3 G If a *firm* intends either (a) to remedy a fall in capital resources, or (b) to prevent such a fall, for example, by taking management action to reduce the risks to which a *with-profits fund* is exposed or by reducing non-contractual benefits for *policyholders*, it should explain to the *FCA* how such proposed actions are consistent with the *firm's* obligations under *Principle 6* (Customers' interests).

App2.14A.4 G Where a *firm* submits a plan for restoration under *PRA Rulebook: Solvency II Firms: Undertakings in Difficulty* or *PRA Rulebook: Non-Solvency II firms: Run Off Operations*, the *FCA* would expect an explanation of how any actions it plans to take to restore its capital resources are consistent with the *firm's* obligations under *Principle 6* (Customers' interests).

## 2.15 Run-off plans for closed with-profits funds

**App2.15.1** **G** The run-off plan required by ■ COBS 20.2.53 R should include the information described in ■ SUP App 2.15.2 G to ■ SUP App 2.15.13 G in respect of the relevant *with-profits fund*.

### Funding

**App2.15.2** **G** A *firm's* run-off plan should describe how the *firm* proposes to manage the run-off of the *with-profits fund*. That description should include:

- (1) details of the expected duration and costs of fully running off the fund's liabilities;
- (2) an explanation as to how a solvent run-off will be funded; and
- (3) details of the *firm's* future strategy for managing the risks associated with the run-off of the fund.

### Investment risk

**App2.15.3** **G** A *firm's* run-off plan should include an explanation of its future investment strategy, including:

- (1) its strategy for matching the *with-profits fund's* liabilities with appropriate assets; and
- (2) any changes it expects to make to the *with-profits fund's* investment strategy as a result of the closure of the *with-profits fund*, including any changes to the proportions of different types of investments.

### Credit risk

**App2.15.4** **G** A *firm's* run-off plan should include an explanation of its strategy for managing the *with-profits fund's* counterparty and *credit* risk, both within and external to the *firm's group*.

### Operational risk

**App2.15.5** **G** A *firm's* run-off plan should show how it will address any additional operational risks that may flow from the closure of the *with-profits fund*, including:

- (1) any changes that it proposes to make to staffing arrangements for the run-off;
- (2) an estimate of the cost of proposed operational changes, including redundancy costs; and
- (3) any *material outsourcing* arrangements it proposes to enter into, explaining how the *firm* will address any specific operational risks created by those arrangements.

### Reinsurance

**App2.15.6** **G** A *firm's* run-off plan should explain how it will use and manage *reinsurance* (if it will), including:



- (1) any new inwards or outwards *reinsurance* it proposes to enter into as a result of the closure of the *with-profits fund* identifying, in each case, the proposed counterparty and the counterparty's relationship to the *firm's group* (if any); and
- (2) how it will manage the risk that the *reinsurance* in (1) will not perform as expected.

### Governance and impact on policy holders

App2.15.7 **G** A *firm's* run-off plan should include:

- (1) details of any changes that will be made to the *firm's* corporate governance arrangements as a consequence of closure;
- (2) an explanation of how costs charged to the *with-profits fund* may change in the light of closure;
- (3) an explanation of any changes it will make, as a consequence of closure, to any charges for guarantees, including:
  - (a) the circumstances in which those charges may be varied in the future; or
  - (b) the manner by which the level of any appropriate variation to those charges may be determined;
- (4) an explanation of any actual or potential changes in the maturity payment or surrender payment target ranges that the *firm* will apply to determine benefits under its *with-profits policies*;
- (5) an explanation of any actual or potential changes in the *firm's* smoothing policy as a consequence of closure;
- (6) an explanation of any changes to the *firm's projection* rates as a consequence of closure;
- (7) details of any new deductions to be made from the *firm's* surrender payments, together with an explanation as to how those deductions are consistent with:
  - (a) *Principle 6* (Customers' interests); and
  - (b) **■ COBS 20.2.11 G** to **■ COBS 20.2.16 R** (Amounts payable under with-profits policies: Surrender payments);
- (8) if there are groups of unitised *with-profits policies* in the *with-profits fund* with similar market value reduction free dates, an explanation as to whether:
  - (a) the *firm* expects surrenders to peak around any of those dates; and
  - (b) if it does, how it proposes to deal with those peaks;
- (9) details of the information that the *firm* gives to its *with-profits policyholders* about their right (if any) to use the proceeds of a *personal pension scheme, stakeholder pension scheme, FSAVC, retirement annuity contract* or *pension buy-out contract* to purchase an annuity on the open market when the relevant contracts or schemes vest or mature and any changes that will be made to that information as a result of the closure;

- (10) details of how the *firm* will deal with any potential mis-selling costs that may arise in the future in respect of *contracts of insurance* effected in the *with-profits fund*;
- (11) an explanation of how the *firm*:
  - (a) anticipates capital will become available for distribution to *policyholders* (and shareholders where appropriate); and
  - (b) will ensure a full and fair distribution of the closed *with-profits fund*, including any *inherited estate*;
 including details of:
  - (c) how the *firm* plans to provide in the long term for *annuity* payments on any *with-profits* and non-profits *policies* under which benefits have vested;
  - (d) how the *firm* will address future adverse circumstances in relation to these (e.g. increased annuitant longevity); and
  - (e) details of the *firm's* plans for distributing the embedded value in any major *subsidiaries* held in or by the closed *with-profits fund*;
- (12) an explanation of any material differences between the *firm's* run-off plan and relevant parts of its *PPFM*, together with details of any changes that will be made to the *PPFM* as a consequence of closure (The *firm* should provide the *FCA* with a copy of the revised sections of its *PPFM* when it submits its run-off plan.);
- (13) an explanation of whether the *firm* will be seeking to expand any other business following closure of the *with-profits fund*. (This explanation should include whether the *firm* will effect any new *with-profits policies* in a different *with-profits fund* and whether it will seek to expand its unit-linked or *non-profit insurance business*. It should also include an explanation of how such plans will impact on the closed *with-profits fund*. For example, will the *firm* offer *policyholders* in the closed *with-profits fund* the opportunity to switch into another with-profits fund or into unit-linked business?)

### Financial projections

**App2.15.8** G A *firm*, other than a *Solvency II firm*, should include in its run-off plan:

- (1) a forecast summary revenue account for the *with-profits fund*, in the form of ■ SUP App 2.15.9 G Table 1;
- (2) a forecast summary balance sheet and statement of solvency for the *with-profits fund*, which has been prepared in the form of ■ SUP App 2.15.9 G Table 2 and on a regulatory basis; and
- (3) a forecast summary balance sheet and statement of solvency for the entire *firm*, which has been prepared in the form of ■ SUP App 2.15.9 G Table 3 and on a regulatory basis;

in each case, for at least a three year period, beginning on the date of closure; and

- (4) a description of the assumptions underlying the forecasts at (1) to (3) and the reasons for adopting those assumptions.

**App2.15.8A** G A *Solvency II* firm should include the following information in its run off plan, except in the circumstances set out in ■ SUP App 2.15.8B G:

- (1) a forecast summary revenue account for the *with-profits fund*, in accordance with *PRA Rulebook: Non-Solvency II firms: Run Off Operations* 6.1(3)(a);
- (2) a forecast summary balance sheet and “eligible own funds” as defined in the *PRA Rulebook: Glossary* and any notional *SCR* for the *with-profits fund*, in accordance with *PRA Rulebook: Non-Solvency II firms: Run Off Operations* 6.1(3)(b); and
- (3) “eligible own funds”, “MCR” (as those terms are defined in the *PRA Rulebook: Glossary*), forecast summary balance sheet and *SCR* for the entire *firm*, in accordance with *PRA Rulebook: Non-Solvency II firms: Run Off Operations* 6.1(3)(b) and 6.1.3(c) to (e);

in each case, for at least a three-year period, beginning on the date of closure.

**App2.15.8B** G Delegated acts or implementing technical standards may be adopted under the UK provisions which implemented article 35(6) and (7) of the *Solvency II Directive* in relation, among other things, to run-off plans. In that event *Solvency II firms* should comply with those acts and standards to the extent that they supersede ■ SUP App 2.15.8A G.

**App2.15.9** G These tables belong to ■ SUP App 2.15.8 G

Table 1 - forecast summary revenue account for the relevant with-profits fund	
(1)	<i>Premiums and claims</i> (gross and net of <i>reinsurance</i> ) analysed by major <i>class of insurance business</i>
(2)	Investment return
(3)	Expenses
(4)	Other charges and income
(5)	Taxation
(6)	Increase (decrease) in fund in financial year
(7)	Fund brought forward
(8)	Fund carried forward

Table 2 - forecast summary balance sheet and statement of solvency for the relevant with-profits fund	
Assets analysed by type (excluding <i>implicit items</i> ):	
(1)	Equities
(2)	Land and buildings
(3)	Fixed interest investments
(4)	All other assets
(5)	Total assets (excluding <i>implicit items</i> )
(6)	<i>Policyholder</i> liabilities
(7)	Other liabilities
(8)	Total liabilities
(9)	Excess/(deficiency) of assets over liabilities before <i>implicit items</i>

Table 2 - forecast summary balance sheet and statement of solvency for the relevant with-profits fund

(10)	<i>Implicit items allocated to the with-profits fund</i>
(11)	<i>Long-term insurance capital requirement for the with-profits fund</i>
(12)	<i>Resilience capital requirement for the with-profits fund</i>
(13)	[deleted]
(14)	Net excess/(deficiency) of assets in the <i>with-profits fund</i>

Table 3 - forecast summary balance sheet and statement of solvency for the firm

L1	Surplus <i>long-term insurance assets, with-profit fund(s)</i>	
L2	Surplus <i>long-term insurance assets, non-profit fund(s)</i>	
L3	Total <i>long-term insurance assets</i>	L1+L2
L4	Total <i>long-term insurance liabilities</i> (excluding <i>resilience capital requirement</i> )	
L5	Total <i>long-term insurance fund surplus</i>	L3-L4
L6	Shareholder fund assets	
L7	<i>Implicit items</i>	
L8	<i>Long-term insurance capital requirement</i>	
L9	Excess of regulatory assets over <i>long-term insurance capital requirement</i>	L5+L6+L7-L8
L10	[deleted]	
L11	<i>Resilience capital requirement</i>	
L12	Net excess assets	L9-L10-L11
L13	FTSE level at which the <i>long-term insurance capital requirement</i> would be breached	

App2.15.10 GApp2.15.11 G The run-off plan of a *firm* to which *PRA* Supervisory Statement: Non-Solvency II Insurance companies – Capital assessments applies should include:

- (1) a revised individual capital assessment for the *firm* (see INSPRU 7.1), which reflects the impact of the closure of the relevant *with-profits fund*; or
- (2) a statement that the *firm* is satisfied that the closure will not materially affect the *firm's* most recent assessment.

App2.15.12 G A *firm's* run-off plan should include details of any:

- (1) intra-group balances held by the *with-profits fund*;
- (2) *group company* investments held by the *with-profits fund*; and
- (3) guarantees given by the *firm*;

which, in each case, have a value in excess of 5% of the *firm's* gross technical provisions.

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- App2.15.13** G A *firm's* run-off plan should include any other information that the *firm* considers relevant to the run-off of the closed *with-profits fund*.
- App2.15.14** G Either regulator may request additional information and explanations from the *firm*. (See section 165 (Regulators' power to require information) of the *Act*.)
- App2.15.15** G Significant changes to, or departures from, a *firm's* run-off plan are likely to trigger one or more of the *firm's* obligations to notify the *FCA*. (See, for example, *Principle 11* (Relations with regulators). The guidance in ■ **SUP 15.3** (General notification requirements) may also be relevant.)



# Appendix 3





## Supervision

### SUP TP 1 Transitional provisions

Definitions for these transitional provisions, additional to those in the *Glossary*, are provided at paragraph 16 of the table.

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
1	SUP 3.3.2 R (1)	R	<p><b>Auditors</b></p> <p>A <i>firm</i> will not contravene SUP 3.3.2 R (1), if the office of auditor is filled at <i>commencement</i>. The auditor filling the office at that time will be deemed to be appointed under SUP 3.3.2 R.</p>	From <i>commencement</i>	<i>Commencement</i>
2	SUP 3.9 and SUP 3.10	R	Expired		
3	SUP 3.9.4 R	R	Expired		
3A	SUP 3.10	R	Expired		
3AA	SUP 3.10.6R	R	<p>(1) This transitional provision applies where an auditor would have been required to produce a report under SUP 3.10.4R for a CASS 7 loan-based crowdfunding firm as a result of CONC 12.1.4R were it not for the <i>firm</i> obtaining Part 4A permission.</p> <p>(2) The period covered by the first report under SUP 3.10.4R produced after 21 August 2017 must end not more than 53 weeks after either:</p> <p>(a) the period covered by the previous report on such matters;</p> <p>(b) the date the <i>firm's</i> application for Part 4A permission to operate an electronic system in relation to lending is granted; or</p> <p>(c) the date the <i>firm</i> becomes subject to SUP 3.11 and its auditor becomes subject to SUP 3.10.</p>	Indefinitely	21 August 2017
3AB	SUP 3.10.6R	R	(1) This transitional provision applies where an auditor is required to produce a report un-	Indefinitely	21 August 2017

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
			<p>der SUP 3.10.4R for a CASS 7 <i>loan-based crowdfunding firm</i> that has not had an <i>interim permission</i>.</p> <p>(2) The period covered by the first report required under SUP 3.10.4R must end not more than 53 weeks after either:</p> <p>(a) the period covered by the previous report on such matters provided that period did not end more than 53 weeks before 21 August 2017;</p> <p>(b) the date the <i>firm's</i> application for <i>Part 4A permission</i> to operate an <i>electronic system in relation to lending</i> is granted; or</p> <p>(c) the date the <i>firm</i> becomes subject to SUP 3.11 and its auditor becomes subject to SUP 3.10.</p>		
3AC	SUP 3.10.4R to SUP 3.10.6R	R	<p>(1) This transitional provision applies in respect of an auditor which was subject to SUP 3.10 immediately before 1 April 2019 in relation to a <i>firm</i> which becomes subject to the <i>claims management client money rules</i> on 1 April 2019.</p> <p>(2) For the purposes of SUP 3.10.5R(1) in its application to the <i>claims management client money rules</i>, the first report which the auditor submits under SUP 3.10.4R which covers the <i>claims management client money rules</i> must state whether, in the auditor's opinion, the <i>firm</i> was in compliance with those <i>rules</i> from 1 April 2019 to the end of the period covered by the report.</p>	From 1 April 2019	1 April 2019
3B	SUP 3.10.6 R, SUP 3.10.7 R	G	Expired		
3C	SUP 3.10	R	Expired		
4	SUP 4.3.1 R (1) and SUP 4.4.1 R (1)	R	<p><u>Actuaries</u></p> <p>A <i>firm</i> will not contravene SUP 4.3.1 R (1) or SUP 4.4.1 R (1) to the extent that the office of <i>actuarial function holder</i>, <i>with-profits actuary</i> or <i>appropriate actuary</i> is filled by an <i>actuary</i> appointed</p>	From commencement	Commencement

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
			on or before 31 December 2004, provided that that <i>actuary</i> was appointed in accordance with the statutory requirements, or the requirements of the <i>regulatory system</i> , in force at that time.			
4A	SUP 4	R	Anything done before 31 December 2004 for the purposes of an amended provision in SUP 4 has effect as if done under that provision.		From 31 December 2004	31 December 2004
4B	[deleted]					
4BA	SUP 4.3.16AR (3) and SUP 4.3.16AR (4)	R	The <i>rules</i> apply in respect of each financial year commencing on or after 1 January 2005.		From 31 December 2004	31 December 2004
4C	[deleted]					
4D	[deleted]					
4E	[deleted]					
5	SUP 4.3.3 R	R	If a <i>firm's actuary</i> has been appointed by a <i>previous regulator</i> under statutory or contractual powers and remains in office immediately before <i>commencement</i> , that appointment will be deemed to have been made under SUP 4.3.3 R, but on the terms of the actual appointment.		From commencement	Commencement
6	SUP 8.6.1 G	R	Expired			
6A[FCA]	SUP 9.4	G	<u>Individual guidance</u>		From 19 July 2001	21 June 2001
			(1)	If a <i>person</i> acts in accordance with individual written guidance:		
			(a)	given to him by any <i>previous regulator</i> (or body whose functions were assumed by a <i>previous regulator</i> );		
			(b)	relating to any pre-commencement provision; and		
			(c)	in the circumstances contemplated by that guidance;		

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
			then the <i>FCA</i> will proceed on the footing that the <i>person</i> has complied with the aspects of any provision in or under the <i>Act</i> (including a <i>rule</i> or <i>guidance</i> in the <i>Handbook</i> ) to which the guidance relates if:		
			(d) that provision is substantially similar to the pre-commencement provision in relation to the matter with which the guidance is concerned;		
			(e) the guidance was current immediately before <i>commencement</i> ; and		
			(f) the guidance has not been superseded.		
			(2) SUP 9.4.2 G - SUP 9.4.4 G are relevant for individual guidance in (1) in the same way as for individual written <i>guidance</i> given by the <i>FCA</i> .		
			(3) References to “individual written guidance” in (1) and (2) include a written concession from a pre-commencement provision which is substantially similar to <i>guidance</i> in the <i>Handbook</i> .		
8	SUP 10.13.6 R	R	Expired		
8A	SUP 10.4.1 R	R	Deleted		
8B		G	Deleted		
8C		G	Deleted		
8D	SUP 10.13.6 R (Ceasing to perform a controlled function)	R	Deleted		

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
	and SUP 10.13.3 D (Moving within a firm)					
8E	SUP 10.6.4 R (2)	R	Expired			
8F	SUP 10.6.8 R (1)(b)	R	Expired			
8G	SUP 10.9.1 R (2)	R	Expired			
8H	SUP 10.1.7 R (1)	R	Expired			
8I	SUP 10.1.7 R (2)	R	Expired			
8J	SUP 10.1.7 R (5)	R	Expired			
8K	SUP 10.1.13 R to SUP 10.1.14 R	R	Expired			
8L		G	Expired			
8M[FCA]	SUP 10A.14.24 R	R	This rule applies to <i>complaints</i> upheld on or after 31 December 2012.		From 31/12/2012	31/12/2012
9	SUP 12.5.5 R SUP 12.5.7 R	R	Expired			
9A	SUP 15.8.4 G	R	Expired			
9AA	SUP 13	R	(1)	Where a <i>person</i> wishes to obtain a passport for an investment service or financial instrument to which <i>MiFID II</i> will apply, but to which <i>MiFID</i> does not apply, all changes made to SUP 13 by [FCA Handbook Instrument] on 4 December 2017, and any related definitions set out in Part 2 of the Glossary (MiFID 2) Instrument 2017, instead take effect from 31 July 2017.	From 31 July 2017 until 3 December 2017	31 July 2017

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
			(2)	For the purposes of this transitional provision, SUP 13.5.3R(1) and SUP 13.8.1R(1) do not apply. A <i>person</i> submitting a notice to which SUP 13.5.3R(1) or SUP 13.8.1R(1) would otherwise apply must do so by email to MiFID.passport@fca.org.uk .		
			(3)	This transitional provision also applies where a <i>person</i> to whom <i>MiFID</i> does not apply, but to whom <i>MiFID II</i> will apply, wishes to obtain a passport that takes effect from the application date of <i>MiFID II</i> .		
9AB	SUP 13	G	(1)	SUP TP 1.2 9AAR is intended to allow a <i>person</i> to apply for a passport for an investment service or financial instrument introduced by <i>MiFID II</i> , prior 4 December 2018. It also allows other <i>persons</i> such as those who will cease to be exempt under <i>MiFID II</i> , to apply for a passport prior to 4 December 2018.	From 31 July 2017 until 3 December 2017	31 July 2017
			(2)	A <i>person</i> who wishes to obtain a passport for an investment service or financial instrument to which <i>MiFID</i> applies, as well as for an investment service or financial instrument to which <i>MiFID</i> does not apply but to which <i>MiFID II</i> will apply, should submit two separate notifications during the transitional period.		
			(3)	This transitional provision ceases to be effective on 4 December 2017, at which point the amendments made to SUP 13 in this instrument take effect. From		

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
				4 December, all <i>persons</i> should submit passporting notifications in accordance with SUP 13, as amended by this instrument.		
9AC	SUP 13	R		Where the <i>person</i> wishing to obtain a passport is not subject to <i>MiFID</i> , but will be subject to <i>MiFID II</i> , SUP 13.5.3R(1) and SUP 13.8.1R(1) do not apply. Such a <i>person</i> must submit the relevant notice by email to MiFID.pas-sport@fca.org.uk .	From 4 December 2017 until 2 January 2018	31 July 2017
9B	SUP 12.5	R	Expired			
10	SUP 16.4.5 R SUP 16.5.5 G	R	Expired			
10A	SUP 16.4 SUP 16.5	R	Expired			
11	SUP 16.6 SUP 16.7 SUP 16.8	R	Expired			
12	SUP 16.7.7 R; SUP 16.7.9 R, SUP 16.7.11 R, SUP 16.7.16 R, SUP 16.7.24 R, SUP 16.7.26 R, SUP 16.7.35 R, SUP 16.7.44 R, SUP 16.7.46 R, SUP 16.7.48 R, SUP 16.7.57 R	R	Expired			
12A			[deleted]			
12B	SUP 16.7.54 R; SUP 16.7.76 R SUP 16.7.79 R	R		Deleted		

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
	SUP 16.7.80 R					
12C		R	Deleted			
12D		R		Deleted		
12E		R		Deleted		
12F	SUP 16.7.77 R	R	Expired			
12G	SUP 16.7.7 R; SUP 16.7.9 R; SUP 16.7.11 R; SUP 16.7.16 R; SUP 16.7.20 R; SUP 16.7.24 R; SUP 16.7.26 R; SUP 16.7.28 R; SUP 16.7.35 R; SUP 16.7.57 R; SUP 16.7.62 R; SUP 16.7.65 R; SUP 16.7.73 R;	R	Expired			
12H	R		Expired			
12I	SUP 16.7.54 R	R	Expired			
12J	(1)  SUP 16.7.24 R, SUP 16.7.25 R and 16.7.25A R, SUP 16.7.27 R and 16.7.27A R	R	Expired			
	(2)  SUP 16.7.35 R, SUP 16.7.36 R and SUP 16.7.36A R	R	Expired			
	(3)  SUP 16.7.67 R, SUP 16.7.68 R and SUP 16.7.68A R	R	Expired			
	(4)  SUP 16.7.76 R, SUP 16.7.77 R and SUP 16.7.77A R	R	Expired			
	(5)  SUP 16.7.16 R and SUP 16.7.17 R	R	Deleted			
12K	SUP 16.7.7 R, SUP 16.7.8 R, SUP 16.7.9 R,	R		Expired		



(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
	SUP 16.7.10 R, SUP 16.7.11 R, SUP 16.7.12 R, SUP 16.7.16 R, SUP 16.7.17 R, SUP 16.7.24 R, SUP 16.7.25 R, SUP 16.7.26 R, SUP 16.7.27 R, SUP 16.7.28 R, SUP 16.7.29 R, SUP 16.7.35 R, SUP 16.7.36 R, SUP 16.7.54 R, SUP 16.7.54A R, SUP 16.7.57 R, SUP 16.7.58 R, SUP 16.7.62 R, SUP 16.7.63 R, SUP 16.7.65 R, SUP 16.7.66 R, SUP 16.7.73 R, SUP 16.7.74 R, SUP 16.7.75 R, SUP 16.7.76 R and SUP 16.7.77 R,					
12L	(1)  SUP 16.7.7 R, SUP 16.7.8 R, SUP 16.7.8A R, SUP 16.7.16 R, SUP 16.7.17 R, SUP 16.7.17A R, SUP 16.7.24 R, SUP 16.7.25 R, SUP 16.7.25A R, SUP 16.7.26 R, SUP 16.7.27 R, SUP 16.7.27A R, SUP 16.7.30 R, SUP 16.7.35 R, SUP 16.7.36 R, SUP 16.7.36AR, SUP 16.7.67R, SUP 16.7.68R, SUP 16.7.68AR,	R	Expired			

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
	SUP 16.7.76R, SUP 16.7.77R, SUP 16.7.77AR				
	(2) SUP 16.7.9 R, SUP 16.7.10 R	R	Expired		
	(3) SUP 16.12.11 R, SUP 16.7.12 R	R	Expired		
	(4) SUP 16.7.62R, SUP 16.12.5 R, SUP 16.7.63R	R	Expired		
	(5) [deleted]				
	(6) SUP 16.7.82R, SUP 16.7.83R	R	Expired		
	(7)[deleted]				
12M[FCA] [PRA]	(1)[deleted]				
	(2)[deleted]				
	(3)[deleted]				
	(4)[deleted]				
	(5)[deleted]				
	(6)[deleted]				
	(7)[deleted]				
	(8)[deleted]				
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	(10)[deleted]				
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	(12)[deleted]				
	(13)[deleted]				
	(14)[deleted]				
	(15)[deleted]				
	(16)[deleted]				
	(17)[deleted]				

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
	(18)[deleted] [deleted]					
	(19)					
	(20)[deleted]					
	(20A) SUP 16.12.22A R	R	Expired			
	(21)[deleted]					
12N	(1) SUP 16.7.36 R	R		Expired		
12O	(1)	[deleted]				
	(2) SUP 16.7.24 R, SUP 16.7.25 R, SUP 16.7.27 R	R	Expired			
	(3) SUP 16.7.35 R, SUP 16.7.36 R	R	Expired			
	(4) SUP 16.7.67 R, SUP 16.7.68 R	R	Expired			
	(5) SUP 16.12.11R, SUP 16.12.12R	R	Expired			
12P	(1) SUP 16.7.20R, SUP 16.7.21R, SUP 16.7.21AR, SUP 16.7.21BR, SUP 16.7.26R, SUP 16.7.27R, SUP 16.7.28R, SUP 16.7.29R, SUP 16.7.30R, SUP 16.7.35R, SUP 16.7.36R, SUP	R	Expired			

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
	16.7.54R, SUP 16.7.54AR, SUP 16.7.55R, SUP 16.7.56R, SUP 16.7.57R, SUP 16.7.58R, SUP 16.7.67R, SUP 16.7.68R, SUP 16.7.76R, SUP 16.7.77R					
12Q	(1) SUP 16.12.11R	R	Expired			
	(2) SUP 16.12.14R	R	Expired			
	(3) SUP 16.12.19R	R	Expired			
	(4) SUP 16.12.25R	R	Expired			
	(5) SUP 16.12.11R, SUP 16.12.14R, SUP 16.12.19R, SUP 16.12.25R	R		Expired		
12R	(1)		[deleted]			
	(2) SUP 16.12.11R	R	Expired			
12S	(1) SUP 16.12.15, SUP 16.12.16,	R	Expired			

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
	SUP 16.12.17					
12T	SUP 16.12.5 R to SUP 16.12.7 R;  SUP 16.12.10 R to SUP 16.12.17 R;  SUP 16.12.22 R to SUP 16.12.27 R	R		Deleted		
12U	SUP 16.12.5 R to SUP 16.12.7 R; SUP 16.12.10 R to SUP 16.12.17 R; SUP 16.12.22 R to SUP 16.12.27 R	G	Deleted			
12V	SUP 16.12.5 R to SUP 16.12.7 R; SUP 16.12.10 R to SUP 16.12.17 R; SUP 16.12.22 R to SUP 16.12.27 R	G	Deleted			
12W [PRA]	[deleted]					
12X	SUP 16.12.5 R to SUP 16.12.7 R	R	(1)	This <i>rule</i> deals with the effect of the abolition of <i>data item</i> FSA044 by the Liquidity Standards (Miscellaneous Amendments) Instrument 2010 and of changes to the definition of <i>DLG by default</i> made by that instrument.	See column 4	See column 4
			(2)	The abolition of that <i>data item</i> does not have effect in relation to a <i>firm's</i> reporting period for that <i>data item</i> that has begun but not ended as at 1 January 2011.		

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
			(3)	The changes to the definition of <i>DLG by default</i> do not have effect in relation to the reporting period of a <i>firm</i> that has begun but not ended as at 1 November 2010.		
12Y [FCA]	SUP 16.12.15 R	R	Expired			
12Z [FCA]	SUP 16.12.15 R but only in so far as it relates to <i>annual report and accounts</i> , FSA029 (Balance sheet), FSA030 (Income statement) and FIN069 (Capital adequacy)	R	The <i>rule</i> listed in column (2) does not apply to an <i>operator of an electronic system in relation to lending</i> who holds an <i>interim permission</i> .		Indefinitely	1 April 2014
12ZA	The changes to <i>SUP</i> in Annex B of the Client Assets (Term Deposits) Instrument 2018	G	As a result of CASS TP 1.1.10AAR the changes effected by the provisions in the Annex listed in column (2) would not apply to any <i>firm</i> in respect of which:  (1) prior to 22 January 2018 the FCA has directed under s.138A of the Act that CASS 7.13.13R(3) be applied with modifications; and  (2) such a direction is in effect on 22 January 2018.		From 22 January 2018 to the date on which the relevant direction referred to in column (4) ceases to have effect	22 January 2018
13	SUP 16.8	R	Expired			
13A	(1) SUP 3.1.2 R	R	Expired			
13B	[deleted]					
13C	SUP 16.13.7D	D	Statistical data on fraud covering the period beginning on 13 January 2018 and ending on 31 December 2018 must be submitted using the format of the return that would have		1 to 31 January 2019	1 January 2019

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
			been required to be submitted had SUP 16 Annex 27ED remained in the form in which it stood on 31 December 2018 and had SUP 16 not been amended by the Payment Services (Amendment) Instrument 2018. SUP 16 Annex 27ED, as it stood on 31 December 2018, and guidance notes for completion of this return can be accessed by using the timeline on the <i>FCA Handbook</i> website.		
13D	SUP 16.13.8D	D	The return covering the period beginning on 13 January 2018 and ending on 31 December 2018 must be submitted by 31 January 2019.	1 to 31 January 2019	1 January 2019
13E	SUP 16.13.7D	D	In respect of the reporting period 1 January 2019 to 30 June 2019, the statistical data on fraud must be provided on a best endeavours basis.  <i>Payment service providers</i> must provide at least the transaction and fraud totals that would have required to be collected had SUP 16 Annex 27ED remained in the form in which it stood on 31 December 2018 and had SUP 16 not been amended by the Payment Services (Amendment) Instrument 2018. SUP 16 Annex 27ED, as it stood on 31 December 2018, can be accessed by using the timeline on the <i>FCA Handbook</i> website.	1 January 2019 to 29 February 2020	1 January 2019
13F	SUP 16.13.7D	D	<i>Small payment institutions</i> may provide the statistical data on fraud in respect of 1 January 2019 to 30 June 2019 on a best endeavours basis. They must submit the data in respect of 1 July 2019 to 31 December 2019 in compliance with SUP 16.13.7D.	1 January 2019 to 29 February 2020	1 January 2019
14	SUP 16.8	R	Expired		
14A	SUP 16.11.7 R	R	Expired		
14B		R	Deleted		
14C	16.10.4	R	Expired		
14D	16.11.3	R	Expired		
14E	SUP 16.14.3R	R	Where, as a result of making the election under CASS	From 21 March 2016	21 March 2016

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
			7.10.7AR(1), a <i>firm</i> exceeds the limit in the bottom row of the table in CASS 1A.2.7R (CASS <i>small firm</i> ), SUP 16.14.3R (requirement to submit CMAR) does not apply to the <i>firm</i> .		until 1 January 2017	
14F	SUP 16.14.3R	G	CASS TP 14E means that a CASS <i>small firm</i> which becomes a CASS <i>medium firm</i> or a CASS <i>large firm</i> as a result of making the election under CASS 7.10.7AR(1) does not need to submit a CMAR until January 2017.		From 21 March 2016 until 1 January 2017	21 March 2016
15			[deleted]			
15A	Rules in SUP 20	R	Expired			
15B	Transitional rule SUP 15A	G		Expired		
15C	The Supervision manual (SUP)		Expired			
15D	SUP 16	R	Expired			
15E	SUP 16.15.5AD	D	In respect of the reporting period for which the <i>electronic money institution's accounting reference date</i> falls between 31 Dec 2016 and 30 Dec 2017 (inclusive) it must provide the data on a best endeavours basis.		From 31 December 2016 until 30 December 2017	31 December 2016
15F	SUP 16.23.4R	R	In respect of the reporting period for which the <i>firm's accounting reference date</i> falls between 31 Dec 2016 and 30 Dec 2017 (inclusive) it must provide the data on a best endeavours basis.		From 31 December 2016 until 30 December 2017	31 December 2016
16	Paragraphs 1 to 15	R	<u>Definitions</u>		From commencement	Commencement
			In these transitional provisions:			
			(1)	"pre-commencement provision" means a provision repealed or revoked by or under the Act or a rule or guidance of the <i>firm's previous regulator</i> , including (where the context permits) any relevant provision which it replaced before commencement; and		



(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
			(2)	"substantially similar" means substantially similar in purpose and effect.		
17	SUP 20.4.4 R (4)	R	Expired			
	SUP	G	GEN contains some technical transitional provisions that apply throughout the <i>Handbook</i> and which are designed to ensure a smooth transition at <i>commencement</i> . These include transitional provisions relevant to record keeping and notification rules.		From commencement of the relevant provision in SUP	Various dates
18	SUP 16.12.3 R(2) and SUP 16.12.19AR	R	<p>(1) This transitional provision applies to a <i>firm</i> that is required under SUP 16.12.19AR to submit data item FIN072 to the FCA.</p> <p>(2) Until the FCA has made electronic means available for the submission of data item FIN072 available, a <i>firm</i> in (1) must submit data item FIN072 by electronic email to: regulatory.reports@fca.org.uk.</p>		From 18 March 2016 until 18 March 2017	18 March 2016
19	SUP 16.25.7	R	<p>(1) This transitional provision applies in respect of the first Annual Claims Management Report which a <i>firm</i> is required to submit under SUP 16.25.7R.</p> <p>(2) No report is required under SUP 16.25.7R in respect of a period ending on an <i>accounting reference date</i> of the <i>firm</i> earlier than 1 July 2019.</p> <p>(3) If no report is provided under SUP 16.25.7R in respect of a period ending on an <i>accounting reference date</i> of the <i>firm</i> earlier than 1 July 2019, the first report under SUP 16.25.7R must address the period from 1 April 2019 to the <i>firm's</i> first <i>accounting reference date</i> which occurs on or after 1 July 2019.</p>		From 1 April 2019 to 1 July 2020	1 April 2019
20	SUP 16.27	R	This section applies to any activities upon which the value measures data in SUP 16.27.11R is based and which are carried out after 1 July 2021, regardless of the effective date of any particular <i>general insurance contract</i> .		From 1 July 2021	1 July 2021

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
21	SUP 16.27.12	R	The first value measures report to be provided on 28 February 2022 will have a reporting period of 1 July 2021 – 31 December 2021 and references to “reporting period” should be read accordingly.	From 1 July 2021 to 1 March 2022	1 July 2021
22	SUP 16.28.6R and SUP 16.28.7R	R	(1) This transitional provision applies to a <i>firm</i> that is required under SUP 16.28.6R or SUP 16.28.7R to submit a pricing information report to the FCA.	1 January 2022 to 31 December 2023	1 January 2022
			(2) A <i>firm</i> must prepare an interim pricing information report in respect of the period commencing 1 January 2022 and ending on 30 June 2022.		
			(3) The interim pricing report under paragraph (2) is to exclude the additional claims-related information on the core product in SUP 16.28.12R.		
			(4) The interim pricing report in (2) must be submitted on or before 30 September 2022.		
			(5) The interim pricing report in (2) must be submitted in accordance with SUP 16.28.16R to SUP 16.28.18R, subject to the permitted exclusion from the interim report of additional claims-related information as set out in (3).		
			(6) The first annual pricing information report must be submitted:		
			(i) in respect of the reporting period or claims-related reporting period from 1 January 2022 to 31 December 2022, on or before 31 March 2023; or		
			(ii) where a <i>firm's</i> claims-related reporting period is not the reporting period, in respect of the <i>firm's</i> claims-related reporting period which commences on or after 1 January 2022, on or before a date 3 <i>months</i> after the end of that claims-related reporting period.		
23	SUP 16.27.12	R	When reporting data on legal expenses, a <i>firm</i> can choose	From 17 December	1 July 2021

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
			whether the first value measures report to be provided on 28 February 2022 uses the form and format set out in:	2021 to 1 March 2022	
			(1) SUP 16 Annex 48AR where after the event and before the event legal expenses insurance is reported as separate product categories; or		
			(2) instrument FCA 2020/40, where both after the event and before the event legal expenses insurance is reported together under the same product category 'legal expenses', as defined in instrument FCA 2020/40.		
24	SUP 16.27.12	G	Instrument FCA 2020/40 defines 'legal expenses' as <i>contracts of insurance</i> (or cover within a <i>policy</i> ) against the risks of loss to the persons insured attributable to their incurring legal expenses including costs of litigation.		
Note 1 Deleted					
Note 2 Deleted					
Note 3 Deleted					

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional Provision	Transitional provision: dates in force	Handbook provision: coming into force
1	The <i>rules</i> and <i>guidance</i> in SUP 3.10	R	In relation to an auditor of a <i>firm</i> whose client assets report period ends on or before 29 September 2011, that auditor may comply with SUP 3.10 as it was in force on 31 May 2011.	From 1 June 2011	1 June 2011
2	The <i>rules</i> and <i>guidance</i> in SUP 3.11	R	In relation to a <i>firm</i> whose client assets report period ends on or before 29 September 2011, the <i>rules</i> and <i>guid-</i>	From 1 June 2011	1 June 2011

(1)	(2)	(3)	(4)	(5)	(6)
			ance to which column (2) refers do not apply.		

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional provisions	Transitional provision: dates in force	Handbook provision coming into force
1	The changes to SUP 16.11 and SUP 16.12 set out in Annex I of the Consumer Credit (Consequential and Supplementary Amendments) Instrument 2014	R	The changes effected by the Annex listed in column (2) to SUP 16.11 and SUP 16.12 do not apply until 1 October 2014.	1 April 2014 to 1 October 2014	1 April 2014
2	The changes to SUP 16.12 set out in Annex I of the Consumer Credit (Consequential and Supplementary Amendments) Instrument 2014	G	The effect of (1) is that, for a <i>firm</i> with <i>permission</i> to carry on only a <i>credit-related regulated activity</i> , the reporting frequencies and submission deadlines for the <i>data items</i> in SUP 16.12.29C R are calculated from the <i>firm's</i> next <i>accounting reference date</i> that follows 1 October 2014. The first <i>data items</i> should cover the period from 1 October 2014 to the <i>accounting reference date</i> or the end of the first reporting period if the frequency is half-yearly.	1 April 2014 to 1 October 2014	1 April 2014
3	SUP 16.12	G	<i>Firms</i> are reminded that CONC 12.1.4 R further provides that (a) SUP 16 does not apply to a <i>firm</i> with only an <i>interim permission</i> ; and (b) SUP 16.11 and SUP 16.12 apply to a <i>firm</i> with an <i>interim permission</i> that is treated as a variation of <i>permission</i> for <i>credit-related regulated activity</i> as if the changes effected by the Consumer Credit (Consequential and Supplementary Amendments) Instrument 2014 had not been made. So, if such a <i>firm</i> is granted <i>permission</i> to carry on (or is granted a variation to add to its <i>permission</i> ) <i>credit-related regulated activity</i> (and an <i>interim permission</i> the <i>firm</i> was treated as having ceased to have effect) on a date after 1 October 2014, the reporting frequencies and submission deadlines for the <i>data items</i> in SUP 16.12.29C R are calculated by reference to the <i>firm's</i> <i>accounting reference date</i> that follows the date on which the notice of the grant of <i>permission</i> or the variation of <i>permission</i> under section 55V(5) of the Act takes effect. The first <i>data items</i> should cover the period from that date	1 April 2014 until <i>interim permission</i> ceases to have effect	1 April 2014

(not 1 October 2014) to the *accounting reference date* or the end of the first reporting period if the frequency is half-yearly.

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
1	SUP 16.11.5R (3), SUP 16.11.5A R and SUP 16 Annex 21, section 2 (c) (sales data report and performance data report for mortgages)	R	When reporting sales data and performance data on <i>regulated mortgage contracts</i> , a <i>firm</i> should not include sales data and performance data on <i>second charge regulated mortgage contracts</i>	21 March 2016 to 31 March 2017	21 March 2016
2	SUP 16.11.3R, SUP 16.11.5R, SUP 16.11.7R, SUP 16.11.8R and SUP 16 Annex 21R.	R	When submitting a sales data report required by SUP 16.11.7R in relation to a <i>regulated mortgage contract</i> entered into in reliance on the <i>rules</i> in MCOB 11.9, a <i>firm</i> (or its reporting agent appointed under SUP 16.11.11R) may, in relation to that contract, elect to comply with the provisions of SUP 16 Annex 21R as if: <ol style="list-style-type: none"> <li>(1) the amendments to that Annex made by the Mortgages (Responsible Lending) Instrument 2019 had not been made; and</li> <li>(2) the contract were entered into in reliance on the <i>rules</i> in MCOB 11.7.</li> </ol>	From 28 October 2019 to 31 March 2021.	On 28 October 2019.

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
1	SUP 16.3.3D to SUP 16.3.4D and SUP 16.15.8D	D	The changes effected by the Payment Services Instrument 2017 to SUP 16.3.3D to SUP 16.3.4D and SUP 16.15.8D do not apply where a <i>payment institution</i> or <i>electronic money institution</i> is required to submit a re-	13 January 2018 to 1 April 2018	13 January 2018

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
2	SUP 16.3.3D to SUP 16.3.4D and SUP 16.15.8D	G	<p>turn covering a reporting period ending on 12 January 2018 or earlier. SUP 16.3.3D to SUP 16.3.4D and SUP 16.15.8D apply as they stood immediately before 13 January 2018 with respect to periodic reporting of information to the FCA covering a period ending before 12 January 2018.</p> <p>The effect of (1) is that an <i>authorised payment institution</i> or a <i>small payment institution</i> should submit the annual return FSA056 or FSA057 in the pre-13 January 2018 format in respect of a reporting period that ends on or before 12 January 2018. The due dates for submission after the end of the reporting period are the same before and after 13 January 2018.</p> <p>The effect of (1) is also that an <i>authorised electronic money institution</i> should submit FSA059 to FSA063 in the pre-13 January 2018 formats (rather than the new return FIN060) in respect of a reporting period that ends on or before 12 January 2018. The reporting frequencies for these returns are half-yearly, calculated from the <i>authorised electronic money institution's accounting reference date</i>, and the due dates for submission are within 30 <i>business days</i> following the end of the reporting period.</p> <p><i>A small electronic money institution</i></p>	13 January 2018 to 1 April 2018	13 January 2018

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
			<p>should submit FSA064 in the pre-13 January 2018 format (rather than the new return FIN060) in respect of a reporting period that ends on or before 12 January 2018. The reporting frequency for this return is half-yearly, calculated from the <i>small electronic money institution's accounting reference date</i>, and the due date for submission is within 30 <i>business days</i> following the end of the reporting period.</p>		
3	SUP 16.3.3D to SUP 16.13.4D and SUP 16.15.8D	D	<p>(1) This direction applies to an <i>authorised payment institution, registered account information service provider, authorised electronic money institution, or small electronic money institution</i> with an <i>accounting reference date</i> falling between 13 January 2018 and 30 March 2018 (inclusive).</p> <p>(2) A <i>person</i> to whom this direction applies must, in respect of the reporting period that ends on the <i>accounting reference date</i> between 13 January 2018 and 30 March 2018, complete and submit the return specified in the second column of the table in SUP 16.13.4D or SUP 16.15.8D (as applicable) within 30 <i>business days</i> of 31 March 2018.</p>	13 January 2018 to 18 May 2018	13 January 2018
4	SUP 16.3.3D to SUP 16.3.4D and SUP 16.15.8D	G	<p>The effect of (3) is that an <i>authorised payment institution or registered account information service provider</i> should submit the return FSA056 by 11 May 2018 if the return re-</p>	13 January 2018 to 18 May 2018	13 January 2018

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
5	SUP 16.13.4D and SUP 16.15.8D	D	<p>lates to a reporting period that ends between 13 January 2018 and 30 March 2018 (inclusive).</p> <p>The effect of (3) is also that an authorised <i>electronic money institution</i> or <i>small electronic money institution</i> should submit the return FIN060 by 11 May 2018 if the return relates to a reporting period that ends between 13 January 2018 and 30 March 2018 (inclusive).</p> <p>An <i>authorised payment institution, registered account information service provider, authorised electronic money institution, or small electronic money institution</i> required to submit a return covering a reporting period beginning before and ending after 13 January 2018 is required to answer the 'new return questions' only in respect of the period beginning on the 13 January 2018 and ending on its <i>accounting reference date</i>.</p> <p>'New return questions' means:</p> <p>(a) for an <i>authorised payment institution</i>, questions 68, 76,-80 and 84-86 in FSA056 (Authorised Payment Institution Capital Adequacy Return);</p> <p>(b) for a <i>registered account information service provider</i>, question 68 in FSA056 (Authorised Payment Institution Capital Adequacy Return);</p>	13 January 2018 to 1 April 2019	13 January 2018



(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
			<p>(c) for an <i>authorised electronic money institution</i>, questions 2–3, 10–11, 75–76 and 80–82, in FIN060 (Authorised Electronic Money Institution Questionnaire); and</p> <p>(d) for a <i>small electronic money institution</i>, questions 2–3 and questions 10–12 in FIN060 (Small E-Money Institution Questionnaire).</p>		
6	SUP 16.13.4D and SUP 16.15.8D	G	<p>The effect of (5) is that, even if part of the reporting period to be covered by a return falls earlier than 13 January 2018, the <i>authorised payment institution, registered account information service provider, authorised electronic money institution</i> or <i>small electronic money institution</i> is nonetheless required to submit the return in the new form set out in the Payment Services Instrument 2017, but is only required to answer the new questions added by the Payment Services Instrument 2017 in relation to the part of the reporting period that falls on or after 13 January 2018.</p>	13 January 2018 to 1 April 2019	13 January 2018
7	SUP 16.15.8D	G	<p><i>Electronic money institutions</i> are reminded that the return FIN060 is to be completed in respect of a reporting period of 12 <i>months</i>. This means that <i>electronic money institutions</i> using FIN060 for the first time should include in that report data from the preceding 12 <i>months</i>, irrespective of whether some of that data has already been reported</p>	13 January 2018 to 1 April 2019	13 January 2018

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
			to the <i>FCA</i> as a result of the previous half yearly reporting frequency.		

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
1	SUP 16.23A.3R(2)	R	If, at the time SUP 16.23A.3R comes into force, the latest <i>director's</i> certificate and auditor's report a <i>firm</i> submitted under the <i>rules</i> replaced by SUP 16.23A.3R related to a version of the register dated 31 March 2018 or earlier, the 'period of production of the register' to be covered by the first return that <i>firms</i> must submit under SUP 16.23A.3R(1) is from that date to 31 March 2019.	From 28 September 2018 to 31 August 2019	28 September 2018
2	SUP16.23A.3R (2)	R	If, at the time SUP 16.23A.3R comes into force, the latest <i>director's</i> certificate and auditor's report a <i>firm</i> submitted under the <i>rules</i> replaced by SUP 16.23A.3R related to a version of the register dated 1 April 2018 or later, the 'period of production of the register' to be covered by the first return that <i>firms</i> must submit under SUP 16.23A.3R(1) is from that date to 31 March 2019.	From 28 September 2018 to 31 August 2019	28 September 2018

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provisions	(5) Transitional provision: dates in force	(6) Handbook provision coming into force
1	SUP 16.26	R	(1) This <i>rule</i> applies to: (a) an <i>SMCR banking firm</i> ; and (b) an <i>SMCR insurance firm</i> .  (2) The reporting and timing requirements in SUP 16.26 are modi	From 9 September 2019 to 9 March 2020	9 September 2019

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provisions	(5) Transitional provision: dates in force	(6) Handbook provision coming into force
			<p>fied in accordance with paragraphs (3) to (6) for a <i>firm</i> to which this <i>rule</i> applies.</p> <p>(3) The <i>firm</i> must submit a report about each individual who is or becomes a <i>Directory person</i> on or after 9 September 2019.</p> <p>(4) Where the relevant information is held by the <i>firm</i>, the <i>firm</i> must submit a report about each individual who does not fall within (3), but who would have been a <i>Directory person</i> on or after 10 December 2018.</p> <p>(5) The <i>firm</i> must submit to the FCA all reports about the <i>Directory persons</i> specified in (3) and (4) by 9 March 2020, which is set out in Part 1, SUP 16 Annex 47AR (Directory persons report), submitted online through the appropriate system which is accessible from the FCA website and in the appropriate format.</p> <p>(6) SUP 16.26.13R to SUP 16.26.19R apply only on and from 9 March 2020.</p>		
2	SUP 16.26	R	<p>(1) This <i>rule</i> applies to an <i>SMCR firm</i> which is not:</p> <p>(a) an <i>SMCR banking firm</i>; or</p> <p>(b) an <i>SMCR insurance firm</i>.</p> <p>(2) The reporting and timing requirements in SUP 16.26 are modified in accordance with paragraphs (3) to (5) for a <i>firm</i> to which this <i>rule</i> applies.</p> <p>(3) The <i>firm</i> must submit a report about each individual who is or becomes a <i>Directory person</i> on or after 9 December 2019.</p> <p>(4) The <i>firm</i> must submit to the FCA all reports about the <i>Directory persons</i> specified in (3) by 31 March 2021, which is set out in Part 1, SUP 16 Annex 47AR (Directory persons report), submitted online through the appropriate system which is accessible from the FCA website and in the appropriate format.</p> <p>(5) SUP 16.26.13R to SUP 16.26.19R apply only on and from 31 March 2021.</p>	From 9 December 2019 to 31 March 2021	9 December 2019

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provisions	(5) Transitional provision: dates in force	(6) Handbook provision coming into force
(6) This <i>rule</i> is modified by SUP TP 1.13.3R.					
(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provisions	(5) Transitional provision: dates in force	(6) Handbook provision coming into force
3	SUP 16.26	R	<p>(1) This <i>rule</i> applies to a <i>firm</i>:</p> <p>(a) that comes within SYSC TP 8.1.1R (Application, purpose and definitions); and</p> <p>(b) has an individual transitional period.</p> <p>(2) SUP TP 1.13.2R is adjusted so that a reference to:</p> <p>(a) 9 December 2019 is a reference to the start of a <i>firm's</i> individual transitional period; and</p> <p>(b) 31 March 2021 is a reference to the end of a <i>firm's</i> individual transitional period.</p> <p>(3) Individual transitional period has the meaning in SYSC TP 8.1.5R (Table: glossary of bespoke terms used in SYSC TP 8), taking into account the amendment to that definition made by the Individual Accountability (FCA-Authorised Firms) (COVID-19 and Extension of Deadlines) Instrument 2020.</p>	As stated in column (4)	As stated in column (4)

## Supervision

### SUP TP 3

#### Transitional provisions relating to SUP 10A and SUP 10B: Transition from the FSA to the FCA and PRA

TP 3	Transitional provisions relating to SUP 10A and SUP 10B: Transition from the FSA to the FCA and PRA	
TP 3.1	Transition to the FCA	
3.1.1 [FCA]	R	An <i>approved person</i> who was, as at cutover, approved by the FSA to perform a <i>controlled function</i> specified by the FSA set out in column 1 of the table in SUP TP 3.1.2 R in relation to a <i>firm</i> , is deemed to continue to be approved by the FCA to perform the <i>FCA-controlled function</i> in the same row of column 2 in that table in relation to that <i>firm</i> . Column 3 states whether this applies in relation to all <i>firms</i> or just <i>FCA-authorised persons</i> .
3.1.2 [FCA]	R	Table: FSA controlled functions transitioned to the FCA

FSA controlled function	FCA controlled function into which approved person transitioned	Firms to which transitional relates
Director function (CF1)	<i>Director function</i> (CF1)	<i>FCA-authorised persons only</i>
Non-executive director function (CF2)	<i>Non-executive director function</i> (CF2)	<i>FCA-authorised persons only</i>
Chief executive function (CF3)	<i>Chief executive function</i> (CF3)	<i>FCA-authorised persons only</i>
Partner function (CF4)	<i>Partner function</i> (CF4)	<i>FCA-authorised persons only</i>
Director of unincorporated association function (CF5)	<i>Director of unincorporated association function</i> (CF5)	<i>FCA-authorised persons only</i>
Small friendly society function (CF6)	<i>Small friendly society function</i> (CF6)	<i>FCA-authorised persons only</i>
Apportionment and oversight function (CF8)	<i>Apportionment and oversight function</i> (CF8)	<i>All firms</i>
Compliance oversight function (CF10)	<i>Compliance oversight function</i> (CF10)	<i>All firms</i>
CASS operational oversight function (CF10A)	<i>CASS operational oversight function</i> (CF10A)	<i>All firms</i>
Money laundering reporting function (CF11)	<i>Money laundering reporting function</i> (CF11)	<i>All firms</i>
Systems and controls function (CF28)	<i>Systems and controls function</i> (CF28)	<i>FCA-authorised persons only</i>
Significant management function (CF29)	<i>Significant management function</i> (CF29)	<i>All firms</i>
Customer function (CF30)	<i>Customer function</i> (CF30)	<i>All firms</i>

#### TP 3.2 Transition to the PRA

3.2.1 [PRA]	R	An <i>approved person</i> who was, as at cutover, approved by the FSA to perform, in relation to a <i>PRA-authorised person</i> , a <i>controlled function</i> specified by the FSA set out in column 1 of the table in SUP TP 3.2.2R is deemed to be approved by the PRA to perform the PRA-controlled function in the same row of column 2 in that table in relation to that <i>firm</i> .
3.2.2[PRA]	R	Table: FSA controlled functions transitioned to the PRA

FSA controlled function	PRA controlled function
Director function (CF1)	<i>Director function</i> (CF1)
Non-executive director function (CF2)	<i>Non-executive director function</i> (CF2)
Chief executive function (CF3)	<i>Chief executive function</i> (CF3)
Partner function (CF4)	<i>Partner function</i> (CF4)
Director of unincorporated association function (CF5)	<i>Director of unincorporated association function</i> (CF5)
Small friendly society function (CF6)	<i>Small friendly society function</i> (CF6)
Actuarial function (CF12)	<i>Actuarial function</i> (CF12)
With-profits actuary function (CF12A)	<i>With-profits actuary function</i> (CF12A)
Lloyd's actuary function (CF12B)	<i>Lloyd's actuary function</i> (CF12B)
Systems and controls function (CF28)	<i>Systems and controls function</i> (CF28)

<b>TP 3.3</b>	<b>Amalgamation of functions</b>	
3.3.1 [FCA]	G	In the case of an <i>FCA-authorised person</i> , if SUP 10.6.2 R (each of the FSA's governing functions includes the FSA's systems and controls function and significant management function) applied immediately before cutover, SUP 10A.6.3 R (the equivalent <i>FCA rule</i> ) applies to the same extent following cutover.
3.3.2 [PRA]	G	In the case of a <i>PRA-authorised person</i> , if SUP 10.6.2 R (each of the FSA's governing functions includes the FSA's systems and controls function and significant management function) applied immediately before cutover, SUP 10B.7.1R (the equivalent <i>PRA rule</i> ) applies following cutover in relation to the <i>systems and controls function</i> .
3.3.3 [FCA] [PRA]	G	In the case of a <i>PRA-authorised person</i> , if a <i>person</i> was approved by the FSA to perform one of the FSA's governing functions and the FSA's apportionment and oversight function in relation to a <i>firm</i> , the effect of SUP TP 3 is that he will deemed to be approved by the FCA for the <i>apportionment and oversight function</i> and by the PRA for the appropriate <i>governing function</i> in relation to that <i>firm</i> . SUP 10A.11.11 R (disapplication of the apportionment and oversight function if approved for a <i>PRA governing function</i> ) and SUP 10B.7.3 R (functions making up the <i>apportionment and oversight function</i> if approved for a <i>PRA governing function</i> ) do not apply.

<b>TP 3.4</b>	<b>Changes to approved persons details</b>	
3.4.1 [FCA]	G	<i>Firms</i> are reminded that an effect of the transitional provisions in SUP TP 2.2 is that SUP 10A.14.15 R to SUP 10A.14.21 G (notifications relating to changes to the details relating to <i>approved persons</i> and <i>candidates</i> and new information relating to them) apply to changes and new information as compared to the position before cutover.
3.4.2 [PRA]	G	<i>Firms</i> are reminded that an effect of the transitional provisions in SUP TP 2.2 is that SUP 10B.14.16R to SUP 10B.14.22R (notifications relating to changes to the details relating to <i>approved persons</i> and <i>candidates</i> and new information relating to them) apply to changes and new information as compared to the position before cutover.

<b>TP 3.5</b>	<b>Transitional provisions relating to bidding in emissions auctions</b>	
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3.5.1 [FCA]	R	<p>SUP TP 3.5 deals with an <i>approved person</i> in relation to a <i>PRA-authorised person</i> who:</p> <p>(1) immediately before cutover, fell within SUP 10.6.2A R (FSA's governing functions include certain functions relating to <i>bidding in emissions auctions</i>); and</p> <p>(2) immediately before cutover was not approved to perform the FSA's customer controlled function in relation to that <i>firm</i>.</p>
3.5.2 [FCA]	R	SUP 10A.10.7 R (7) does not apply in relation to that <i>person</i> and that <i>firm</i> until that <i>person</i> stops performing that function.
3.5.3 [FCA]	G	Under the FSA's <i>approved persons</i> regime a <i>person</i> acting as a bidder's representative within the meaning of subparagraph 3 of article 6(3) of the <i>auction regulation</i> did not require approval to perform the FSA's customer controlled function if that <i>person</i> had approval for one of the FSA's governing functions. If a <i>person</i> was in this position immediately before cutover, acting as a bidder's representative is not included in the <i>customer function</i> following cutover. It is not included in any <i>PRA controlled function</i> either. This only applies in relation to the <i>firm</i> for which that <i>person</i> was performing that role immediately before cutover. Furthermore if that <i>person</i> stops performing that role and later takes it up again for the same <i>firm</i> he will require approval.
3.5.4 [FCA]	G	This transitional does not apply in relation to an <i>FCA-authorised person</i> .
<b>TP 3.6</b>	<b>General</b>	
3.6.1[FCA] [PRA]	G	References in SUP TP 3 to a <i>person</i> being approved for the purposes of section 59 of the Act (approval for particular arrangements) or being an <i>approved person</i> includes someone being taken to be approved for the purposes of that section by virtue of an order made under the Act relating to transitional matters, such as one relating to the bringing into force of the Act.





## Supervision

### SUP TP 5 Transitional provisions for SUP 10A

<b>5.1</b>		<b>Benchmark submitters or benchmark administrators: authorised firm</b>
5.1.1	R	SUP TP 5.1 applies to a <i>firm</i> whose <i>permission</i> is varied by article 4 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2015 (SI 2015/369) (Transitional provisions).
5.1.2	R	For the periods in SUP TP 5.1.3R: <ol style="list-style-type: none"> <li>(1) the <i>benchmark submission function</i> does not apply to a <i>benchmark submitter</i>; and</li> <li>(2) the <i>benchmark administration function</i> does not apply to a <i>benchmark administrator</i>.</li> </ol>
5.1.3	R	SUP TP 5.1.2R applies from 1 April 2015: <ol style="list-style-type: none"> <li>(1) until 15 April 2015; or</li> <li>(2) if the <i>firm</i> applies for the relevant <i>controlled function</i> in SUP TP 5.1.2R by 15 April 2015, until its application for approval has been finally decided.</li> </ol>
5.1.4	R	An application is finally decided for the purpose of SUP TP 5.1: <ol style="list-style-type: none"> <li>(1) when the application is withdrawn; or</li> <li>(2) when the <i>appropriate regulator</i> grants the application for approval under section 62 of the <i>Act</i> (applications for approval: procedure and right to refer to the <i>Tribunal</i>); or</li> <li>(3) where the <i>appropriate regulator</i> has refused an application and the matter is not referred to the <i>Tribunal</i>, when the time for referring the matter to the <i>Tribunal</i> has expired; or</li> <li>(4) where the <i>appropriate regulator</i> has refused an application and the matter is referred to the <i>Tribunal</i>, when:               <ol style="list-style-type: none"> <li>(a) if the reference is determined by the <i>Tribunal</i>, the time for bringing an appeal has expired; or</li> <li>(b) on an appeal from a determination by the <i>Tribunal</i>, the court itself determines the application.</li> </ol> </li> </ol>
<b>5.2</b>		<b>Benchmark submitters or benchmark administrators: new firm</b>
5.2.1	R	SUP TP 5.2 applies to a <i>firm</i> that is granted an “interim permission” under article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2014 (SI 2015/369) (Interim permission).
5.2.2	R	For the periods in SUP TP 5.2.3R, no <i>controlled function</i> applies.
5.2.3	R	SUP TP 5.2.2R applies from 1 April 2015: <ol style="list-style-type: none"> <li>(1) until 15 April 2015; or</li> <li>(2) if the <i>firm</i> applies for any <i>controlled function</i> in SUP TP 5.1.2R by 15 April 2015, in respect of that <i>controlled function</i>, until the application for approval has been finally decided.</li> </ol>
5.2.4	R	An application for approval of the performance of a <i>controlled function</i> is finally decided for the purpose of SUP TP 5.2 in the circumstances described in SUP TP 5.1.4R.



## Supervision

### SUP TP 6

### Financial Services (Banking Reform) Act 2013: Approved persons

Note to the reader			
6.1.1-2	G	(1)	SUP TP 6 has not been amended to reflect changes in the <i>FCA Handbook</i> and <i>Glossary</i> since the beginning of 2018 (except for some changes to SUP TP 6.1.1-1G made in 2020). This is because it is made up of transitional provisions that mostly expired before then.
		(2)	A small number of provisions may have effect beyond that date. To help the reader, the table in SUP TP 6.1.1-1G explains how superseded <i>Glossary</i> terms in SYSC TP 5 should be interpreted.
6.1.1-1	G	Table: Meaning of superseded Glossary terms	

Term in SYSC TP 5		Term that has replaced it
EEA relevant authorised person		<i>EEA SMCR banking firm</i>
non-UK relevant authorised person		<i>an EEA SMCR banking firm or an overseas SMCR banking firm</i>
relevant authorised person		<i>SMCR banking firm</i>
third-country relevant authorised person		<i>overseas SMCR banking firm but not an EEA SMCR banking firm</i>
UK relevant authorised person		<i>UK SMCR banking firm</i>

Purpose and application			
6.1.1	G	SUP TP 6 has transitional and grandfathering provisions relating to the changes to the <i>approved persons</i> regime made by Part 4 of the Financial Services (Banking Reform) Act 2013.	
6.1.2	R	SUP TP 6 applies to <i>relevant authorised persons</i> .	
6.1.3	G	SUP TP 6.10 has a glossary of terms used in SUP TP 6 which are not defined in the <i>Glossary</i> .	
Grandfathering of approved persons: mapping of old functions onto new			
6.2.1	R	A <i>firm</i> must not include any of the following <i>approved persons</i> in a grandfathering notice:  (1) an <i>approved person</i> whose approval is under SUP 10A.1.15R or SUP 10A.1.16R (appointed representatives) for that <i>firm</i> ;  (2) an <i>approved person</i> whose approval is to perform an <i>FCA controlled function</i> not listed in column one of the table in SUP TP 6.2.7R for that <i>firm</i> ; or  (3) an <i>approved person</i> if the <i>firm</i> has concluded that they will not be performing their potential new designated senior management function for the <i>firm</i> on the commencement date.  [Note: article 2(2) of the Transitionals and Grandfathering Order]	
6.2.2	G	(1) The approval of anyone approved under one of the <i>rules</i> in SUP TP 6.2.1R(1) is not affected by SUP TP 6 and continues in force as before.  (2) A function in SUP TP 6.2.1R(2) ceases to be an <i>FCA controlled function</i> on the commencement date.	

		(3)	An example of SUP TP 6.2.1R(3) is an <i>approved person</i> who plans to resign before the commencement date.
		(4)	If plans change, and the <i>approved person</i> in (3) plans to carry on performing the function, the <i>firm</i> should update the grandfathering notice.
		(5)	The electronic version of the notification form will include <i>approved persons</i> in SUP TP 6.2.1R(3). However, that does not mean that the <i>firm</i> has included them in its notification. The names are supplied by the system to help the <i>firm</i> reconcile its records with the regulators' records and to help the <i>firm</i> check whether it has missed out someone it wants to include.
		(6)	If: <ul style="list-style-type: none"> <li>(a) SUP TP 6.2.1R applies to some of an <i>approved person's</i> approvals or potential new designated senior management functions; but</li> <li>(b) it does not apply to others; and</li> <li>(c) as a result, some of the <i>approved person's</i> existing functions are potentially grandfathered and some are not;</li> </ul> then the notification should: <ul style="list-style-type: none"> <li>(d) include the <i>approved person</i>; but</li> <li>(e) exclude the approvals and potential new designated senior management functions in SUP TP 6.2.1R.</li> </ul>
6.2.3	R	(1)	Each FCA-designated senior management function listed in column three of the table in SUP TP 6.2.7R is specified as equivalent to the pre-commencement controlled function in the first column of the same row of that table.
		(2)	Each PRA-designated senior management function listed in column two of the table in SUP TP 6.2.7R is specified as equivalent to any FCA pre-commencement controlled function in the first column of the same row of that table.
		(3)	Paragraph (2) is subject to the PRA Transitional Rules.
			[Note: article 17 of the Transitionals and Grandfathering Order]
6.2.4	R	If:	
		(1)	the result of SUP TP 6.2.3R (together with the PRA Transitionals Rules and the Transitionals and Grandfathering Order) would be that an <i>approved person</i> is deemed to be approved to perform: <ul style="list-style-type: none"> <li>(a) the other overall responsibility function (SMF18) for a <i>UK relevant authorised person</i>; or</li> <li>(b) the other local responsibility function (SMF22) for a <i>third-country relevant authorised person</i>; and</li> </ul>
		(2)	that <i>approved person</i> is deemed by the Transitionals and Grandfathering Order (together with SUP TP 6 and the PRA Transitionals Rules) to be approved to perform any other designated senior management function for the same <i>firm</i> ;
			then, for that <i>approved person</i> and that <i>firm</i> , the other overall responsibility function or the other local responsibility function (whichever is applicable) is not treated as equivalent to the pre-commencement controlled function to which it would otherwise have been equivalent under SUP TP 6.2.3R.
			[Note: article 17 of the Transitionals and Grandfathering Order]
6.2.5	G		The effect of SUP TP 6.2.4R is that a <i>person</i> will not be grandfathered with the new FCA 'other overall responsibility function' (SMF18) or the new FCA 'other local responsibility function' (SMF22) if they have any other grandfathered approval for the same <i>firm</i> .
6.2.6	R		SUP TP 6.2.3R and SUP TP 6.2.4R also apply to applications for approval covered by Part 3 of the Transitionals and Grandfathering Order.

[Note: articles 11 and 17 of the Transitionals and Grandfathering Order]

## 6.2.7 R Table of functions for grandfathering

Column 1	Column 2	Column 3
Current controlled function	New PRA-designated senior management function	New FCA-designated senior management function
<i>All firms apart from credit unions and non-UK relevant authorised persons</i>		
The following <i>PRA controlled functions</i> :	The following PRA-designated senior management functions:	Executive director function (SMF3)
Director function (CF1)	Chief Finance function (SMF2)	
Partner function (CF4)	Chief Risk function (SMF4)	
Director of unincorporated association function (CF5)	Head of Internal Audit (SMF5)	
	Head of Key Business Area (SMF6)	
	Group Entity Senior Manager (SMF7)	
The <i>PRA's non-executive director controlled function</i> (CF2)	Group Entity Senior Manager (SMF7)	Chair of the nominations committee function (SMF13)
	Chairman (SMF9)	
	Chair of the Risk Committee (SMF10)	
	Chair of the Audit Committee (SMF11)	
	Chair of the Remuneration Committee (SMF12)	
	Senior independent director (SMF14)	
The <i>significant management function</i> (CF29)	Head of Key Business Area (SMF6)	Other overall responsibility function (SMF18)
	Group Entity Senior Manager (SMF7)	
<i>All firms to which the function in the first column applies</i>		
<i>Compliance oversight function</i> (CF10)	None	Compliance oversight function (SMF16)
<i>CASS operational oversight function</i> (CF 10A)	None	Other overall responsibility function (SMF18)
		Other local responsibility function (SMF22)
<i>Money laundering reporting function</i> (CF11)	None	Money laundering reporting function (SMF17)
<i>Credit unions</i>		
The <i>PRA's director controlled function</i> (CF1)	Credit Union Senior Manager (SMF8)	Executive director function (SMF3)
The <i>PRA's non-executive director controlled function</i> (CF2)	Credit Union Senior Manager (SMF8)	Chair of the nominations committee function (SMF13)
<i>EEA relevant authorised persons</i>		
The significant management function (CF29)	None	EEA branch senior manager function (SMF21)
<i>Third-country relevant authorised persons</i>		

Column 1	Column 2	Column 3
Current controlled function	New PRA-designated senior management function	New FCA-designated senior management function
The <i>PRA's</i> director function (CF1)	The following PRA-designated senior management functions: Chief Finance function (SMF2) Chief Risk function (SMF4) Head of Internal Audit (SMF5) Group Entity Senior Manager function (SMF7) Head of Overseas Branch function (SMF19)	Executive director function (SMF3)
The <i>PRA's</i> systems and controls function (CF28)	The following PRA-designated senior management functions: Chief Finance function (SMF2) Chief Risk function (SMF4) Head of Internal Audit (SMF5) Group Entity Senior Manager (SMF7)	Other local responsibility function (SMF22)
The significant management function (CF29)	The following PRA-designated senior management functions: Group Entity Senior Manager function (SMF7) Head of Overseas Branch function (SMF19)	Other local responsibility function (SMF22)
<p>Note (1): All references to designated senior management functions in columns Two and Three are to FCA-designated senior management functions and PRA-designated senior management functions brought into force by the FCA's Individual Accountability Instrument 2015 and the PRA Transitional Rules.</p> <p>Note (2): This table does not apply to an approval under SUP 10A.1.15R or SUP 10A.1.16R (appointed representatives).</p>		

6.2.8	G	(1)	A <i>firm</i> should not make a grandfathering notification for an application for approval for a <i>controlled function</i> for which there is no potential new designated senior management function.
		(2)	So for example a <i>firm</i> applying for approval for a <i>controlled function</i> under SUP 10A.1.15R or SUP 10A.1.16R (appointed representatives) should not include that application in a grandfathering notice. The FCA will consider that application outside the grandfathering arrangements in SUP TP 6.
		Grandfathering of approved persons: forms	
6.3.1	D	(1)	A <i>firm</i> , other than a <i>credit union</i> , must submit a document in column 1 of the table in SUP TP 6.3.3D in accordance with the corresponding requirement in column 3 of that table.
		(2)	A <i>credit union</i> must submit a document in column 1 of the table in SUP TP 6.3.3D in accordance with the corresponding requirement in column 4 of that table.
6.3.2	G	If more than one method of submission is available to a <i>credit union</i> within the table in SUP TP 6.3.3D, the <i>credit union</i> can decide which one to use.	
6.3.3	D	Table: Grandfathering notifications	

Purpose of notification			Article of Transitionals and Grandfathering Order	Method of notification by firms other than credit unions	Method of notification by credit unions
(1) Notification of grandfathering			Article 2(1)	SUP 10C.15.11R	SUP 10C.15.11R or SUP TP 6.3.6D
(2) Amendment to grandfathering notification in (1) to add a new approved person			Article 6(1)	SUP 10C.15.11R	SUP 10C.15.11R or SUP TP 6.3.6D
(3) Any other amendment to grandfathering notification in (1)			Article 6(1)	SUP 10C.15.11R	SUP 10C.15.11R or SUP TP 6.3.6D
(4) Notification of applications for approval			Article 11	SUP 10C.15.11R	SUP 10C.15.11R or SUP TP 6.3.6D
(5) Amendment to grandfathering notification in (4) to add a new <i>candidate</i>			Article 14	SUP 10C.15.11R	SUP 10C.15.11R or SUP TP 6.3.6D
(6) Any other amendment to grandfathering notification in (4)			Article 14	SUP 10C.15.11R	SUP 10C.15.11R or SUP TP 6.3.6D
Notes:					
(1) SUP 10C.15.11R does not apply if the electronic system referred to in that <i>rule</i> has not been made available yet by the FCA and the PRA – SUP TP 6.3.6D applies instead.					
(2) A reference to SUP 10C is to the chapter of SUP as inserted by the FCA's Individual Accountability Instrument 2015.					
6.3.4	D	(1)	A <i>firm</i> making a notification under SUP TP 6.3.1D in accordance with SUP 10C.15.11R must use the version of the notification form made available on the electronic system referred to in SUP 10C.15.11R, based on the version in SUP TP 6.11.1D.		
		(2)	A <i>firm</i> making a notification under SUP TP 6.3.1D in accordance with SUP TP 6.3.6D must use the notification form in SUP TP 6.11.1D.		
6.3.5	D	A notification under row (1) (first grandfathering notification for <i>approved persons</i> ) and row (4) (first grandfathering notification for <i>candidates</i> ) of the table in SUP TP 6.3.3D should be made at the same time and on the same notification form.			
6.3.6	D	(1)	A <i>firm</i> making a notification under this paragraph (SUP TP 6.3.6D) must:		
		(a)	send it to the PRA;		
		(b)	not use the electronic system referred to in SUP 10C.15.11R; and		
		(c)	subject to (b), submit it in the way required by chapter 7 of the part of the PRA's Rulebook called "Notifications".		
		(2)	Paragraph (1) also applies when SUP 10C.15.11R(2) (unavailability of electronic submission) applies.		
6.3.7	G	(1)	If a <i>firm</i> notifies an application for approval and that application is refused before the commencement date, the <i>firm</i> should update the notification under row (6) of the table in SUP TP 6.3.6D.		
		(2)	There is no need to update if the application is granted.		
6.3.8	G	If a <i>firm</i> gives a grandfathering notification for an <i>approved person</i> and that approved person leaves the firm or gives up performing some of their controlled functions, the firm should notify the appropriate regulator using Form C as well as under SUP TP 6.			
Grandfathering of approved persons: statements of responsibilities					



6.4.1	D	A notification under the table in SUP TP 6.3.3D must be accompanied by a statement of responsibilities for each <i>approved person</i> or <i>candidate</i> covered by the notification.
Grandfathering of approved persons: management responsibilities maps		
6.5.1	D	A notification under rows (1) and (4) of the table in SUP TP 6.3.3D (first grandfathering notification for <i>approved persons</i> and <i>candidates</i> ) must be accompanied by a management responsibilities map.
6.5.2	G	(1) If there has been a change relating to any information in a management responsibilities map, the <i>firm</i> should submit a revised version. (2) This is the effect of articles 6 and 14 of the Transitionals and Grandfathering Order.
Statements of responsibilities and responsibilities maps: general requirements		
6.6.1	D	The statements of responsibilities and the management responsibilities map covered by SUP TP 6 must be prepared as of the commencement date.
6.6.2	D	(1) A statement of responsibilities must comply with the requirements of SUP 10C.11 (Statements of responsibilities). (2) However the version in SUP TP 6.11.1D applies instead of the version in SUP 10C Annex 5D.
6.6.3	G	A <i>firm</i> should not assume that the FCA has reviewed statements of responsibilities and the management responsibilities map for completeness, quality or accuracy. It is the <i>firm's</i> responsibility to ensure that they have been prepared in accordance with the FCA's rules and the Act.
Criminal record checks for approved persons		
6.7.1	R	SUP 10C.10.16R (Criminal record checks) applies to any application for approval continued in effect by the Transitionals and Grandfathering Order after the commencement date.
6.7.2	G	Except for SUP TP 6.7.1R, SUP 10C.10.16R (Criminal record checks) does not apply to any application for approval made before the commencement date.
6.7.3	G	SUP 10C.10.16R (Criminal record checks) will apply to any application for approval made under SUP TP 6.8.1D.
Applications of approved persons to take effect from the commencement date		
6.8.1	D	(1) A <i>firm</i> may apply for the FCA's approval under section 59 of the Act (Approval for particular arrangements) for the performance of an FCA-designated senior management function which comes into force on the commencement date. (2) Any application must be made between 1 January 2016 and the day before the commencement date. (3) Any such application is made on the basis that it is treated as being made on the commencement date. (4) The application must be made using the version of Form A or Form E applicable from the commencement date and (subject to (5)) in accordance with the other requirements to be in effect on that date. (5) The application must be made in the way set out in SUP 15.7.4R to SUP 15.7.9G (Form and method of notification).
6.8.2	G	The Transitionals and Grandfathering Order will not apply to an application under SUP TP 6.8.1D.
6.8.3	G	A <i>firm</i> does not have to make an application under SUP TP 6.8.1D. It can make an application before the commencement date under the rules and directions in force at the time of the application. The Transitionals and Grandfathering Order will apply to such applications.
Application of ongoing requirements to documents submitted as part of grandfathering		



6.9.1	R	(1)	The requirements of the <i>Handbook</i> apply to approvals that are continued in force by the Transitionals and Grandfathering Order, as they do to approvals granted after the commencement date.
		(2)	The requirements of the <i>Handbook</i> apply to an application for approval that is grandfathered under the Transitionals and Grandfathering Order and has not been finally determined before the commencement date, as they do to applications made after the commencement date.
		(3)	This paragraph is subject to the other provisions of SUP TP 6.
6.9.2	D		SUP TP 6.9.1R applies to directions in SUP 10C in the same way as it does to the other requirements of that chapter.
6.9.3	G		The table in SUP TP 6.9.4G gives examples of how various provisions of SUP 10C and other parts of the <i>Handbook</i> apply in the light of:
		(1)	the Transitionals and Grandfathering Order; and
		(2)	SUP TP 6.9.1R and SUP TP 6.9.2D.
6.9.4	G		Table: Examples of how ongoing requirements apply to grandfathered approvals

Requirement in SUP 10C	Summary of the requirement in column (1)	How SUP 10C applies
	Revised statements of responsibilities	
SUP 10C.11.7D	Submission of revised statement of responsibilities	Article 8 of the Transitionals and Grandfathering Order says that the requirements in the <i>Act</i> about revised statements of responsibilities apply to approvals continued under the Order.  Article 15 of the Order says the same about statements of responsibilities submitted as part of a notice about applications for approvals that are to be grandfathered under the Order.  The SUP 10C requirements about revised statement of responsibilities apply.
	Varying an approval	
SUP 10C.11.10D	Statements of responsibilities	Article 7 of the Transitionals and Grandfathering Order says that the requirements in the <i>Act</i> about variation of approvals at the request of the <i>firm</i> apply to approvals continued under the Order.
SUP 10C.13	Other material about variations	The power of the <i>FCA</i> to vary an approval on its initiative applies to approvals continued under the Order.  The parts of SUP 10C that deal with variation of approvals apply, including the requirements for applications by the <i>firm</i> to vary approvals.
	Single statement of responsibilities document	

Requirement in SUP 10C	Summary of the requirement in column (1)	How SUP 10C applies
SUP 10C.11.13D	One statement of responsibilities document for each SMF manager for each <i>firm</i>	Applies to statements of responsibilities for approvals grandfathered under the Transitionals and Grandfathering Order  Applies to statements of responsibilities covering approvals continued in force by the Transitionals and Grandfathering Order
	Complete set of statements of responsibilities	
SUP 10C.11.20R	Complete set of current statements of responsibilities	Takes into account statements of responsibilities submitted under the Transitionals and Grandfathering Order
	Ceasing to carry on functions	
SUP 10C.11.12R	Statements of responsibilities to be included in notification	Applies to ceasing to carry on a function continued in force by the Transitionals and Grandfathering Order
SUP 10C.14.5R	Notification of ceasing to perform the function	
SUP 10C.14.7R	Qualified Form C Form D	
SUP 10C.14.13R	Changes to details	Applies to notification relating to fitness of an FCA-approved SMF manager whose approval is continued in force by the Transitionals and Grandfathering Order.
SUP 10C.14.15R	Changes to arrangements	
SUP 10C.14.18R	Fitness	The Form D requirements also apply to a <i>candidate</i> whose application is continued in force by the Order.  Before the commencement date, the existing requirements of SUP 10A apply to changes in a <i>candidate's</i> fitness.
	Notifications under the Act	
SUP 10C.14.22R	Notifications under the Act	Applies to notification about an FCA-approved SMF manager whose approval is continued in force by the Transitionals and Grandfathering Order
	PRA	
SUP 10C.14.28R	PRA-approved SMF manager	Applies to notification about an SMF manager whose approval is continued in force by the Transitionals and Grandfathering Order
	General	
Requirements referring to a <i>current approved person approval</i>		Includes an approval that is continued in force by the Trans-

Requirement in SUP 10C		Summary of the requirement in column (1)	How SUP 10C applies
(whether from the <i>FCA</i> or the <i>PRA</i> )			itionals and Grandfathering Order
Requirements referring to a <i>current approved person approval</i> held within the last six months			Applies to an approval that ceased to have effect under the Transitional and Grandfathering Order within the last six months.  Applies to an approval given up within the last six months even though the <i>controlled function</i> ceases to exist after the commencement date
6.10.1	Terms used in SUP TP 6		
6.10.1	R	The terms in the first column of the table in SUP TP 6.10.2R have the meaning in the corresponding row of column 2.	
6.10.2	R	Table: glossary of bespoke terms used in SUP TP 6	
commencement date		(in accordance with the Financial Services (Banking Reform) Act 2013 (Commencement No. 9) Order 2015 (SI 2015/490)) 7 March 2016	
designated senior management function		has the meaning in the new <i>Glossary</i>	
FCA-approved SMF manager		has the meaning in the new <i>Glossary</i>	
grandfathering notice		a notice described in the table in SUP TP 6.3.3D (including any revised notice)	
management responsibilities map		has the meaning in the new <i>Glossary</i>	
other local responsibility function		has the meaning in the new <i>Glossary</i>	
potential grandfathered function		(in relation to an <i>approved person</i> and <i>firm</i> at a particular date) a pre-commencement controlled function:	
		(1) for which that <i>person</i> has approval for the <i>firm</i> ;	
		(2) for which there is an equivalent designated senior management function for the purposes of the Transitional and Grandfathering Order; and	
		(3) that therefore, potentially qualifies for grandfathering under the Transitional and Grandfathering Order (together with SUP TP 6.2 and the PRA Transitional Rules) for that <i>firm</i> , as long as the other conditions in the Transitional and Grandfathering Order are met	
potential new designated senior management function		(in relation to an <i>approved person</i> and <i>firm</i> ) the new designated senior management function that is deemed to apply after the commencement date under the Transitional and Grandfathering Order and is referred to in paragraph (2) of the definition of potential grandfathered function	
PRA-approved SMF manager		has the meaning in the new <i>Glossary</i>	
PRA-designated senior management function		has the meaning in the new <i>Glossary</i>	
PRA Transitional Rules		The part of the <i>PRA</i> Rulebook called Senior Managers Regime – Transitionals	

pre-commencement controlled function	(as at any time before the commencement date) an <i>FCA controlled function</i> or a <i>PRA controlled function</i> in force at that time
SMF manager	has the meaning in the new <i>Glossary</i>
statement of responsibilities	has the meaning in the new <i>Glossary</i>
SUP 10C (and any reference to a particular provision of SUP 10C)	chapter 10C of <i>SUP</i> as inserted by the <i>FCA's Individual Accountability Instrument 2015</i>
Transitionals and Grandfathering Order	the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492)
Note: A reference in column 2 to the meaning in the new <i>Glossary</i> is to the meaning in the <i>Glossary</i> as inserted by the <i>FCA's Individual Accountability Instrument 2015</i> .	

6.11.1	Form K: Grandfathering notification
	Statement of responsibilities to be included with Form K
	Senior Management Regime: Statement of Responsibilities at grandfathering (EEA Relevant Authorised Persons only)
	Senior Management Regime: Statement of Responsibilities at grandfathering (Third Country Relevant Authorised Persons only)

## Supervision

### SUP TP 7

### Financial Services (Banking Reform) Act 2013: Approved persons in Solvency II firms

		Purpose of SUP TP 7
7.1.1	G	<p>SUP TP 7 has transitional and grandfathering provisions relating to the changes to the <i>approved persons</i> regime made by Part Four of the Financial Services (Banking Reform) Act 2013. The Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 (as amended):</p> <ol style="list-style-type: none"> <li>(1) requires all <i>Solvency II firms</i> before 8 February 2016 to give a notice to the <i>appropriate regulator</i> in respect of each <i>person</i> for whom that regulator has granted a pre-implementation approval in relation to the <i>firm</i>. The notice must specify the post-implementation functions that the <i>person</i> will perform on and after 7 March 2016, and each of these notified functions must be an equivalent function to a pre-implementation function which the person has approval to perform;</li> <li>(2) allows the <i>FCA</i> to specify classes of persons in respect of whom a notice is not required to be given to the <i>FCA</i> and in SUP TP 7.2.1R the <i>FCA</i> specifies that class of persons;</li> <li>(3) allows the <i>FCA</i> to make rules specifying the post-implementation <i>controlled functions</i> which are to be treated as equivalent to a pre-implementation <i>controlled function</i> for the purposes of that Order. In SUP TP 7.2.2R the <i>FCA</i> specifies the post-implementation <i>FCA</i> functions which are equivalent to <i>PRA</i> functions pre-implementation. The <i>PRA</i> has separately, in <i>PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions</i>, rule 6, specified equivalent post-implementation <i>PRA</i> functions;</li> <li>(4) provides that the pre-implementation approval has effect after 7 March 2016, without the need for re-application, if the notice in (1) is given before 7 March 2016 (whether or not that notice was given before 8 February 2016) and certain conditions in article 3 of the Order are met; and</li> <li>(5) applies to <i>large non-directive insurers</i>. <i>Large non-directive insurers</i> are treated as, and included within the definition of, <i>Solvency II firms</i> by the <i>FCA</i> for SUP TP 7. Therefore <i>large non-directive insurers</i> must follow the requirements set out in SUP TP 7.</li> <li>(6) applies to <i>Swiss general insurers</i>. <i>Swiss general insurers</i> are in the <i>large non-directive insurers</i> sector of the <i>PRA Rulebook</i> and the <i>PRA</i> applies to them, in relation to their <i>controlled functions</i>, provisions equivalent to those applying to third country branches in the <i>Solvency II firms</i> sector of the <i>PRA Rulebook</i>. The <i>FCA</i> includes them as third country undertakings of <i>Solvency II firms</i> and so they must follow the requirements for <i>Solvency II firms</i> set out in SUP TP 7.</li> </ol>
7.1.2	R	<p>SUP TP 7 applies to:</p> <ol style="list-style-type: none"> <li>(1) <i>Solvency II firms</i>; and</li> <li>(2) <i>approved persons of Solvency II firms</i>.</li> </ol>

7.1.3	G	There is a glossary of terms in SUP TP 7.6.1. Those terms are not defined in the <i>Glossary</i> .	
		Grandfathering of approved persons: requirement to give notice and equivalence of old and new functions	
7.2.1	R	(1)	A <i>Solvency II firm</i> is not required to give notice to the <i>FCA</i> for the purposes of article 2(1) of the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 in relation to any <i>approved person</i> for whom the <i>FCA</i> granted a pre-implementation approval in relation to that <i>firm</i> and whose role will not change post-implementation.
		(2)	The exception to (1) is <i>approved persons</i> :
		(a)	for whom the <i>FCA</i> granted a pre-implementation approval to perform the <i>significant management function</i> (CF29); and
		(b)	who are proposing to perform one of the <i>PRA</i> “senior insurance management functions” in column 2 of any of the rows relating to senior management functions (CF29) in the Table of Functions for Grandfathering in PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6,
			in relation to whom a <i>Solvency II firm</i> is required to give notice to the <i>FCA</i> for the purposes of article 2(1).
			[Note: See article 2(2) of the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 (SI 2015/492)]
7.2.2	R	Each pre-implementation controlled function in the first column of the table in SUP TP 7.2.3R is specified as an equivalent function to the <i>FCA controlled functions</i> listed in column two of the same row of that table.	
		[Note: See article 17(1)(a) of the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 (SI 2015/492)]	
7.2.3	R	Table: Old PRA controlled functions mapped onto new FCA ones	

### Part 1: Solvency II firms other than insurance special purpose vehicles and third-country insurance and reinsurance undertakings

Current controlled function	New FCA controlled function
PRA Director function (CF1)	FCA Director function (CF1) (see Note 1)
PRA Director of unincorporated association (CF5)	FCA Director of unincorporated association (CF5) (see Note 1) (executive only)
	Chair of the nomination committee function (CF 2a) (see Note 2)
	Chair of the with-profits committee function (CF 2b) (see Note 2)
PRA Small friendly society function (CF6)	FCA Small friendly society function (CF6) (see Note 1) (executive only)
	Chair of the nomination committee function (CF2a) (see Note 2)
	Chair of the with-profits committee function (CF2b) (see Note 2)
PRA Non-Executive Director function (CF2)	Chair of the nomination committee function (CF 2a) (see Note 2)
PRA Non-Executive Director function (CF2)	Chair of the with-profits committee function (CF 2b) (see Note 2)

**Note 1:** FCA controlled functions CF1, CF5 and (for *large non-directive insurers*) CF 6, above, apply only where the person is not otherwise grandfathered to perform any post-implementation PRA function, as set out in the Table of Equivalent Functions for Grandfathering in the PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6.

**Note 2:** FCA controlled functions CF2a and CF2b apply only where the person is not otherwise grandfathered to perform a post-implementation PRA function which is equivalent to the pre-implementation PRA CF2 function, as set out in the Table of Equivalent Functions for Grandfathering in the PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6.

## Part 2: Insurance special purpose vehicles

Current controlled function	New FCA controlled function
PRA Director function (CF1)	FCA Director function (CF1) (see Note 1)
PRA Non-Executive Director function (CF2)	Chair of the nomination committee function (CF 2a) (see Note 2)
PRA Non-Executive Director function (CF2)	Chair of the with-profits committee function (CF 2b) (see Note 2)
PRA Systems and Controls function (CF 28)	FCA systems and controls function (CF 28) (conduct perspective only) (see Note 3)

**Note 1:** FCA controlled function CF1, above, applies only where the person is not otherwise grandfathered to perform any post-implementation PRA function, as set out in the Table of Equivalent Functions for Grandfathering in the PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6.

**Note 2:** FCA controlled functions CF2a and CF2b apply only where the person is not otherwise grandfathered to perform a post-implementation PRA function which is equivalent to the pre-implementation PRA CF2 function, as set out in the Table of Equivalent Functions for Grandfathering in the PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6.

**Note 3:** FCA controlled function CF28, applies only where the person is not otherwise grandfathered to perform any post-implementation PRA function, as set out in the Table of Equivalent Functions for Grandfathering in the PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6.

## Part 3: Third-country insurance and reinsurance undertakings

**Note 1:** FCA controlled function CF1, below, applies only where the person is not otherwise grandfathered to perform any post-implementation PRA function, as set out in the Table of Equivalent Functions for Grandfathering in the PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6.

**Note 2:** There are no CF2a or CF2b functions in third country undertakings.

**Note 3:** FCA controlled functions CF28 and CF51 apply only where the person is not otherwise grandfathered to perform any post-implementation PRA function, as set out in the Table of Equivalent Functions for Grandfathering in the PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6.

Current controlled function	New FCA controlled function
PRA Director function (CF1)	FCA Director function (CF1) (See Note 1)
PRA Actuary function holder (CF 12)	Actuarial conduct function (third country) (CF 51) (conduct perspective only) (see Note 3)
PRA Systems and Controls function (CF 28)	FCA systems and controls function (CF 28) (conduct perspective only) (see Note 3)

7.2.4	G	In TP 7.2.3R, where a <i>person</i> is grandfathered to perform a post-implementation <i>PRA controlled function</i> , as set out in the Table of Equivalent Functions for Grandfathering in PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6, (or in relation to FCA functions CF2a or 2b, a <i>PRA</i> function equivalent to the pre-implementation PRA CF2
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		function) then, if they would also be performing an <i>FCA</i> function referred to in column 2 of the Table in TP 7.2.3R, the <i>FCA</i> function is disapplied and instead absorbed into that <i>PRA</i> function. This absorption happens by virtue of its inclusion in <i>PRA</i> Rulebook: Solvency II firms: Senior Insurance Managers Regime – Transitional Provisions 6, and the <i>firm</i> is required to identify the absorbed function on the person's scope of responsibilities document described in SYSC 2.2.4R, when that record is produced. The exception to this is CF28 and CF51 <i>FCA</i> post-implementation functions which are not absorbed into <i>PRA</i> controlled functions.
7.2.5	R	<i>Large non-directive firms</i> must read references to the 'Solvency II Firms' part of the <i>PRA</i> Rulebook as if they were references to the corresponding part of the <i>PRA</i> Rulebook applicable to <i>large non-directive insurers</i> .
7.2.5A	R	<i>Swiss general insurers</i> must read references to the 'Solvency II firms' part of the <i>PRA</i> Rulebook as if they were references to the corresponding part of the <i>PRA</i> Rulebook applicable to <i>large non-directive insurers</i> .
		Grandfathering of approved persons: forms
7.3.1	D	This section (SUP TP 7.3) applies to a notification by a <i>firm</i> under the articles of the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 listed in the table in SUP TP 7.3.2D.
7.3.2	D	Table: Grandfathering notifications

Purpose of notification		Article of Order
(1) Notification of pre-implementation approval		Article 2(1), article 5
(2) Amendments to grandfathering notification in (1)		Article 6
(3) Notification of applications for approval		Article 11
(4) Amendment to grandfathering notification in (1) to add a new candidate		Article 14
(5) Any other amendment to grandfathering notification in (1)		Article 14

7.3.3	D	(1)	A <i>firm</i> must make any notification in row (1) and (3) of the table in SUP TP 7.3.2D in accordance with SUP 10A.16 (How to apply for approval and give notifications) as applicable to <i>insurers</i> .
		(2)	A <i>firm</i> must use the version of the grandfathering notification form made available online at fca.org.uk on the <i>FCA</i> and <i>PRA</i> 's ONA electronic system (known as Connect) and which is based on the version found in SUP TP 7.7.1D.
		(3)	If the online version is not yet available, a <i>firm</i> is not required to submit the notification form but, if it chooses to do so, it must use the version found in SUP TP 7.7.1D and submit it in accordance with SUP 15.7.4R to SUP 15.7.9G.
		(4)	A <i>firm</i> must make any notification in rows (2), (4) and (5) by updating the notification form online at fca.org.uk on the <i>FCA</i> and <i>PRA</i> 's ONA electronic system (known as Connect).
		(5)	For <i>approved persons</i> in <i>firms</i> which are carrying out <i>PRA</i> controlled function CF1 pre-implementation and who will continue to carry out <i>FCA</i> controlled function CF1 post-implementation (and no <i>PRA</i> controlled functions), and there are no other changes to the functions they carry out, notification and relevant information in relation to the <i>FCA</i> CF1 function is deemed to have been given to the <i>FCA</i> , unless the <i>firm</i> has submitted a Form C.
		(6)	<i>Large non-directive insurers</i> must follow the directions for notification set out in SUP TP 8.3.3D instead of SUP TP 7.3.3D, as if SUP TP 8.3.3D applied to <i>large non-directive insurers</i> .



		(7)	<i>Swiss general insurers</i> must follow the directions for notification set out in SUP TP 8.3.3D instead of SUP 7.3.3D, as if SUP TP 8.3.3D applied to <i>Swiss general insurers</i> .
7.3.4	G		If a <i>firm</i> notifies an application for approval and that application is refused before the commencement date, the <i>firm</i> should update the notification under row (5) of the table in SUP TP 7.3.2D.
7.3.5	G		If a <i>firm</i> gives a grandfathering notification for an <i>approved person</i> and that <i>approved person</i> leaves the <i>firm</i> or gives up performing some of their <i>controlled functions</i> , the <i>firm</i> should notify the <i>appropriate regulator</i> using Form C as well as under SUP TP 7.
			Applications of approved persons to take effect from the 7 March 2016
7.4.1	D	(1)	A <i>firm</i> may apply for the FCA's approval under section 59 of the Act (Approval for particular arrangements) for the performance of a <i>controlled function</i> which comes into force on 7 March 2016.
		(2)	Any application must be made between the 1 January 2016 and the day before 7 March 2016.
		(3)	Any such application is made on the basis that it is treated as being made on the 7 March 2016.
		(4)	The application must be made using the version of Form A or Form E applicable from 7 March 2016 and in accordance with the other requirements to be in effect on that date.
7.4.2	G		The Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 will not apply to an application under SUP TP 7.4.1D.
7.4.3	G		A <i>firm</i> does not have to make an application under SUP TP 7.4.1D. It can make an application between the rule-making date and the 7 March 2016 under the <i>rules</i> and directions in force at the time of the application. The Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 will apply to such applications.
			Application of ongoing requirements to documents submitted as part of grandfathering
7.5	R	(1)	The requirements of SUP 10A apply to approvals that are continued in force by the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015, as they do to applications made after the commencement date.
		(2)	The requirements of SUP 10A apply to an application for approval that is grandfathered under the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 and has not been finally determined before the 7 March 2016, as they do to applications made after the commencement date.
		(3)	This paragraph is subject to the other provisions of SUP TP 7.
7.6.1	R		Glossary of terms used in SUP TP 7
pre-implementa- tion controlled functions			an <i>FCA controlled function</i> or a <i>PRA controlled function</i> in force immediately before the 7 March 2016
rule-making date			in accordance with The Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015, the date both regulators make rules under article 17 of the Order or, if made on different days, the last day on which the rules are made. Under the Order the rule making date for <i>large non-directive insurers</i> is the same as that for <i>small non-directive insurers</i> .
<i>Solvency II firm</i>			a <i>firm</i> which is any of:
		(a)	a "UK Solvency II firm" as described in chapter 2 of the PRA Rulebook: Solvency II Firms: Insurance General Application;

- (b) a third-country insurance or reinsurance undertaking, namely an undertaking that would require authorisation as an insurance or reinsurance undertaking under article 14 of the *Solvency II Directive* if its head office was situated in the *EEA*;
  - (c) an undertaking authorised in accordance with a non-UK *EEA State's* measures which implement article 14 of the *Solvency II Directive*;
  - (d) the *Society* and, separately, a *managing agent*;
  - (e) an *insurance special purpose vehicle*; and
  - (f) a *large non-directive insurer*;
- but excluding any *firm* to the extent that rule 2 of the PRA Rulebook: Solvency II Firms: Transitional Measures disapplies relevant rules implementing the *Solvency II Directive*.

[Note: References to rules in SYSC and SUP 10A are to those rules as they will be in force on the 7 March 2016.

7.7.1	D	Form K: Grandfathering notification
		Solvency II firms (not including Swiss general insurers):
		Large non-directive insurers and Swiss general insurers: <i>Swiss general insurers</i> must use the forms for <i>large non-directive insurers</i> not the form for <i>Solvency II firms</i>

## Supervision

### SUP TP 8

### Financial Services (Banking Reform) Act 2013: Approved persons in small non-directive insurers

8.1		Purpose of SUP TP 8
8.1.1	G	<p>SUP TP 8 has transitional and grandfathering provisions relating to the changes to the <i>approved persons</i> regime made by Part 4 of the Financial Services (Banking Reform) Act 2013. The Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 (as amended):</p> <ol style="list-style-type: none"> <li>(1) requires <i>small non-directive insurers</i> before 8 February 2016 to give a notice to the <i>appropriate regulator</i> in respect of each <i>person</i> for whom that regulator has granted a pre-implementation approval in relation to the <i>firm</i>. The notice must specify the post-implementation functions that the <i>person</i> will perform on and after 7 March 2016, and each of these notified functions must be an equivalent function to a pre-implementation function which the person has approval to perform;</li> <li>(2) allows the <i>FCA</i> to specify classes of persons in respect of whom a notice is not required and in SUP TP 8.2.1R, for <i>small non-directive insurers</i>, the <i>FCA</i> specifies that class of persons;</li> <li>(3) allows the <i>FCA</i> to make rules specifying the post-implementation <i>controlled functions</i> which are to be treated as equivalent to a pre-implementation <i>controlled function</i> for the purposes of that Order. In SUP TP 8.2.2R, for <i>small non-directive insurers</i>, the <i>FCA</i> specifies the post-implementation <i>FCA</i> functions which are equivalent to <i>PRA</i> functions pre-implementation. The <i>PRA</i> has separately, in <i>PRA</i> Rulebook: Non-Solvency II firms: Non-Solvency II firms - Senior Insurance Managers Regime: Transitional Provisions 6, specified equivalent post-implementation <i>PRA</i> functions;</li> <li>(4) provides that the pre-implementation approval has effect after 7 March 2016, without the need for re-application, if the notice in (1) is given before 7 March 2016 (whether or not that notice was given before 8 February 2016) and certain conditions in article 3 of the Order are met; and</li> <li>(5) applies to <i>large non-directive insurers</i>. <i>Large non-directive insurers</i> are included in the definition of <i>Solvency II firms</i> for the purposes of grandfathering. Therefore, SUP TP 7 applies to <i>large non-directive insurers</i> instead of SUP TP 8.</li> </ol>
8.1.2	R	<p>SUP TP 8 applies to:</p> <ol style="list-style-type: none"> <li>(1) <i>small non-directive insurers</i>; and</li> <li>(2) <i>approved persons</i> of <i>firms</i> in (1).</li> </ol>
8.1.3	G	There is a glossary of terms in SUP TP 8.6.1. Those terms are not defined in the Glossary.
8.2		Grandfathering of approved persons: requirement to give notice and equivalence of old and new functions
8.2.1	R	<p>A <i>firm</i> is not required to give notice to the <i>FCA</i> for the purposes of article 2(1) of the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 in relation to any <i>approved person</i> for whom the <i>FCA</i> granted a pre-implementation approval in relation to that <i>firm</i>.</p> <p><b>[Note: see article 2(2) of the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015]</b></p>

8.2.2 R Each pre-implementation controlled function in the first column of the table in SUP TP 8.2.3R is specified as an equivalent function to the *FCA controlled functions* listed in column two of the same row of that table.

[Note: see article 17(1)(a) of the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015]

8.2.3 R Table: Old PRA controlled functions mapped on to new FCA ones

Current controlled function	New FCA controlled function
PRA Director function (CF1)	FCA Director function (CF1)
PRA Chief Executive Function (CF3)	FCA Chief Executive Function (CF3)
PRA Director of unincorporated association function (CF5)	FCA Director of unincorporated association function (CF5) (executive only)
PRA Small friendly society function (CF6)	FCA Small friendly society function (CF6) (executive only)
<b>Note:</b> FCA controlled functions in column 2 above apply only where the person is not otherwise grandfathered to perform any post-implementation PRA function, as set out in the Table of Equivalent Functions for Grandfathering in the PRA Rulebook: Non-Solvency II firms: Non-Solvency II firms - Senior Insurance Managers Regime Transitional Provisions, rule 6.	

8.2.4 G In SUP TP 8.2.3R, where a *person* is grandfathered to perform a post-implementation *PRA controlled function*, as set out in the Table of Equivalent Functions for Grandfathering in PRA Rulebook: Non-Solvency II firms: Non-Solvency II firms - Senior Insurance Managers Regime Transitional Provisions, rule 6, then, if they would also be performing an *FCA function* referred to in column 2 of the Table in TP 8.2.3R, the *FCA function* is disapplied and instead absorbed into that *PRA function*. This absorption happens by virtue of its inclusion in PRA Rulebook: Non-Solvency II firms: Non-Solvency II firms - Senior Insurance Managers Regime - Transitional Provisions 6, and the firm is required to identify the absorbed function on the person's scope of responsibilities document described in SYSC 2.2.6R when that record is produced.

8.2.5 G Grandfathering is not relevant to the *FCA functions* described in SUP TP 8.2.1R as they are not changing, and therefore notification is not required under article 2(1) of the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015.

8.3 Grandfathering of approved persons: forms

8.3.1 D This section (SUP TP 8.3) applies to a notification by a *firm* under the articles of the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 listed in the table in SUP TP 8.3.2D.

8.3.2 D Table: Grandfathering notifications

Purpose of notification	Article of Order
(1) Notification of pre-implementation approval	Article 2(1), 5
(2) Amendments to grandfathering notification in (1)	Article 6
(3) Notification of applications for approval	Article 11
(4) Amendment to grandfathering notification in (1) to add a new <i>candidate</i>	Article 14
(5) Any other amendment to grandfathering notification in (1)	Article 14

8.3.3 D (1) A *firm* must make any notification in row (1) to (5) of the table in SUP TP 8.3.2D by email to PRA-ApprovedPersons@bankofengland.co.uk.

(2) A *firm* must use the version of the grandfathering notification form found in SUP TP 8.7.1D and submit it by email to PRA-ApprovedPersons@bankofengland.co.uk.

8.3.4	G	If a <i>firm</i> notifies an application for approval and that application is refused before the commencement date, the <i>firm</i> should update the notification under row (5) of the table in <a href="#">SUP TP 8.3.2D</a> .
8.3.5	G	If a <i>firm</i> gives a grandfathering notification for an <i>approved person</i> and that <i>approved person</i> leaves the <i>firm</i> or gives up performing some of their <i>controlled functions</i> , the <i>firm</i> should notify the <i>appropriate regulator</i> using Form C in addition to <a href="#">SUP TP 8</a> .
8.4	Applications of approved persons to take effect from 7 March 2016	
8.4.1	D	<ol style="list-style-type: none"> <li>(1) A <i>firm</i> may apply for the <i>FCA's</i> approval under section 59 of the Act (Approval for particular arrangements) for the performance of a <i>controlled function</i> which comes into force on 7 March 2016.</li> <li>(2) Any application must be made between the 1 January 2016 and the day before 7 March 2016.</li> <li>(3) Any such application is made on the basis that it is treated as being made on 7 March 2016.</li> <li>(4) The application must be made using the version of Form A or Form E applicable from 7 March 2016 and in accordance with the other requirements to be in effect on that date.</li> </ol>
8.4.2	G	The Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 will not apply to an application under <a href="#">SUP TP 8.4.1D</a> .
8.4.3	G	A <i>firm</i> does not have to make an application under <a href="#">SUP TP 8.4.1D</a> . It can make an application between the rule-making date and 7 March 2016 under the <i>rules</i> and directions in force at the time of the application. The Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 will apply to those applications.
8.5	Application of ongoing requirements to documents submitted as part of grandfathering	
8.5.1	R	<ol style="list-style-type: none"> <li>(1) The requirements of <a href="#">SUP 10A</a> apply to approvals that are continued in force by the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015, as they do to applications made after the commencement date.</li> <li>(2) The requirements of <a href="#">SUP 10A</a> apply to an application for approval that is grandfathered under the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 and has not been finally determined before 7 March 2016, as they do to applications made after the commencement date.</li> <li>(3) This paragraph is subject to the other provisions of <a href="#">SUP TP 8</a>.</li> </ol>
8.6.1	R	Glossary of terms used in <a href="#">SUP TP 8</a>

pre-implementation controlled functions	an <i>FCA controlled function</i> or a <i>PRA controlled function</i> in force immediately before 7 March 2016.
rule-making date	in accordance with The Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015, the date the <i>FCA</i> and the <i>PRA</i> make rules under article 17 of the Order or, if made on different days, the last day on which the rules are made.
<i>Solvency II firm</i>	has the same meaning as in <a href="#">SUP TP 7.6.1R</a> .
<b>[Note:</b> References to <i>rules</i> in SYSC and <a href="#">SUP 10A</a> are to those <i>rules</i> as they will be in force on 7 March 2016.]	

8.7.1	D	Form K: Grandfathering notification
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Supervision

SUP TP 9  
Transitional Provisions in relation to the MiFID Regulation

9.1	Continuing obligations under the MiFID Regulation		
9.1.1	R	(1)	If the condition in (2) is met, SUP TP 9 applies in respect of an obligation or requirement in, or under, the following with which a <i>firm</i> must comply:  (a) the <i>MiFID Regulation</i> ; or (b) a <i>rule</i> under SUP 17 (Transaction reporting).  (2) As at 2 January 2018, a <i>firm</i> is under an obligation or requirement to comply, or to have complied, with a provision referred to in (1) in the version in force on that date.
9.1.2	R	A <i>firm</i> remains obliged to comply with the obligation, requirement or <i>rule</i> referred to in SUP TP 9.1.1R(1)(a) and (b) until such time as effective compliance is achieved.	
9.1.3	R	SUP 15 (Notifications to the FCA) continues to apply in respect of a breach of a requirement or a <i>rule</i> referred to in SUP TP 9.1.1R.	
	Purpose		
9.1.4	G	The purpose of SUP TP 9.1.1R is to ensure that, as appropriate, <i>firms</i> :  (1) comply with the provisions of the <i>MiFID Regulation</i> and SUP 17 (as at 2 January 2018); and  (2) notify and remedy breaches of these provisions whenever those breaches come to light,  notwithstanding the repeal of the <i>MiFID Regulation</i> on 3 January 2018.	





## Supervision

### SUP TP 10 Benchmarks Regulation Transitional Provisions

10.1		Purpose and application	
10.1.1	G		SUP TP 10 contains transitional provisions relating to the changes to the <i>Regulated Activities Order</i> which have been made as a result of the <i>benchmarks regulation</i> .
10.1.2	G		This TP applies to all <i>firms</i> .
10.2		Overview	
10.2.1	G	(1)	The <i>EU benchmarks regulation</i> applied from 1 January 2018. The <i>benchmarks regulation</i> is the UK version of, and replacement for, this <i>EU regulation</i> and applies from <i>IP completion day</i> .
		(2)	Article 34 of the <i>benchmarks regulation</i> requires the administrator of a <i>benchmark</i> to be authorised or registered. There is no corresponding requirement in relation to <i>benchmark contributors</i> .
		(3)	In the <i>UK</i> , the requirement for administrators to be authorised or registered has been given effect through the introduction of a new <i>regulated activity</i> ( <i>administering a benchmark</i> ) which replaces the <i>regulated activity</i> of <i>administering a specified benchmark</i> .
		(4)	The <i>UK Benchmarks Regulations 2018</i> therefore make various changes as a result of the <i>benchmarks regulation</i> including the following:
		(a)	they introduce a new <i>regulated activity</i> : <i>administering a benchmark</i> (article 63S of the <i>Regulated Activities Order</i> );
		(b)	regulation 59 provides that a person who carries on the <i>regulated activity</i> of <i>administering a specified benchmark</i> (article 63O(1)(b) of the <i>Regulated Activities Order</i> ) without <i>permission</i> to carry on that activity is not by virtue of section 20(1) of the <i>Act</i> to be taken to have contravened a requirement imposed by the <i>FCA</i> if that <i>person</i> has <i>permission</i> to carry on the new <i>regulated activity</i> of <i>administering a benchmark</i> (article 63S(1) of the <i>Regulated Activities Order</i> );
		(c)	regulation 60 provides that a <i>person</i> who carries on the <i>regulated activity</i> of <i>providing information in relation to a specified benchmark</i> (benchmark B) (article 63O(1)(a) of the <i>Regulated Activities Order</i> ) without <i>permission</i> to carry on that activity: <ul style="list-style-type: none"> <li>(i) does not contravene the <i>general prohibition</i>; and</li> <li>(ii) is not by virtue of section 20(1) or (1A) of the <i>Act</i> to be taken to have contravened a requirement imposed by the <i>FCA</i>,</li> </ul> if the administrator of benchmark B has <i>permission</i> to carry on the new <i>regulated activity</i> of <i>administering a benchmark</i> (article 63S(1) of the <i>Regulated Activities Order</i> ); and
		(d)	Part 7 of the <i>UK Benchmarks Regulations 2018</i> contains various transitional provisions to reflect those in article 51 of the <i>benchmarks regulation</i> .
10.2.2	G	(1)	The effect of the changes in SUP TP 1.2.1G(4)(a) to (c) is as follows.
		(2)	A <i>firm</i> which, immediately before 1 January 2018, had a <i>Part 4A permission</i> in relation to <i>administering a specified benchmark</i> continues to require that <i>Part 4A permission</i> until the earlier of such time as:

				(a)	it obtains a <i>Part 4A permission</i> in relation to the new <i>regulated activity</i> of <i>administering a benchmark</i> ; or
				(b)	it stops <i>administering a specified benchmark</i> .
		(3)			A <i>firm</i> which, immediately before 1 January 2018, had a <i>Part 4A permission</i> in relation to <i>providing information in relation to a specified benchmark</i> continues to require that <i>Part 4A permission</i> in respect of the relevant <i>specified benchmark</i> until the earlier of such time as:
				(a)	the administrator of the <i>relevant specified benchmark</i> obtains a <i>Part 4A permission</i> in relation to the new <i>regulated activity</i> of <i>administering a benchmark</i> ;
				(b)	the <i>firm</i> stops <i>providing information in relation to a specified benchmark</i> .
		(4)			<i>Persons</i> who administer, contribute input data to or use a <i>benchmark</i> should also note the transitional provisions in Part 7 of the <i>UK Benchmarks Regulations 2018</i> and article 51 of the <i>benchmarks regulation</i> .
10.2.3	G				The above means that:
		(1)		(a)	A <i>firm</i> (A) which, prior to 1 January 2018, had a <i>Part 4A permission</i> to <i>administer a specified benchmark</i> (a <i>benchmark administrator</i> ) and which wishes to continue administering that <i>benchmark</i> , will need to apply for a <i>Part 4A permission</i> in relation to <i>administering a benchmark</i> (subject to the transitional provisions in Part 7 of the <i>UK Benchmarks Regulations 2018</i> and article 51 of the <i>benchmarks regulation</i> ).
				(b)	A's existing <i>Part 4A permission</i> for <i>administering a specified benchmark</i> will be removed when it obtains the new <i>Part 4A permission</i> .
				(c)	Until that point, A will continue to be subject to the <i>rules</i> which applied to <i>benchmark administrators</i> immediately prior to 29 June 2018.
		(2)			A <i>firm</i> which wishes to start <i>administering a benchmark</i> will need to apply for a <i>Part 4A permission</i> in relation to <i>administering a benchmark</i> (subject to the transitional provisions in Part 7 of the <i>UK Benchmarks Regulations 2018</i> and article 51 of the <i>benchmarks regulation</i> ).
10.3					Transitional provision: the application of the previous version of the Supervision manual
10.3.1	G	(1)			As is explained in SUP TP 10.2, the <i>rules</i> which applied to <i>benchmark administrators</i> (in their capacity as such) before 29 June 2018 will continue to apply to those <i>firms</i> until their <i>Part 4A permission</i> in relation to <i>administering a specified benchmark</i> has been removed or (where applicable) they have been authorised to <i>administer a benchmark</i> .
		(2)			That includes some <i>rules</i> in the Supervision manual which have been amended or deleted with effect from 29 June 2018. The table in SUP TP 10.3.2 specifies which of the amended or deleted <i>rules</i> in the Supervision manual continue to apply and how.

10.3.2	(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
	1	SUP 3.1.1R	R	The <i>rule</i> in column 2, as it was on 28 June 2018, continues to apply to a <i>benchmark</i>	From 29 June 2018	Already in force

10.3.2	(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
				<i>administrator</i> in relation to a <i>specified benchmark</i> until that administrator becomes authorised or registered under the <i>benchmark regulation</i> , or ceases to be authorised for <i>administering a specified benchmark</i>		
	2	SUP 10A.4.4R and SUP 10A.7.1.13R	R	The <i>rules</i> in column 2, as they were on 28 June 2018, continue to apply to a <i>benchmark administrator</i> <sup>5</sup> in relation to a <i>specified benchmark</i> until that administrator becomes authorised or registered under the <i>benchmark regulation</i> , or ceases to be authorised for <i>administering a specified benchmark</i> .	From 29 June 2018	Already in force
	3	SUP 10A.8.2R	R	The <i>rule</i> in column 2, as it was on 28 June 2018 continues to apply to a <i>benchmark administrator</i> in re-	From 29 June 2018	Already in force

10.3.2	(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
				lation to a <i>specified benchmark</i> until that administrator becomes authorised or registered under the <i>benchmark regulation</i> , or ceases to be authorised for <i>administering a specified benchmark</i> .		

## Supervision

### SUP TP 11

#### Bank of England and Financial Services Act 2016: Approved persons in insurers

SUP TP 11.1	Application and purpose		
SUP TP 11.1.1	R	(1)	SUP TP 11 applies to <b>SMCR insurance firms</b> .
		(2)	SUP TP 11.15 applies to every <i>firm</i> .
SUP TP 11.1.2	G	(1)	SUP TP 11 has transitional provisions relating to the changes to the <i>approved persons</i> regime made by Part 2 of the Bank of England and Financial Services Act 2016 and the Individual Accountability (Dual-Regulated Firms) Instrument 2018.
		(2)	In particular, it has procedures for converting existing approvals for the performance of <i>controlled functions</i> into approvals for the corresponding <i>designated senior management functions</i> .
SUP TP 11.1.3	G	(1)	The main time period for which SUP TP 11 operates is 2018.
		(2)	There are transitional provisions that can apply beyond that period. They are based on events occurring during that period.
SUP TP 11.1.4	G		Most of SUP TP 11 relates SUP 10C.
SUP TP 11.1.5	G		SUP TP 11.22 has a glossary of terms used in SUP TP 11 which have meanings that only apply in SUP TP 11. These terms appear in bold type in SUP TP 11.
SUP TP 11.2	Conversion of existing approvals		
SUP TP 11.2.1	R		If the conditions set out in SUP TP 11.2.2R are met, a <b>pre-implementation approval</b> in relation to a particular <i>approved person</i> (AP) and a particular <b>SMCR insurance firm</b> (F) has effect on and after the <b>commencement date</b> as if it had been given in relation to the <i>FCA-designated senior management function</i> or <i>FCA-designated senior management functions</i> specified in SUP TP 11.2.2R(2) and (3).
SUP TP 11.2.2	R		Those conditions are:
		(1)	the <b>pre-implementation approval</b> is in effect in relation to F:
		(a)	(in the case of a <b>notifying firm</b> ) at the <b>firm specific date</b> ; and
		(b)	immediately before the <b>commencement date</b> ;
		(2)	AP is performing an <i>FCA-designated senior management function</i> in relation to F on the <b>commencement date</b> ;
		(3)	the <b>pre-implementation approval</b> in (1) is <b>potentially convertible</b> into approval for the <i>FCA-designated senior management function</i> in (2); and
		(4)	(in the case of a <b>notifying firm</b> ) F has notified the <i>FCA</i> :
		(a)	before the <b>commencement date</b> ;

		(b)	that it considers that the <b>pre-implementation approval</b> will be converted into approval for the <i>FCA-designated senior management function</i> in (2) under SUP TP 11.2.
SUP TP 11.2.3	R	(1)	A <b>pre-implementation approval</b> is <b>potentially convertible</b> into approval for an <i>FCA-designated senior management function</i> if a single row within the applicable part of the mapping table in SUP TP 11.2.5R contains both:  (a) the <b>pre-implementation controlled function</b> for which that <b>pre-implementation approval</b> was given; and  (b) that <i>FCA-designated senior management function</i> .  (2) An approval for a <b>pre-implementation controlled function</b> excluded from SUP TP 11 by SUP TP 11.4.2R is not <b>potentially convertible</b> into approval for any <i>FCA-designated senior management function</i> .  (3) An approval for a <b>pre-implementation controlled function</b> is not <b>potentially convertible</b> into approval for an <i>FCA-designated senior management function</i> in relation to a <i>firm</i> if either that <b>pre-implementation controlled function</b> or that <i>FCA-designated senior management function</i> does not apply to the <i>firm</i> .
SUP TP 11.2.4	R	(1)	Part One of the table in SUP TP 11.2.5R applies to a <b>non-notifying firm</b> .
		(2)	Part Two of the table in SUP TP 11.2.5R applies to a <b>notifying firm</b> .
SUP TP 11.2.5	R	Mapping table: Potential conversion of approval for existing controlled functions into approval for designated senior management functions	
<b>Part One (non-notifying firms)</b>			
		(1)	(2)
		<b>Pre-Implementation Controlled Function</b>	<b>New FCA-designated senior management function</b>
			Executive functions
		Director function	Executive director function
		Chief executive function	Executive director function
		Director of unincorporated association function	Executive director function
		Small friendly society function	Executive director function
			Required functions
		Compliance oversight function	Compliance oversight function
		Money laundering reporting function	Money laundering reporting function
<b>Part Two (notifying firms)</b>			
		(1)	(2)
		<b>Pre-Implementation Controlled Function</b>	<b>New FCA-designated senior management function</b>
			Executive functions
		Director function	(a) Executive director function (b) Conduct risk oversight (Lloyd’s) function
		Director of unincorporated association function	Executive director function
		Small friendly society function	Executive director function
			Oversight functions

Chair of the nomination committee function	Chair of the nomination committee function
Chair of the with-profits committee function	Chair of the with-profits committee function
	Systems and controls
Systems and controls function	Other local responsibility function
	Required functions
Compliance oversight function	Compliance oversight function
Money laundering reporting function	Money laundering reporting function
CASS operational oversight function	(a) Other overall responsibility function
	(b) Other local responsibility function
	Significant management function
Significant management function	(a) Other overall responsibility function
	(b) Other local responsibility function
	(c) EEA branch senior manager function

Note for Parts One and Two of this table

All references to a new FCA-designated senior management function are to *FCA-designated senior management functions* brought into force for the *firm* concerned by the Individual Accountability (Dual-Regulated Firms) Instrument 2018.

SUP TP 11.2.6	G	If a <b>pre-implementation controlled function</b> does not apply to a <i>firm</i> immediately before the <b>commencement date</b> , the applicable row of the table in SUP TP 11.2.5R does not apply to it either.
SUP TP 11.2.7	G	<p>(1) The general principle is that a <b>pre-implementation approval</b> cannot be converted to approval for an <i>FCA-designated senior management function</i> if that <i>FCA-designated senior management function</i> will not apply to the <i>firm</i> or to the particular <i>approved person</i> on the <b>commencement date</b>.</p> <p>(2) For example, if none of the <i>FCA-designated senior management functions</i> in a row of the table in SUP TP 11.2.5R apply to a <i>firm</i> on the <b>commencement date</b>, that row does not apply to the <i>firm</i>.</p>
SUP TP 11.2.8	G	<p>Another example of the principle in SUP TP 11.2.7G is that if:</p> <p>(1) the result of SUP TP 11.2 would otherwise be that an <i>approved person</i> is deemed to be approved to perform the <i>other overall responsibility function</i> or the <i>other local responsibility function</i>; and</p> <p>(2) either that <i>approved person</i>:</p> <p>(a) is deemed by SUP TP 11.2 to be approved to perform any other <i>FCA-designated senior management function</i> for the same <i>firm</i>; or</p> <p>(b) has approval to perform a <i>PRA controlled function</i> for the same <i>firm</i>;</p> <p>that <i>approved person's pre-implementation approval</i> will not be converted into approval for the <i>other overall responsibility function</i> or the <i>other local responsibility function</i> (whichever is applicable).</p>
SUP TP 11.2.9	R	<p>(1) A notification to the FCA is not to be taken into account for the purposes of SUP TP 11.2.2R(4) so far as it concerns a particular <i>approved person</i> if the <i>firm</i> does not include a <b>statement of responsibilities</b> about that <i>approved person</i> with the notification when required to do so by SUP TP 11.11.</p>



		(2)	A notification to the <i>FCA</i> is not to be taken into account for the purposes of SUP TP 11.2.2R(4) if the <i>firm</i> does not include a <b>management responsibilities map</b> with the notification when required to do so by SUP TP 11.12.
SUP TP 11.2.10	G		SUP TP 11.2.2R(4)(a) (together with SUP TP 11.5 and SUP TP 11.6) means that:
		(1)	a failure to submit a Form K before the <b>final notification date</b> is a breach of the requirements of SUP TP 11; but
		(2)	despite that breach, the <b>pre-implementation approval</b> can still be converted into an approval for the applicable <i>FCA-designated senior management function</i> as long as it is received before the <b>commencement date</b> .
SUP TP 11.2.11	R	(1)	This rule applies to a <i>firm</i> (referred to as 'B' in this rule) in relation to an <i>approved person</i> (referred to as 'AP' in this rule) if:
		(a)	immediately before the <b>commencement date</b> , AP is treated under SUP 10A.11.12R (The main rule) as not performing an <i>FCA governing function</i> for B;
		(b)	approval for that <i>FCA governing function</i> is <b>potentially convertible</b> into approval for an <i>FCA-designated senior management function</i> ;
		(c)	that <i>FCA-designated senior management function</i> is an <i>FCA governing function</i> ; and
		(d)	AP would be performing that <i>FCA-designated senior management function</i> in relation to B on the <b>commencement date</b> but for this rule.
		(2)	SUP 10C.9.8R (The main rule) applies in relation to AP, B and the <i>FCA-designated senior management function</i> in (1) from the <b>commencement date</b> so that:
		(a)	that <i>FCA-designated senior management function</i> is treated as a 'particular' <i>FCA governing function</i> in SUP 10C.9.8R; and
		(b)	the functions included in what would have been that <i>FCA governing function</i> are treated as a potential <i>FCA governing function</i> in SUP 10C.9.8R that:
		(i)	meets the conditions in SUP 10C.9.8R(4); and
		(ii)	has met the conditions in SUP 10C.9.8R(5) up to the <b>commencement date</b> .
SUP TP 11.2.12	G	(1)	SUP 10A.11.12R and SUP 10C.9.8R say that a <i>person</i> performing a <i>PRA controlled function</i> does not need approval for carrying on an <i>FCA governing function</i> if certain conditions are met.
		(2)	The effect of SUP TP 11.2.11R is that if immediately before the <b>commencement date</b> , an <i>approved person</i> is taking advantage of SUP 10A.11.12R they will be able to rely on the corresponding arrangement in SUP 10C.9.8R for as long as they have approval for performing a <i>PRA controlled function</i> .
11.2.13	R		The notes to the tables in SUP TP 7.2.3R and SUP TP 8.2.3R continue to apply after the <b>commencement date</b> to the <i>FCA-designated senior management function</i> that <b>corresponds</b> to the <b>pre-implementation controlled function</b> to which those notes apply.
11.2.14	G		SUP TP 7.2.3R and SUP TP 8.2.3R deal with the absorption of certain <i>FCA controlled functions</i> into <i>PRA controlled functions</i> . SUP TP 11.2.13R allows those arrangements to continue after the <b>commencement date</b> so that the <i>SMF manager</i> continues to be treated as not performing an <i>FCA controlled function</i> .



**SUP TP 11.3** Effect of conversion

- SUP TP 11.3.1 R (1) Where, immediately before the **commencement date**, a **pre-implementation approval** is subject to a suspension, condition or limitation imposed under section 66(3) of the Act (Disciplinary powers), that suspension, condition or limitation is to be treated as if it were imposed in respect of the **converted approval** from the beginning of the **commencement date**.
- (2) This *rule* applies whether or not the *FCA* or the *PRA* has given a *warning notice* or a *decision notice* under:
- (a) section 63 of the Act (Withdrawal of approval); or
  - (b) section 63B of the Act (Procedure and right to refer to tribunal); or
  - (c) section 67 of the Act (Disciplinary measures: procedure and right to refer to Tribunal).
- SUP TP 11.3.2 R Anything done under section 63 of the Act (Withdrawal of approval) in respect of a **pre-implementation approval** before the **commencement date** continues to have effect on and after that day in respect of the **converted approval**.

**SUP TP 11.4** Lapse of existing approvals and special provisions about appointed representatives

- SUP TP 11.4.1 R Subject to SUP TP 11.4.2R, any **pre-implementation approval** that is in effect immediately before the **commencement date** that is not converted under SUP TP 11.2 ceases to have effect as from the beginning of the **commencement date** in relation to the *controlled function* concerned.
- SUP TP 11.4.2 R SUP TP 11 does not apply to a **pre-implementation approval** that has effect under SUP 10A.1.15R to SUP 10A.1.16AR (appointed representatives).
- SUP TP 11.4.3 G An approval excluded from SUP TP 11 by SUP TP 11.4.2R continues in force and is not affected by SUP TP 11.

**SUP TP 11.5** Notification to the FCA: Initial notification

- SUP TP 11.5.1 R (1) A **notifying firm** must notify the *FCA* of:
- (a) each **pre-implementation approval** that it considers will be converted into approval for an *FCA-designated senior management function* under SUP TP 11.2 (assuming that the *firm* complies with the applicable notification requirements in SUP TP 11);
  - (b) the *approved person* in respect of whom that **pre-implementation approval** was given; and
  - (c) the *FCA-designated senior management function* referred to in (a).
- (2) A *firm* must make the notification in (1) before the **final notification date**.
- SUP TP 11.5.2 G SUP TP 11.10 explains how the *firm* should make the notification.
- SUP TP 11.5.3 G (1) This paragraph (SUP TP 11.5.3G) gives examples of things that a *firm* should not include in a notification under SUP TP 11.5.1R.
- (2) A *firm* should not include a **pre-implementation approval** for the *customer function*. This is because there is no need to notify a **pre-implementation approval** if it is not **potentially convertible** into any *FCA-designated senior management function*.
- (3) A *firm* should not include a **pre-implementation approval** if:

SUP TP 11.5.4	G	(a)	it is <b>potentially convertible</b> into an <i>FCA-designated senior management function</i> ; but
		(b)	the <i>firm</i> considers that the <i>approved person</i> will not be performing that <i>FCA-designated senior management function</i> on the <b>commencement date</b> .
		(4)	Therefore, a <i>firm</i> should not include an <i>approved person</i> who plans to resign before the <b>commencement date</b> if it is intended that they will have left the <i>firm</i> before then.
		(5)	A <i>firm</i> should not include a <b>pre-implementation approval</b> if SUP TP 11.4.2R says that SUP TP 11 does not apply to it.
		If the <i>firm</i> considers that some of an <i>approved person's</i> <b>pre-implementation approvals</b> will be converted and some will not be, the <i>firm's</i> notification should:	
		(1)	include the <i>approved person</i> ; but
		(2)	exclude the approvals that will not be converted.

#### SUP TP 11.6 Notification to the FCA: Revision of initial notice

SUP TP 11.6.1	R	(1)	This <i>rule</i> applies if, before the <b>commencement date</b> :
		(a)	there is a change relating to information given in or accompanying a notification that the <i>firm</i> has previously made under SUP TP 11.5 (or a notification given under SUP TP 11.6); or
		(b)	the <i>firm</i> giving the notice discovers that any part of that information is inaccurate.
		(2)	Where circumstances described in (1) occur before the <b>final notification date</b> , the <i>firm</i> must submit a revision of the notice referred to in (1) to the <i>FCA</i> before the <b>final notification date</b> .
		(3)	Where circumstances described in (1) occur between the <b>final notification date</b> and the commencement date, the <i>firm</i> must submit a revision of the notice referred to in (1) to the <i>FCA</i> before the <b>commencement date</b> .
SUP TP 11.6.2	G	SUP TP 11.10 explains how the <i>firm</i> should make the revised notification.	
SUP TP 11.6.3	G	(1)	This paragraph SUP TP 11.6.3G gives examples of when a <i>firm</i> should revise its SUP TP 11.5 notice under SUP TP 11.6.
		(2)	A <i>firm</i> need not include in a notification under SUP TP 11.5 an <i>approved person</i> who plans to leave the <i>firm</i> before the <b>commencement date</b> . However that plan may change and as a result the <i>firm</i> may later conclude that the <i>approved person</i> will carry on with their job after the <b>commencement date</b> . If so, the <i>firm</i> should revise the notice.
		(3)	If, after the notice to the <i>FCA</i> , the <i>FCA</i> grants an approval under section 59 of the Act (Approval for particular arrangements) to someone who did not have any such approval for the <i>firm</i> at the time of the notice, the <i>firm</i> should revise its notice by including that new <i>approved person</i> and that new <b>pre-implementation approval</b> .
		(4)	If, after a <i>firm</i> has given the notice to the <i>FCA</i> , the <i>FCA</i> grants a new approval under section 59 of the Act to someone who already was an <i>approved person</i> for the <i>firm</i> when the <i>firm</i> gave the notice to the <i>FCA</i> , the <i>firm</i> should revise its notice by including that new <b>pre-implementation approval</b> .
		(5)	If a <i>firm</i> includes an <i>approved person</i> in a notification under SUP TP 11.5 and the <i>firm</i> later concludes that that <i>person's</i> <b>pre-implementation approval</b> will no longer qualify for conversion because that <i>person</i> will not be performing the relevant <i>FCA-designated senior management</i>

		<p>function for the <i>firm</i> on the <b>commencement date</b>, the <i>firm</i> should revise its notice. Possible reasons for this include:</p> <ul style="list-style-type: none"> <li>(a) the <i>approved person</i> leaves the <i>firm</i>;</li> <li>(b) the <i>approved person</i> tells the <i>firm</i> they are going to leave the <i>firm</i> before the <b>commencement date</b>; or</li> <li>(c) the <i>approved person's</i> job changes so that it will no longer involve performing an <i>FCA-designated senior management function</i> on the <b>commencement date</b>.</li> </ul>
		(6) There is no need to include information about the matters set out in SUP TP 11.5.3G.
SUP TP 11.6.4	G	If a <i>firm</i> gives a notification to the <i>FCA</i> under SUP TP 11.5 about an <i>approved person</i> and that <i>approved person</i> later leaves the <i>firm</i> or gives up performing some of their <b>pre-implementation controlled functions</b> before the <b>commencement date</b> , the <i>firm</i> should notify the <i>FCA</i> using Form C or Form E under SUP 10A as well as a Form K under SUP TP 11.10.

#### SUP TP 11.7 In-flight applications: Conversion

SUP TP 11.7.1	R	<ul style="list-style-type: none"> <li>(1) A <b>pre-implementation application</b> by a <i>firm</i> that has not been determined or withdrawn by the <b>commencement date</b> is to be treated, on and after the <b>commencement date</b>, as if it had been made for the <b>corresponding FCA-designated senior management function</b> or <i>FCA-designated senior management functions</i> (if there are any).</li> <li>(2) If a <i>firm</i> is required to notify a <b>pre-implementation application</b> to the <i>FCA</i> under SUP TP 11.8R, (1) only applies to a <b>corresponding FCA-designated senior management function</b> if the <i>firm</i> has included in that notification: <ul style="list-style-type: none"> <li>(a) that <b>pre-implementation application</b>; and</li> <li>(b) that <i>FCA-designated senior management function</i>.</li> </ul> </li> </ul>
SUP TP 11.7.2	R	An <i>FCA-designated senior management function</i> " <b>corresponds</b> " to a <b>pre-implementation controlled function</b> if approval for the latter is <b>potentially convertible</b> into approval for the former and " <b>corresponding</b> " must be interpreted accordingly.
SUP TP 11.7.3	R	<p>SUP TP 11.7.1R is subject to any amendment the <i>firm</i> may make to the application before the <b>commencement date</b> to specify that on the <b>commencement date</b>:</p> <ul style="list-style-type: none"> <li>(1) the <b>pre-implementation application</b> is to lapse; or</li> <li>(2) the <b>pre-implementation application</b> is to be treated as only being for some of the <i>FCA-designated senior management functions</i>.</li> </ul>
SUP TP 11.7.4	G	SUP TP 11.8.3G explains what <i>FCA-designated senior management functions</i> are covered by SUP TP 11.7.1R(2).
SUP TP 11.7.5	G	<ul style="list-style-type: none"> <li>(1) SUP TP 11.7.3R is not the only way a <i>firm</i> may change the effect of SUP TP 11.7.</li> <li>(2) After the <b>commencement date</b> a <i>firm</i> is free to amend its application in accordance with the <i>Act</i> and the <i>FCA Handbook</i>.</li> <li>(3) Before the <b>commencement date</b>, a <i>firm</i> is free to amend its application in accordance with the <i>Act</i> and the <i>FCA Handbook</i> by changing the <b>pre-implementation controlled function</b> for which it is applying. That will affect the <b>corresponding FCA-designated senior management function</b>. If the <i>firm</i> amends its application in this way it should notify the <i>FCA</i> under SUP TP 11.8 as well as under SUP 10A.</li> </ul>
SUP TP 11.7.6	R	Subject to SUP TP 11.7.7R, a <b>pre-implementation application</b> lapses on the <b>commencement date</b> unless it is continued in force by SUP TP 11.7.

SUP TP R  
11.7.7 SUP TP 11 does not apply to a **pre-implementation application** if the **pre-implementation approval** that would result if it was granted would be excluded from SUP TP 11 by SUP TP 11.4.2R.

**SUP TP 11.8 In-flight applications: Notification requirements**

SUP TP R  
11.8.1 A **notifying firm** must, before the **final notification date**, notify the *FCA* of every **pre-implementation application** if:

- (1) it has not been determined or withdrawn at the time of the notification;
- (2) it is not excluded under SUP TP 11.7.7R; and
- (3) the *firm* would be required to notify the *FCA* under SUP TP 11.5 if that application had been granted and the approval was in effect immediately before the date of the notification in SUP TP 11.8.1R.

SUP TP R  
11.8.2 The information about a **pre-implementation application** that the notification must contain is the information that the *firm* would be required to give the *FCA* in a notification under SUP TP 11.5 if:

- (1) that **pre-implementation application** had been granted; and
- (2) the resulting approval was in effect immediately before the date of the notification in SUP TP 11.8.1R.

SUP TP G  
11.8.3 SUP TP 11.8.1R and SUP TP 11.8.2R mean:

- (1) Only a **notifying firm** needs to make the notification.
- (2) The information to be notified to the *FCA* about a particular **pre-implementation application** includes each *FCA-designated senior management function* that meets the following conditions:
  - (a) approval for the **pre-implementation controlled function** for which the **pre-implementation application** is being made is **potentially convertible** into approval for that *FCA-designated senior management function*; and
  - (b) the *firm* considers that the *approved person* concerned will be performing that *FCA-designated senior management function* on the **commencement date** if the **pre-implementation application** is approved before then.
- (3) A *firm* should not notify the *FCA* about a particular **pre-implementation application** if the *firm* considers that even if the application were approved before the **commencement date**, the *approved person* will not be performing on the **commencement date** any of the *FCA-designated senior management functions* into which the applicable **pre-implementation approval** would be **potentially convertible**. This might be because the *firm* intends that the *candidate* will only be in post for a short time.

SUP TP R  
11.8.4

- (1) This *rule* applies if, before the **commencement date**:
  - (a) a *firm* makes a **pre-implementation application** after the initial notice under SUP TP 11.8.1R; and
  - (b) the *firm* would have been required to notify the *FCA* under SUP TP 11.8.1R if that application had been made before the date of the notification under SUP TP 11.8.1R.
- (2) This *rule* also applies if, before the **commencement date**:
  - (a) there is any other change relating to information given in or accompanying the initial notice under SUP TP 11.8.1R (or a notification given under SUP TP 11.8.4R); or
  - (b) the *firm* discovers that any part of that information is inaccurate.

		(3)	Where circumstances described in (1) or (2) occur before the <b>final notification date</b> , the <i>firm</i> must submit a revision of the notice referred to in (1) or (2) to the <i>FCA</i> before the <b>final notification date</b> .
		(4)	Where circumstances described in (1) or (2) occur between the <b>final notification date</b> and the <b>commencement date</b> , the <i>firm</i> must submit a revision of the notice referred to in (1) or (2) to the <i>FCA</i> before the <b>commencement date</b> .
SUP TP 11.8.5	G		SUP TP 11.10 explains how the <i>firm</i> should make the notification.
SUP TP 11.8.6	G		If a <i>firm</i> notifies the <i>FCA</i> under SUP TP 11.8 of a <b>pre-implementation application</b> and that application is granted or refused before the <b>commencement date</b> , the <i>firm</i> should revise its notification under SUP TP 11.8.4R and, if applicable, SUP TP 11.6.

#### SUP TP 11.9 In-flight applications: Supplemental material

SUP TP 11.9.1	R	(1)	This <i>rule</i> applies if, in relation to a <b>pre-implementation application</b> continued in effect after the <b>commencement date</b> under SUP TP 11.7, the <i>FCA</i> has before the <b>commencement date</b> : <ol style="list-style-type: none"> <li>imposed a requirement under section 60 of the <i>Act</i> (Application for approval);</li> <li>given a <i>warning notice</i> under section 62(2) of the <i>Act</i> (Applications for approval: procedure and right to refer to tribunal) or a <i>decision notice</i> under section 62(3) of the <i>Act</i> to the interested parties referred to in section 62(5); or</li> <li>taken any step in connection with giving a <i>warning notice</i> or <i>decision notice</i> under section 62.</li> </ol>
		(2)	The requirement, notice or step in (1) is to be treated, on and after the <b>commencement date</b> , as having been imposed, given or taken in relation to the application as affected by SUP TP 11.7.

#### SUP TP 11.10 Procedure for notification

SUP TP 11.10.1	R		A <i>firm</i> must only make a single notification under SUP TP 11.5 and SUP TP 11.8.1R and must do so on the same notification form.
SUP TP 11.10.2	R		A <i>firm</i> must make a notification under SUP TP 11.5, SUP TP 11.6 or SUP TP 11.8 by completing Form K (SUP TP 11.23.1R).
SUP TP 11.10.3	R		A <i>firm</i> must make a notification or submit a <i>document</i> to the <i>FCA</i> under SUP TP 11 in accordance with SUP 10C.15.11R(1) and (3) (Method of submission: electronic submission).
SUP TP 11.10.4	R	(1)	A <i>firm</i> making a notification under SUP TP 11.10.3R in accordance with SUP 10C.15.11R(1) must use the version of Form K made available on the electronic system referred to in SUP 10C.15.11R, which is based on the version in SUP TP 11.23.1R.
		(2)	A <i>firm</i> making a notification under SUP TP 11.10.3R in accordance with SUP 10C.15.11R(3) and SUP 10C.15.14R must use the version of Form K in SUP TP 11.23.1R.
SUP TP 11.10.5	G		If a <i>firm</i> discovers after the <b>commencement date</b> that any information it has given under SUP TP 11 is inaccurate it should notify the <i>FCA</i> as described in SUP 15.6 (Inaccurate, false or misleading information). If SUP TP 11.17.6R applies, the <i>firm</i> should notify the <i>FCA</i> under that <i>rule</i> instead.

#### SUP TP 11.11 Statements of responsibilities

SUP TP 11.11.1	G	The table in SUP TP 11.11.2G explains when a <i>firm</i> is required to prepare a <b>statement of responsibilities</b> as part of the transitional arrangements in SUP TP 11 and whether it is required to send it to the <i>FCA</i> .
SUP TP 11.11.2	G	Table: Preparing statements of responsibilities and sending them to the <i>FCA</i>

Scenario	Non-notifying firm	Notifying firm
Is a <i>firm</i> required to prepare a <b>statement of responsibilities</b> for their <b>transitional SMF managers</b> ?	Yes. The <b>insurance firms commencement SI</b> requires this.  A <i>firm</i> should have prepared it by or soon after the <b>commencement date</b> .	Yes. The <b>insurance firms commencement SI</b> requires this.
Is a <i>firm</i> required to send it to the <i>FCA</i> ?	No	Yes. See SUP TP 11.11.3R.
Is a <i>firm</i> required to prepare a <b>statement of responsibilities</b> for a <b>pre-implementation application</b> by the <i>firm</i> that has been converted into an application for approval for the performance of an <i>FCA-designated senior management function</i> under SUP TP 11.7?	Yes. The <i>Act</i> requires this.	Yes. The <i>Act</i> and SUP TP 11.11.3R require this.
Is a <i>firm</i> required to send it to the <i>FCA</i> ?	Yes. See SUP TP 11.11.4R.	Yes. See SUP TP 11.11.3R.
Is a <i>firm</i> required to prepare a <b>statement of responsibilities</b> for an application under SUP TP 11.15?	Yes. The <i>Act</i> and SUP TP 11.15 require this.	Yes. The <i>Act</i> and SUP TP 11.15 require this.
Is a <i>firm</i> required to send it to the <i>FCA</i> ?	Yes. The details are in SUP TP 11.15.	Yes. The details are in SUP TP 11.15.

SUP TP 11.11.3	R	A notification to the <i>FCA</i> under SUP TP 11.5, SUP TP 11.6 or SUP TP 11.8 about an <i>approved person</i> or <i>candidate</i> must be accompanied by a <b>statement of responsibilities</b> about that <i>person</i> .
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SUP TP 11.11.4	R	A <b>non-notifying firm</b> must, within five <i>business days</i> after the <b>commencement date</b> , give the <i>FCA</i> a <b>statement of responsibilities</b> for each <i>candidate</i> who is the subject of a <b>pre-implementation application</b> by the <i>firm</i> that has been converted into an application for approval for the performance of an <i>FCA-designated senior management function</i> under SUP TP 11.7.	
SUP TP 11.11.5	G	A <b>statement of responsibilities</b> should comply with all the <i>rules</i> and <i>directions</i> in the <i>FCA Handbook</i> that will apply to <i>statements of responsibilities</i> prepared by the <i>firm</i> (see SUP TP 11.16).	
SUP TP 11.11.6	G	(1)	Before the <b>commencement date</b> , SYSC 2.2 required many <i>firms</i> to have a scope of responsibilities document for its senior <i>approved persons</i> .
		(2)	That document may also satisfy the requirements for a <b>statement of responsibilities</b> and the ongoing requirements after the <b>commencement date</b> for <i>statements of responsibilities</i> . If so, there is no need to create a new <b>statement of responsibilities</b> . To the extent that the scope of responsibilities document does not satisfy those requirements, a <i>firm</i> should amend or replace it.
SUP TP 11.12	Management responsibilities maps		
SUP TP 11.12.1	R	SUP TP 11.12 applies to a <i>firm</i> that will be required under SYSC 25 (Senior managers and certification regime: Management responsibilities maps and handover procedures and material) to have a <i>management responsibilities map</i> when that chapter comes into force on the <b>commencement date</b> .	
SUP TP 11.12.2	R	A notification to the <i>FCA</i> under SUP TP 11.10.1R must be accompanied by a <b>management responsibilities map</b> .	
SUP TP 11.12.3	G	A <b>management responsibilities map</b> should comply with all the <i>rules</i> and <i>directions</i> in the <i>FCA Handbook</i> that will apply to a <i>management responsibilities map</i> prepared by the <i>firm</i> (see SUP TP 11.16).	
SUP TP 11.12.4	G	(1)	Before the <b>commencement date</b> , SYSC 2.2 required many <i>firms</i> to have a governance map.
		(2)	That document may also satisfy the requirements for a <b>management responsibilities map</b> and the ongoing requirements after the <b>commencement date</b> for <i>management responsibilities maps</i> . If so, there is no need to create a new <b>management responsibilities map</b> . To the extent that the governance map does not satisfy those requirements, a <i>firm</i> should amend or replace it.
SUP TP 11.13	Supplemental material about statements of responsibilities and management responsibilities maps		
SUP TP 11.13.1	R	A <b>statement of responsibilities</b> and a <b>management responsibilities map</b> must be prepared as of the <b>commencement date</b> .	
SUP TP 11.13.2	D	SUP TP 11.13.1R also applies to a <b>management responsibilities map</b> or <b>statement of responsibilities</b> prepared under a direction.	
SUP TP 11.13.3	G	(1)	If there has been a change relating to a <b>statement of responsibilities</b> or a <b>management responsibilities map</b> submitted to the <i>FCA</i> under SUP TP 11, the <i>firm</i> should submit a revised version.
		(2)	This is the effect of SUP TP 11.6 and SUP TP 11.8.4R.
SUP TP 11.13.4	G	A <i>firm</i> should not assume that the <i>FCA</i> has reviewed a <b>statement of responsibilities</b> or a <b>management responsibilities map</b> submitted to it for completeness, quality or accuracy. It is the <i>firm's</i> responsibility to ensure that they have been prepared in accordance with the <i>FCA's rules</i> and the <i>Act</i> .	
SUP TP 11.14	Criminal record checks and employment references		

SUP TP 11.14.1	R	SUP 10C.10.16R (Criminal record checks) does not apply to any <b>pre-implementation application</b> continued in effect by SUP TP 11.7.1R after the <b>commencement date</b> .
SUP TP 11.14.2	G	SUP 10C.10.16R (Criminal record checks) applies to any application for approval made under SUP TP 11.15.
SUP TP 11.14.3	G	SYSC TP 7.4.2R (Transitional provisions about regulatory references) has transitional provisions about regulatory references in relation to a <b>pre-implementation application</b> continued in effect by SUP TP 11.7.1R and applications for approval made under SUP TP 11.15.

#### SUP TP 11.15 Applications of approved persons to take effect from the commencement date

SUP TP 11.15.1	D	(1) A <i>firm</i> may, before the <b>commencement date</b> , apply under section 60 of the <i>Act</i> (Applications for approval) for the FCA's approval under section 59 of the <i>Act</i> (Approval for particular arrangements) for the performance of an <i>FCA-designated senior management function</i> which comes into effect (as respects the <i>firm</i> ) on the <b>commencement date</b> .
		(2) Any such application is made on the basis that it is treated as being made on the <b>commencement date</b> .
		(3) The application must be made using the version of Form A or Form E applicable from the <b>commencement date</b> and in accordance with the other requirements to be in effect on that date.
SUP TP 11.15.2	G	The rest of SUP TP 11 will not apply to an application under SUP TP 11.15. In particular, it is not a <b>pre-implementation application</b> and the application should not be included in the <i>firm's</i> Form K.
SUP TP 11.15.3	G	Any such application should be accompanied by a <i>statement of responsibilities</i> and, if SYSC 25 (Senior managers and certification regime: Management responsibilities maps and handover procedures and material) will apply, a <i>management responsibilities map</i> .
SUP TP 11.15.4	G	A <i>firm</i> does not have to make an application under SUP TP 11.15. It can make an application for an existing <i>controlled function</i> before the <b>commencement date</b> under the <i>rules</i> and directions in force at the time of the application. SUP TP 11 will apply to such applications.

#### SUP TP 11.16 Application of ongoing requirements to converted approvals and conversion documents

SUP TP 11.16.1	R	(1) The <i>rules</i> of the <i>FCA Handbook</i> apply to a <b>converted approval</b> , as they do to approvals granted after the <b>commencement date</b> .
		(2) The <i>rules</i> of the <i>FCA Handbook</i> apply to a <b>pre-implementation application</b> that is continued in force under SUP TP 11 after the <b>commencement date</b> as they do to applications made after the <b>commencement date</b> .
		(3) This paragraph is subject to the other provisions of SUP TP 11.
SUP TP 11.16.2	R	(1) A <b>statement of responsibilities</b> (including one revised under SUP TP 11.16.4R) must comply with all the <i>rules</i> and directions in the <i>FCA Handbook</i> that will apply to <i>statement of responsibilities</i> as from the <b>commencement date</b> .



		(2)	(2) applies even if the <i>firm</i> is not required to submit the <b>statement of responsibilities</b> to the <i>FCA</i> under SUP TP 11.12.
SUP TP 11.16.3	R	A <b>management responsibilities map</b> submitted to the <i>FCA</i> under SUP TP 11.12 must comply with all the <i>rules</i> and directions in the <i>FCA Handbook</i> that will apply to the <i>firm's management responsibilities map</i> as from the <b>commencement date</b> .	
SUP TP 11.16.4	D	SUP TP 11.16.1R to SUP TP 11.16.3R apply to directions in SUP 10C in the same way as they do to rules.	
SUP TP 11.16.5	G	The table in SUP TP 11.16.6G gives examples of how SUP 10C and other parts of the <i>FCA Handbook</i> apply to <b>converted approvals</b> .	
SUP TP 11.16.6	G	Table: Examples of how ongoing requirements apply to converted approvals	

Requirement in Handbook	Summary of the requirement in column (1)	How SUP 10C applies
	Revised statements of responsibilities	
SUP 10C.11.7D	Submission of revised <i>statement of responsibilities</i>	The effect of the <i>Act</i> and of the <b>insurance firms commencement SI</b> is that section 62A of the <i>Act</i> (Changes in responsibilities of senior managers) applies to a <b>statement of responsibilities</b> . This means that if after the <b>commencement date</b> there has been a significant change in a <b>transitioned SMF manager's</b> responsibilities in relation to their <b>converted designated senior management functions</b> , the <i>firm</i> should submit a revised <i>statement of responsibilities</i> . It should also submit a Form J unless SUP 10C.11 says that it is not required.
	Varying an approval	
SUP 10C.11.10D	<i>Statements of responsibilities</i>	The powers and requirements in the <i>Act</i> and in SUP 10C about variation of approvals at the request of a <i>firm</i> and at the initiative of the <i>FCA</i> apply to <b>converted approvals</b> .  If a <b>transitioned SMF manager</b> ceases to perform a <i>designated senior management function</i> but continues to perform a <b>converted designated senior management function</b> , the <i>firm</i> should submit a revised <i>statement of responsibilities document</i> under SUP 10C.11.12R.
SUP 10C.11.12R	Ceasing to carry on some functions	
SUP 10C.13	Other material about variations	
	Single statement of responsibilities document	
SUP 10C.11.13D	One <i>statement of responsibilities</i> for each <i>SMF manager</i> for each <i>firm</i>	Applies to <b>statements of responsibilities</b> in the same way as it applies to <i>statements of responsibilities</i> . For example:  (1) If on the <b>commencement date</b> a <b>transitioned SMF manager</b> is already approved by the <i>PRA</i> to perform a <i>PRA-designated senior management function</i> for that <i>firm</i> , the <b>statement</b>

of responsibilities should cover both the **converted designated senior management function** and the *PRA-designated senior management function*. That single *document* should be treated as a *statement of responsibilities* prepared under the Act.

(2) If after the **commencement date** a *firm* applies for the FCA's approval for a **transitioned SMF manager** to perform another *FCA-designated senior management function*, the *statement of responsibilities* prepared for that application should be combined with the **statement of responsibilities** required by SUP TP 11 and the **insurance firms commencement SI** into a single *document*.

(3) If:

(a) after the **commencement date** a **transitioned SMF manager** is approved by the FCA to perform another *FCA-designated senior management function*; and

(b) later there is a significant change in the **transitioned SMF manager's** responsibilities;

the *firm* should notify the FCA and submit a single revised statement of responsibilities *document*, whether the change relates to the **converted designated senior management function** or to the additional *FCA-designated senior management function*.

	Complete set of statements of responsibilities	
SUP 10C.11.20R	Complete set of current <i>statements of responsibilities</i>	Applies to <b>statements of responsibilities</b> in the same way as it does to <i>statements of responsibilities</i> .
	Ceasing to carry on functions	
SUP 10C.11.12R	<i>Statements of responsibilities</i> to be included in notification	Applies to ceasing to carry on a <b>converted designated senior management function</b> after the <b>commencement date</b> .
SUP 10C.14.5R	Notification of ceasing to perform the function	
SUP 10C.14.7R	Qualified Form C	
	Form D	
SUP 10C.14.13R	Changes to details	Applies to a <b>transitioned SMF manager</b> and to changes of any details relating to the <b>converted designated senior management function</b> .
SUP 10C.14.15R	Changes to arrangements	
SUP 10C.14.18R	Fitness	The Form D requirements also apply to a <i>candidate</i> whose application is continued in force by SUP TP 11.  Before the <b>commencement date</b> , the existing requirements of SUP 10A ap

		ply to changes in a <i>candidate's</i> fitness.
	Notifications under the Act	
SUP 10C.14.22R	Notifications under the Act	Applies to notification about a <b>transitioned SMF manager</b> .
	General	
Requirements referring to a <i>current approved person approval</i>		Apply to a <b>converted approval</b> .
Requirements referring to a <i>current approved person approval</i> held within the last six <i>months</i>		These requirements apply to an approval for a <i>controlled function</i> abolished after the <b>commencement date</b> and to an approval that ceased to have effect under SUP TP 11 for some other reason.
		These requirements also apply to an approval given up within the last six <i>months</i> before the <b>commencement date</b> even though the <i>controlled function</i> ceases to exist after the <b>commencement date</b> .
<i>FCA-prescribed senior management responsibility (a)</i>	Responsibility for a <i>firm's</i> performance of its obligations under the senior managers regime	Includes compliance with the requirements about <b>statements of responsibilities</b>
SYSC 25	Preparation of <i>management responsibilities maps</i>	A <i>management responsibilities map</i> should include a <b>transitioned SMF manager</b> and their <b>converted designated senior management functions</b>

## SUP TP 11.17 Making sure that the Financial Services Register is accurate

### Existing notification requirements

SUP TP 11.17.1	R	(1)	If before the <b>commencement date</b> a <i>firm</i> is required to notify the FCA using Form C or Form D or under SUP 10A.14.10R, that obligation continues to apply after the <b>commencement date</b> if the <i>firm</i> has not complied with that obligation before then.
		(2)	(1) applies whether the deadline for reporting expires before or after the <b>commencement date</b> .
		(3)	(1) applies to a <b>notifying firm</b> even if it is obliged to report the same facts under a Form K.
		(4)	(1) does not apply to the <i>customer function</i> (unless the <i>customer function</i> continues to apply after the <b>commencement date</b> under SUP TP 11.4.2R) if the deadline for reporting expires after the <b>commencement date</b> . Instead, the obligation to report ends on the <b>commencement date</b> .

### Notification required from non-notifying firms in certain cases

SUP TP 11.17.2	R	(1)	This <i>rule</i> applies to a <b>non-notifying firm</b> (F) in relation to a particular <i>approved person</i> (AP) if:
		(a)	F has <b>pre-implementation approval</b> for the performance by AP of a <b>pre-implementation controlled function</b> ;
		(b)	that <b>pre-implementation approval</b> is <b>potentially convertible</b> into an <i>FCA-designated senior management function</i> ; and

		(c)	F believes that that <b>pre-implementation approval</b> will not be converted into approval for the performance of that <i>FCA-designated senior management function</i> .
		(2)	If F is not already required to notify the <i>FCA</i> of the facts giving rise to this, it must notify the <i>FCA</i> of the matters in (1) using Form C in accordance with SUP 10A before: <ul style="list-style-type: none"> <li>(a) the <b>final notification date</b>; or</li> <li>(b) (if the situation in (1) first arises after the <b>final notification date</b>) the <b>commencement date</b>.</li> </ul>
SUP TP 11.17.3	G	(1)	The most likely reason for the situation in SUP TP 11.17.2R to arise is that, before the <b>commencement date</b> , AP resigns or gives up their <i>controlled function</i> or plans to do so.
		(2)	In most cases F will already be required to notify the <i>FCA</i> . If so, SUP TP 11.17.2R will not apply, even if the reporting deadline is after the <b>commencement date</b> .
		(3)	An example of circumstances in which SUP TP 11.17.2R will apply is if: <ul style="list-style-type: none"> <li>(a) AP is going to remain in post after the <b>commencement date</b>; but</li> <li>(b) their job does not come within the definition of the <i>FCA-designated senior management function</i> in SUP TP 11.17.2R even though their job comes within the <b>pre-implementation controlled function</b>.</li> </ul>
SUP TP 11.17.4	G		SUP TP 11.17.2R does not apply to a <b>notifying firm</b> . The <i>FCA</i> will rely on its Form K instead.
			Checking the Register
SUP TP 11.17.5	R		A <i>firm</i> must, in the <i>month</i> beginning five <i>business days</i> after the <b>commencement date</b> , check whether the <i>Financial Services Register</i> : <ul style="list-style-type: none"> <li>(1) correctly records all the <i>firm's SMF managers</i>;</li> <li>(2) correctly records each <i>FCA-designated senior management function</i> for the performance of which by the <i>SMF manager</i> the <i>firm</i> has approval;</li> <li>(3) includes everyone performing an <i>FCA-designated senior management function</i> for the performance of which the <i>firm</i> should have obtained approval; and</li> <li>(4) includes all the <i>FCA-designated senior management functions</i> for which the <i>firm</i> should have obtained approval in relation to <i>persons</i> in (3).</li> </ul>
SUP TP 11.17.6	R	(1)	If: <ul style="list-style-type: none"> <li>(a) the <i>Financial Services Register</i> does not correctly do all the things in SUP TP 11.17.5R; and</li> <li>(b) the <i>firm</i> is not already required to notify the <i>FCA</i> of the facts giving rise to (1)(a) or to apply for the necessary approvals under section 59 of the Act (Approval for particular arrangements);</li> </ul> the <i>firm</i> must (by the end of the one <i>month</i> period in SUP TP 11.17.5R) notify the <i>FCA</i> of that fact using the applicable form in SUP 10C.
		(2)	The applicable form in (1) is, in relation to a particular <i>person</i> (AP) and <i>firm</i> , whichever one or more of the following forms in SUP 10C applies:

		<ul style="list-style-type: none"> <li>(a) Form A (short form) where AP is not, but should be, included in the <i>Financial Services Register</i> or where the <i>Financial Services Register</i> omits some of AP's <i>FCA-designated senior management functions</i> for which the <i>firm</i> has approval; or</li> <li>(b) Form C where AP is, but should not be, included in the <i>Financial Services Register</i> or where the <i>Financial Services Register</i> shows an approval for AP to perform an <i>FCA-designated senior management function</i> that the <i>firm</i> does not have; or</li> <li>(c) Form E where both (1) and (2) apply; or</li> <li>(d) Form D in any other case.</li> </ul>
SUP TP 11.17.7	G	<p>The requirement to check the <i>Financial Services Register</i> is particularly important in a case of a <b>non-notifying firm</b> because:</p> <ul style="list-style-type: none"> <li>(1) the <i>FCA</i> will update the <i>Financial Services Register</i> based on the information it has; but</li> <li>(2) the <i>FCA</i> may not have sufficient information to tell whether all the conversion conditions in SUP TP 11.2.2R have been met.</li> </ul>
SUP TP 11.17.8	G	<ul style="list-style-type: none"> <li>(1) In practice it is unlikely that SUP TP 11.17.6R will normally apply because the <i>firm</i> will already be required to notify the <i>FCA</i> of the matter or apply for approval. For example: <ul style="list-style-type: none"> <li>(a) if the <i>Financial Services Register</i> does not include a <i>person</i> performing an <i>FCA-designated senior management function</i> because the <i>firm</i> has not yet applied for approval, the <i>firm</i> should apply for approval using Form A (long or short) or Form E as soon as possible;</li> <li>(b) if the <i>Financial Services Register</i> includes a <i>person</i> who left the <i>firm</i> before the <b>commencement date</b> or who stopped performing their <b>pre-implementation controlled function</b> before then, the <i>firm</i> should report that using Form C (see SUP TP 11.17.1R);</li> <li>(c) if the <b>pre-implementation controlled function</b> and the corresponding <i>designated senior management function</i> are so different that approval for the former is not converted into approval for the latter, a <b>non-notifying firm</b> should report that under SUP TP 11.17.2R.</li> </ul> </li> <li>(2) SUP TP 11.17.6R may apply for example if the <i>firm</i> has made all the notifications (if any) required by SUP TP 11 and other parts of the <i>Handbook</i> but: <ul style="list-style-type: none"> <li>(a) the <i>Financial Services Register</i> does not include one of the <i>firm's approved persons</i> even though their <b>pre-implementation controlled function</b> was converted under SUP TP 11; or</li> <li>(b) the <i>Financial Services Register</i> includes one of the <i>firm's approved persons</i> even though none of their <b>pre-implementation controlled functions</b> were converted under SUP TP 11.</li> </ul> </li> </ul> <p>Abolition of the customer function</p>
SUP TP 11.17.9	G	<p>A <i>firm</i> does not have to submit a Form C for an <i>approved person</i> who had a <b>pre-implementation approval</b> to perform the <i>customer function</i> but ceases to perform that function because the <i>customer function</i> is (except in relation to <i>appointed representatives</i>) abolished after the <b>commencement date</b>.</p>
SUP TP 11.18	The 12-week rule	

SUP TP 11.18.1	G	(1)	SUP 10C.3.13R (The 12-week rule) allows a <i>firm</i> to appoint someone (P) to perform a function which would normally be an <i>FCA-designated senior management function</i> without needing to apply for the FCA's approval under section 59 of the Act (Approval for particular arrangements) where P is filling in for someone who is absent unexpectedly or temporarily. There is a maximum period for which P's appointment can last.
		(2)	When calculating the maximum time period in (1), the <i>firm</i> need not take into account any time spent by P before the <b>commencement date</b> performing what will become the <i>FCA-designated senior management function</i> in (1).
SUP TP 11.18.2	G	(1)	SUP 10C.3.13R only applies where P (as referred to in SUP TP 11.18.1G) is providing cover for an <i>SMF manager</i> whose absence is temporary or reasonably unforeseen.
		(2)	SUP 10C.3.13R may still apply if the absence referred to in (1) began before the <b>commencement date</b> .
SUP TP 11.18.3	G	SUP TP 11.18.1G and SUP TP 11.18.2G may apply even if:	
		(1)	before the <b>commencement date</b> P was taking advantage of SUP 10A.5.6R (the equivalent of SUP 10C.3.13R under SUP 10A); and
		(2)	approval for the <i>controlled function</i> disapplied by SUP 10A.5.6R is <b>potentially convertible</b> into approval for the <i>FCA-designated senior management function</i> in SUP TP 11.18.1G and SUP TP 11.18.2G.

SUP TP 11.19	<b>Application for permission</b>		
SUP TP 11.19.1	D	(1)	This direction applies to a <b>pre-implementation application</b> that is made by an <b>authorisation applicant</b> before the <b>commencement date</b> .
		(2)	A <b>pre-implementation application</b> in (1) must comply with (or, as the case may be, must be revised so that it complies with) the requirements (if any) of SUP TP 11 that apply to a <b>pre-implementation application</b> by a <i>firm</i> :
		(a)	of the type that the <b>authorisation applicant</b> will be if the <b>authorisation application</b> is granted or otherwise succeeds; and
		(b)	for an approval by the FCA for the performance of the same <b>pre-implementation controlled function</b> .
SUP TP 11.19.2	R	SUP TP 11.7 and SUP TP 11.9 apply to a <b>pre-implementation application</b> in SUP TP 11.19.1D.	
SUP TP 11.19.3	D	SUP TP 11.15 applies to an <b>authorisation applicant</b> .	

SUP TP 11.20	<b>Prohibition orders</b>		
SUP TP 11.20.1	R	The changes to the <i>FCA Handbook</i> made by the Individual Accountability (Dual-Regulated Firms) Instrument 2018 do not affect:	
		(1)	a <i>warning notice</i> or a <i>decision notice</i> under section 57 of the Act (Prohibition orders: procedure and right to refer to tribunal); or
		(2)	a <i>prohibition order</i> ;
		which is given or made before the <b>commencement date</b> .	

SUP TP 11.21	<b>Reporting under SUP 15.11</b>		
SUP TP 11.21.1	R	The first notification period under SUP 15.11.13R (Timing and form of notifications: conduct rules staff other than SMF managers):	



- (1) starts on the **commencement date**; and  
(2) ends on the last day of the following August.

**SUP TP 11.22** Terms used in SUP TP 11

SUP TP 11.22.1	R	The terms in the first column of the table in SUP TP 11.22.2R, where they appear in bold in SUP TP 11, have the meanings in the corresponding entry in column 2 for the purposes of SUP TP 11.
SUP TP 11.22.2	R	Table: glossary of bespoke terms used in SUP TP 11

**Part One: General**

Defined term	Meaning
<b>authorisation applicant</b>	an applicant for <i>Part 4A permission</i> , or another person seeking to carry on <i>regulated activities</i> as an <i>authorised person</i> .
<b>authorisation application</b>	the application or other process referred to in the definition of <b>authorisation applicant</b> .
<b>converted approval</b>	(in relation to a <b>pre-implementation approval</b> ) the approval for an <i>FCA-designated senior management function</i> which that <b>pre-implementation approval</b> becomes under SUP TP 11.2.1R.
<b>converted designated senior management function</b>	(in relation to a <b>transitioned SMF manager</b> ) the <i>FCA-designated senior management function</i> for which they are treated as having approval under SUP TP 11.2.1R
<b>corresponding firm specific date</b>	(in relation to an <i>FCA-designated senior management function</i> and a <b>pre-implementation controlled function</b> ) has the meaning in SUP TP 11.7.2R. the later of the following:  (1) the date (if any) on which a <i>firm</i> makes the notification in SUP TP 11.10.1R; or (2) (if the <i>firm</i> has updated a notification in (1) under SUP TP 11.6 or SUP TP 11.8.4R) the date that the most recent such updated notification was made to the <i>FCA</i> .
<b>insurance firms commencement SI</b>	The Bank of England and Financial Services Act 2016 (Commencement No. 5 and Transitional Provisions) Regulations 2018 (SI 2018/990).
<b>management responsibilities map</b>	the <i>document</i> required to be produced under SUP TP 11.12, including under SUP TP 11.12 as applied by SUP TP 11.19.
<b>non-notifying firm</b>	each of the following types of <b>SMCR insurance firm</b> :  (1) a <i>small non-directive insurer</i> ; (2) a <i>firm</i> in SYSC 23 Annex 1 5.2R (firms in run-off) as set out in the Individual Accountability (Dual-Regulated Firms) Instrument 2018; (3) an <i>insurance special purpose vehicle</i> ;  (taking account of amendments to be made to the <i>Glossary</i> by the Individual Accountability (Dual-Regulated Firms) Instrument 2018).

<b>notifying firm</b>	an <b>SMCR insurance firm</b> that is not a <b>non-notifying firm</b> .
<b>potentially convertible</b>	has the meaning in <a href="#">SUP TP 11.2.3R</a> .
<b>pre-implementation application</b>	an application made under section 60 of the <i>Act</i> (Applications for approval) if the application is: <ol style="list-style-type: none"> <li>(1) for approval for the performance of a <b>pre-implementation controlled function</b>; and</li> <li>(2) received by the <i>FCA</i> before the <b>commencement date</b>.</li> </ol>
<b>pre-implementation approval</b>	a <i>current FCA approved person approval</i> that is given by the <i>FCA</i> before the <b>commencement date</b> in relation to a <b>pre-implementation controlled function</b> . If a <i>person</i> is approved to perform more than one <b>pre-implementation controlled function</b> for a <i>firm</i> , there is a separate <b>pre-implementation approval</b> in relation to each.
<b>pre-implementation controlled function</b>	(in relation to a <i>firm</i> ) an <i>FCA controlled function</i> that, before the <b>commencement date</b> : <ol style="list-style-type: none"> <li>(a) the <i>FCA</i> has specified for the purposes of section 59 of the <i>Act</i> (approval for particular arrangements); and</li> <li>(b) applies to the <i>firm</i> (even if the <i>firm</i> has no one approved to perform that function for the time being).</li> </ol>
<b>statement of responsibilities</b>	any of the following: <ol style="list-style-type: none"> <li>(a) the <i>document</i> corresponding to a <i>statement of responsibilities</i> that a <i>firm</i> must produce under regulation 4 of the <b>insurance firms commencement SI</b>; or</li> <li>(b) a <i>statement of responsibilities</i> that a <i>firm</i> must produce in relation to:             <ol style="list-style-type: none"> <li>(i) a <b>pre-implementation application</b> that has been converted into an application for approval for the performance of an <i>FCA-designated senior management function</i> under <a href="#">SUP TP 11.7</a>;</li> <li>(ii) an application under <a href="#">SUP TP 11.15</a>; or</li> <li>(iii) an application under (b)(i) or (ii) as they apply in relation to <a href="#">SUP TP 11.19</a>.</li> </ol> </li> </ol>
<b>SMCR banking firm, SMCR firm and SMCR insurance firm</b>	has the meaning set out in the amendments to the <i>Glossary</i> to be made by the Individual Accountability (Dual-Regulated Firms) Instrument 2018). This is subject to <a href="#">SUP TP 11.22.3R</a> .
<b>transitioned SMF manager</b>	AP as defined in <a href="#">SUP TP 11.2.1R</a>

## Part Two: Fixed dates

Defined term	Meaning
<b>final notification date</b>	3 December 2018



		<b>commencement date</b>	10 December 2018
		Note: If a <i>firm</i> becomes an <b>SMCR insurance firm</b> or a <b>notifying firm</b> between the <b>final notification date</b> and the <b>commencement date</b> , the <b>final notification date</b> for it is the date it becomes an <b>SMCR insurance firm</b> or <b>notifying firm</b> .	
SUP TP 11.22.3	R	(1)	Before the <b>commencement date</b> , the question of: <ul style="list-style-type: none"> <li>(a) whether a <i>firm</i> is an <b>SMCR insurance firm</b> for the purposes of SUP TP 11; and</li> <li>(b) (if it is) into which category it falls;</li> </ul> is determined in accordance with SYSC 23 (as set out in the Individual Accountability (Dual-Regulated Firms) Instrument 2018) even though that chapter is not in force for other purposes.
		(2)	(1) does not apply to an <b>SMCR banking firm</b> . An <b>SMCR banking firm</b> cannot be an <b>SMCR insurance firm</b> for the purposes of SUP TP 11.
SUP TP 11.22.4	G	(1)	The effect of SUP TP 11.22.3R is that if an <b>SMCR banking firm</b> changes its <i>permission</i> in a way that would turn it into an <b>SMCR insurance firm</b> , the conversion arrangements in SUP TP 11 will not apply to it.
		(2)	SUP TP 11.15 will however apply and the <i>firm</i> can use this to apply for the approvals it needs because of its change of category.
SUP TP 11.22.5	G		If a <i>firm</i> becomes a <b>non-notifying firm</b> after it has sent the FCA its Form K, it should notify the FCA as described in SUP 15.6 (Inaccurate, false or misleading information).
SUP TP 11.23	<b>Forms</b>		
SUP TP 11.23.1	R		Conversion Notification Form (Form K)
			Conversion Notification Form (Form K) Solvency II and large non-directive firms



Supervision

SUP TP 11A  
Bank of England and Financial Services Act 2016: Approved  
persons in soloregulated firms

11A.1		Application, purpose and definitions	
11A.1.1	R	(1)	SUP TP 11A applies to <b>solo-regulated SMCR firms</b> .
		(2)	SUP TP 11A.15 applies to every <i>firm</i> .
		(3)	SUP TP 11A applies to a <b>pure benchmark SMCR firm</b> subject to the modifications in SUP TP 11A.25A.
11A.1.2	G	(1)	SUP TP 11A has transitional provisions relating to the introduction of the senior managers and certification regime for <i>FCA-authorised persons</i> by Part 2 of the Bank of England and Financial Services Act 2016, the Individual Accountability (FCA-Authorised Firms) Instrument 2019 and the Individual Accountability (FCA-Authorised Benchmark Firms) Instrument 2020.
		(2)	In particular, it has procedures for converting existing approvals for the performance of <i>controlled functions</i> into approvals for the corresponding <i>designated senior management functions</i> .
		(3)	SUP TP 11A does not apply to a <i>firm</i> that becomes a <b>solo-regulated SMCR firm</b> after the <b>commencement date</b> . There is a limited exception to this in SUP TP 11A.24 (Claims management firms) for a <i>firm</i> that still has a <i>claims management temporary permission</i> at the <b>commencement date</b> .
11A.1.3	G	(1)	The main time period for which SUP TP 11A operates is 2019. For a <b>pure benchmark SMCR firm</b> the main period in which it operates is 2020.
		(2)	There are transitional provisions that can apply beyond that period. They are based on events occurring during that period.
11A.1.4	G	Most of SUP TP 11A relates SUP 10C.	
11A.1.5	R	(1)	The terms in the first column of the table in SUP TP 11A.1.5R, where they appear in bold in SUP TP 11A, have the meanings in the corresponding entry in column 2 for the purposes of SUP TP 11A.
		(2)	For a <b>pure benchmark SMCR firm</b> the table is modified by SUP TP 11A.25A.3R.

11A.1		Application, purpose and definitions	
Part One: General			
Defined term		Meaning	
authorisation applicant	an applicant for <i>Part 4A permission</i> , or another <i>person</i> seeking to carry on <i>regulated activities</i> as an <i>authorised person</i> .		
authorisation application	the application or other process referred to in the definition of <b>authorisation applicant</b> .		
claims management firm	<i>a firm</i> whose <i>permission</i> includes <i>regulated claims management activities</i> .		

11A.1	Application, purpose and definitions
<b>converted approval</b>	(in relation to a <b>pre-implementation approval</b> ) the approval for an <i>FCA-designated senior management function</i> which that <b>pre-implementation approval</b> becomes under SUP TP 11A.2.1R.
<b>converted designated senior management function</b>	(in relation to a <b>transitioned SMF manager</b> ) the <i>FCA designated senior management function</i> for which they are treated as having approval under SUP TP 11A.2.1R
<b>core SMCR firm, enhanced scope SMCR firm, limited scope SMCR firm, overseas SMCR firm</b>	have the meaning set out in the amendments to the <i>Glossary</i> to be made by the Individual Accountability (FCA Authorised Firms) Instrument 2019). This is subject to SUP TP 11A.23.
<b>corresponding</b>	(in relation to an <i>FCA-designated senior management function</i> and a <b>pre-implementation controlled function</b> ) has the meaning in SUP TP 11A.7.2R.
<b>firm specific date</b>	the later of the following: <ol style="list-style-type: none"> <li>(1) the date (if any) on which a <i>firm</i> makes the notification in SUP TP 11A.10.1R; or</li> <li>(2) (if the <i>firm</i> has updated a notification in (1) under SUP TP 11A.6 or SUP TP 11A.8.4R) the date that the most recent such updated notification was made to the FCA.</li> </ol>
<b>limited scope SMCR benchmark firm</b>	has the meaning set out in the Individual Accountability (FCA-Authorised Benchmark Firms) Instrument 2020.
<b>management responsibilities map</b>	the <i>document</i> required to be produced under SUP TP 11A.12, including under SUP TP 11A.12 as applied by SUP TP 11A.19.
<b>potentially convertible</b>	has the meaning in SUP TP 11A.2.3R.
<b>pre-implementation application</b>	an application made under section 60 of the <i>Act</i> (Applications for approval) if the application is: <ol style="list-style-type: none"> <li>(1) for approval for the performance of a <b>pre-implementation controlled function</b>; and</li> <li>(2) received by the FCA before the <b>commencement date</b>.</li> </ol>
<b>pre-implementation approval</b>	a <i>current FCA approved person approval</i> that is given by the FCA before the <b>commencement date</b> in relation to a <b>pre-implementation controlled function</b> . If a <i>person</i> is approved to perform more than one <b>pre-implementation controlled function</b> for a <i>firm</i> , there is a separate <b>pre-implementation approval</b> in relation to each.
<b>pre-implementation controlled function</b>	(in relation to a <i>firm</i> ) an <i>FCA controlled function</i> that, before the <b>commencement date</b> : <ol style="list-style-type: none"> <li>(a) the FCA has specified for the purposes of section 59 of the <i>Act</i> (approval for particular arrangements); and</li> <li>(b) applies to the <i>firm</i> (even if the <i>firm</i> has no one approved to perform that function for the time being).</li> </ol>

11A.1	Application, purpose and definitions
<b>pure benchmark SMCR firm</b>	has the meaning set out in the Individual Accountability (FCA-Authorised Benchmark Firms) Instrument 2020.
<b>pure claims management firm</b>	a <b>claims management firm</b> whose <i>permission</i> only covers <i>regulated claims management activities</i> .
<b>solo-regulated SMCR firm</b>	a <b>core SMCR firm</b> , an <b>enhanced scope SMCR firm</b> or a <b>limited scope SMCR firm</b>
<b>solo-regulated firms commencement SI</b>	the Bank of England and Financial Services Act 2016 (Commencement No. 6 and Transitional Provisions) Regulations 2019 (SI 2019/1136) as amended by The Bank of England and Financial Services Act 2016 (Commencement No. 6 and Transitional Provisions) (Amendment) Regulations 2020 (SI 2020/929)
<b>statement of responsibilities</b>	<p>in relation to a <i>firm</i> and a <i>person</i> (AP) and in relation to:</p> <ol style="list-style-type: none"> <li>(1) an <i>FCA-designated senior management function</i> for the performance of which by AP the <i>firm</i> has approval under SUP TP 11A.2;</li> <li>(2) an <i>FCA-designated senior management function</i> for the approval for the performance of which by AP the <i>firm</i> is treated as having applied under SUP TP 11A.7; or</li> <li>(3) an <i>FCA-designated senior management function</i> for the performance of which by AP the <i>firm</i> believes it will have approval as referred to in SUP TP 11A.5 or SUP TP 11A.6;</li> </ol> <p>a statement setting out the aspects of the affairs of the <i>firm</i> for which AP is responsible or, as the case may be, for which it is intended that AP will be responsible, for managing in performing that <i>FCA-designated senior management function</i>.</p> <p>Managing has the same meaning as it does in section 60(2A) of the Act (Applications for approval).</p> <p>A <b>statement of responsibilities</b> also includes:</p> <ol style="list-style-type: none"> <li>(4) a <i>statement of responsibilities</i> produced under SUP TP 11A.15, including under SUP TP 11A.15 as applied by SUP TP 11A.19; and</li> <li>(5) the statement required to be produced by regulation 5(4) of the <b>solo-regulated firms commencement SI</b> (Deemed approval to perform designated senior management functions: requirement to provide statement of responsibilities).</li> </ol>
<b>temporary permission pure claims management firm</b>	a <b>pure claims management firm</b> that has a <i>claims management temporary permission</i> .
<b>transitioned SMF manager</b>	AP as defined in SUP TP 11A.2.1R
<b>Part Two: Fixed dates</b>	
<b>Defined term</b>	<b>Meaning</b>
<b>first notification date</b>	9 September 2019
<b>final notification date</b>	6 December 2019
<b>commencement date</b>	9 December 2019
<b>Form O start date</b>	9 June 2019 (even though this <i>rule</i> was made and came into force after this date)

11A.1		Application, purpose and definitions	
enhanced firm cutoff date	1 September 2019	<p>Note: If a <i>firm</i> becomes a <b>solo-regulated SMCR firm</b> between the <b>final notification date</b> and the <b>commencement date</b> or changes category within that period, the <b>final notification date</b> for it is the date it becomes a <b>solo-regulated SMCR firm</b> or changes category.</p>	
11A.1		Application, purpose and definitions	
11A.2		<b>Conversion of existing approvals</b>	
11A.2.1	R	If the conditions set out in SUP TP 11A.2.2R are met, a <b>pre-implementation approval</b> in relation to a particular <i>approved person</i> (AP) and a particular <b>solo-regulated SMCR firm</b> (F) has effect on and after the <b>commencement date</b> as if it had been given in relation to the <i>FCA designated senior management function</i> or <i>FCA-designated senior management functions</i> specified in SUP TP 11A.2.2R(2) and (3).	
11A.2.2	R	<p>Those conditions are:</p> <ol style="list-style-type: none"> <li>(1) the <b>pre-implementation approval</b> is in effect in relation to F: <ol style="list-style-type: none"> <li>(a) (where SUP TP 11A.2.10R applies this condition) at the <b>firm specific date</b>; and</li> <li>(b) immediately before the <b>commencement date</b>;</li> </ol> </li> <li>(2) AP is performing an <i>FCA-designated senior management function</i> in relation to F on the <b>commencement date</b>;</li> <li>(3) the <b>pre-implementation approval</b> in (1) is <b>potentially convertible</b> into approval for the <i>FCA-designated senior management function</i> in (2); and</li> <li>(4) (where SUP TP 11A.2.10R applies this condition) F has notified the FCA: <ol style="list-style-type: none"> <li>(a) between the <b>first notification date</b> and the <b>commencement date</b>;</li> <li>(b) that it considers that the <b>pre-implementation approval</b> will be converted into approval for the <i>FCA-designated senior management function</i> in (2) under SUP TP 11A.2.</li> </ol> </li> </ol>	
11A.2.3	R	<ol style="list-style-type: none"> <li>(1) A <b>pre-implementation approval</b> is <b>potentially convertible</b> into approval for an <i>FCA-designated senior management function</i> if a single row within the applicable part of the mapping table in SUP TP 11A.2.5R contains both: <ol style="list-style-type: none"> <li>(a) the <b>pre-implementation controlled function</b> for which that <b>pre-implementation approval</b> was given; and</li> <li>(b) that <i>FCA-designated senior management function</i>.</li> </ol> </li> <li>(2) An approval for a <b>pre-implementation controlled function</b> excluded from SUP TP 11A by SUP TP 11A.4.2R is not potentially convertible into approval for any <i>FCA-designated senior management function</i>.</li> <li>(3) An approval for a <b>pre-implementation controlled function</b> is not <b>potentially convertible</b> into approval for an <i>FCA-designated senior management function</i> in relation to a <i>firm</i> if that <i>FCA-designated senior management function</i> does not apply to the <i>firm</i>.</li> </ol>	
11A.2.4	R	<ol style="list-style-type: none"> <li>(1) Part One of the table in SUP TP 11A.2.5R applies to a <b>core SMCR firm</b> and a <b>limited scope SMCR firm</b>.</li> <li>(2) Part Two of the table in SUP TP 11A.2.5R applies to an <b>enhanced scope SMCR firm</b>.</li> </ol>	

11A.1		Application, purpose and definitions	
11A.2.5	R	Mapping table: Potential conversion of approval for existing controlled functions into approval for designated senior management functions	
11A.1		Application, purpose and definitions	
Part One (core SMCR firms and limited scope SMCR firms)			
(1)	(2)	(3)	
Pre-Implementation Controlled Function	New FCA-designated senior management function	Is notification required?	
		Executive functions	
Director function	Executive director function	No	
Chief executive function	(1) Chief executive function	No	
	(2) Head of third country branch function		
	(3) Executive director function (See Note 2)		
Partner function	(1) Partner function	No	
	(2) Executive director function		
Director of unincorporated association function	Executive director function	No	
Small friendly society function	Executive director function	No	
		Oversight functions	
Non-executive director function	Chair of the governing body function	Yes	
		Required functions	
Apportionment and oversight function	Limited scope function	No	
Compliance oversight function	Compliance oversight function	No	
Money laundering reporting function	Money laundering reporting function	No	
		Significant management function	

11A.1	Application, purpose and definitions	
Significant management function	EEA branch senior manager function	No
Part Two (enhanced scope SMCR firms)		
(1)	(2)	
Pre-Implementation Controlled Function	New FCA-designated senior management function	
	Executive functions	
Director function	(1) Executive director function (2) Chief finance officer function (3) Chief risk officer function (4) Head of internal audit function (5) Group entity senior manager function (6) Chief operations function	
Chief executive function	(1) Chief executive function (2) Chief finance officer function (3) Chief risk officer function (4) Head of internal audit function	
Partner function	(1) Partner function (2) Chief finance officer function (3) Chief risk officer function (4) Head of internal audit function	
Director of unincorporated association function	(1) Executive director function (2) Chief finance officer function (3) Chief risk officer function (4) Head of internal audit function	
Small friendly society function	(1) Executive director function (2) Chief finance officer function (3) Chief risk officer function (4) Head of internal audit function	
	Oversight functions	
Non-executive director function	(1) Chair of the governing body function (2) Chair of the risk committee function (3) Chair of the audit committee function (4) Chair of the remuneration committee function (5) Chair of the nomination committee function (6) Senior independent director function (7) Group entity senior manager function	
	Systems and controls	
Systems and	(1) Chief finance officer function	



11A.1		Application, purpose and definitions
controls function		<p>(2) Chief risk officer function</p> <p>(3) Head of internal audit function</p> <p>Required functions</p>
Compliance oversight function		Compliance oversight function
Money laundering reporting function		Money laundering reporting function
CASS operational oversight function		Other overall responsibility function
		Significant management function
Significant management function		<p>(1) Other overall responsibility function</p> <p>(2) Chief operations function</p>
Notes for Parts One and Two of this table		
(1) All references to a new FCA-designated senior management function are to <i>FCA-designated senior management functions</i> brought into force for the <i>firm</i> concerned by the Individual Accountability (FCA-Authorised Firms) Instrument 2019.		
(2) The conversion from the chief executive function to the executive director function only applies to a <i>non-directive friendly society</i> .		
11A.1		Application, purpose and definitions
11A.2.6	G	If a <b>pre-implementation controlled function</b> does not apply to a <i>firm</i> immediately before the <b>commencement date</b> , the applicable row of the table in SUP TP 11A.2.5R does not apply to it either.
11A.2.7	G	<p>(1) The general principle is that a <b>pre-implementation approval</b> cannot be converted to approval for an <i>FCA-designated senior management function</i> if that <i>FCA-designated senior management function</i> will not apply to the <i>firm</i> or to the particular <i>approved person</i> on the <b>commencement date</b>.</p> <p>(2) For example:</p> <p>(a) If none of the <i>FCA-designated senior management functions</i> in a row of the table in SUP TP 11A.2.5R apply to a <i>firm</i> on the <b>commencement date</b>, that row does not apply to the <i>firm</i>.</p> <p>(b) An example of (a) is that the row applying to the limited scope <i>FCA-designated senior management function</i> only applies to <b>limited scope SMCR firms</b>.</p> <p>(c) The convertibility of the partner function to the executive director function in Part One of the table only applies to an <b>overseas SMCR firm</b> that is a partnership.</p>
11A.2.8	G	<p>Another example of the principle in SUP TP 11A.2.7G is that if:</p> <p>(1) the result of SUP TP 11A.2 would otherwise be that an <i>approved person</i> is deemed to be approved to perform the <i>other overall responsibility function</i> or the <i>other local responsibility function</i>; and</p> <p>(2) that <i>approved person</i> is deemed by SUP TP 11A.2 to be approved to perform any other <i>FCA-designated senior management function</i> for the same <i>firm</i>,</p>

11A.1		Application, purpose and definitions	
		that <i>approved person's pre-implementation approval</i> will not be converted into approval for the <i>other overall responsibility function</i> or the <i>other local responsibility function</i> (whichever is applicable)..	
11A.2.9	R	(1)	A notification to the <i>FCA</i> is not to be taken into account for the purposes of SUP TP 11A.2.2R(4) so far as it concerns a particular <i>ap-proved person</i> if the <i>firm</i> does not include a <b>statement of re-sponsibilities</b> about that <i>approved person</i> with the notification when required to do so by SUP TP 11A.11.
		(2)	A notification to the <i>FCA</i> is not to be taken into account for the purposes of SUP TP 11A.2.2R(4) if the <i>firm</i> does not include a <b>man-agement responsibilities map</b> with the notification when re-quired to do so by SUP TP 11A.12.
11A.2.10	R	SUP TP 11A.2.2R(1)(a) and SUP TP 11A.2.2R(4):	
		(1)	apply to an <b>enhanced scope SMCR firm</b> ; and
		(2)	do not apply to a <b>core SMCR firm</b> or a <b>limited scope SMCR firm</b> except in relation to a <b>pre-implementation approval</b> for which there is a notification obligation under SUP TP 11A.5 or SUP TP 11A.6.
11A.2.11	G	SUP TP 11A.2.2R(4)(a) (together with SUP TP 11A.5 and SUP TP 11A.6) means that if a <i>firm</i> is required to submit a Form K:	
		(1)	a failure to submit a Form K before the <b>final notification date</b> is a breach of the requirements of SUP TP 11A; but
		(2)	despite that breach, the <b>pre-implementation approval</b> can still be converted into an approval for the applicable <i>FCA-designated senior management function</i> as long as it is received between the <b>first notification date</b> and the <b>commencement date</b> .
11A.3	Effect of conversion		
11A.3.1	R	(1)	Where, immediately before the <b>commencement date</b> , a <b>pre-im-plementation approval</b> is subject to a suspension, condition or limitation imposed under section 66(3) of the <i>Act</i> (Disciplinary powers), that suspension, condition or limitation is to be treated as if it were imposed in respect of the <b>converted approval</b> from the beginning of the <b>commencement date</b> .
		(2)	This <i>rule</i> applies whether or not the <i>FCA</i> has given a <i>warning no-tice</i> or a <i>decision notice</i> under:
		(a)	section 63 of the <i>Act</i> (Withdrawal of approval); or
		(b)	section 63B of the <i>Act</i> (Procedure and right to refer to tribunal); or
		(c)	section 67 of the <i>Act</i> (Disciplinary measures: procedure and right to refer to Tribunal).
11A.3.2	R	Anything done under section 63 of the <i>Act</i> (Withdrawal of approval) in re-spect of a <b>pre-implementation approval</b> before the <b>commencement date</b> continues to have effect on and after that day in respect of the <b>converted approval</b> .	
11A.4	Lapse of existing approvals and special provisions about appointed representatives		
11A.4.1	R	Subject to SUP TP 11A.4.2R, any <b>pre-implementation approval</b> that is in effect immediately before the <b>commencement date</b> that is not converted under SUP TP 11A.2 ceases to have effect as from the beginning of the <b>commence-ment date</b> in relation to the <i>controlled function</i> concerned.	
11A.4.2	R	(1)	SUP TP 11A does not apply to a <b>pre-implementation approval</b> that has effect under SUP 10A (FCA Approved Persons in Appointed Representatives).

11A.1		Application, purpose and definitions	
		(2)	However SUP TP 11A does apply to a <b>pre-implementation approval</b> in (1) for a <i>firm</i> that will fall under SUP 10C Annex 1 7.1R(4) (an <i>appointed representative</i> that has a <i>limited permission</i> ) when it comes into force on the <b>commencement date</b> .
		(3)	(2) does not apply to a <b>pre-implementation approval</b> for the <i>customer function</i> . SUP TP 11A does not apply to such a <b>pre-implementation approval</b> .
11A.4.3	G	An approval excluded from SUP TP 11A by SUP TP 11A.4.2R continues in force and is not affected by SUP TP 11A.	
11A.5	Notification to the FCA: Initial notification		
11A.5.1	R	(1)	A <i>firm</i> must notify the FCA of: <ul style="list-style-type: none"><li>(a) each <b>pre-implementation approval</b> that it considers will be converted into approval for an <i>FCA-designated senior management function</i> under SUP TP 11A.2 (assuming that the <i>firm</i> complies with the applicable notification requirements in SUP TP 11A);</li><li>(b) the <i>approved person</i> in respect of whom that <b>pre-implementation approval</b> was given; and</li><li>(c) the <i>FCA-designated senior management function</i> referred to in (a).</li></ul>
		(2)	A <i>firm</i> must make the notification in (1) between the <b>first notification date</b> and the <b>final notification date</b> .
		(3)	This <i>rule</i> applies to: <ul style="list-style-type: none"><li>(a) an <b>enhanced scope SMCR firm</b>; and</li><li>(b) a <b>core SMCR firm</b> and a <b>limited scope SMCR firm</b> in relation to a <b>pre-implementation approval</b> to which column (3) of Part One of the table in SUP TP 11A.2.5R applies the notification requirement in this <i>rule</i>.</li></ul>
11A.5.2	G	SUP TP 11A.10 explains how the <i>firm</i> should make the notification.	
11A.5.3	G	(1)	This paragraph (SUP TP 11A.5.3G) gives examples of things that a <i>firm</i> should not include in a notification under SUP TP 11A.5.1R.
		(2)	A <i>firm</i> should not include a <b>pre-implementation approval</b> for the <i>customer function</i> . This is because there is no need to notify a <b>pre-implementation approval</b> if it is not <b>potentially convertible</b> into any <i>FCA-designated senior management function</i> .
		(3)	A <i>firm</i> should not include a <b>pre-implementation approval</b> if: <ul style="list-style-type: none"><li>(a) it is <b>potentially convertible</b> into an <i>FCA-designated senior management function</i>; but</li><li>(b) the <i>firm</i> considers that the <i>approved person</i> will not be performing that <i>FCA-designated senior management function</i> on the <b>commencement date</b>.</li></ul>
		(4)	Therefore, a <i>firm</i> should not include an <i>approved person</i> who plans to resign before the <b>commencement date</b> if it is intended that they will have left the <i>firm</i> before then.
		(5)	A <i>firm</i> should not include a <b>pre-implementation approval</b> if SUP TP 11A.4.2R says that SUP TP 11A does not apply to it.
11A.5.4	G	If the <i>firm</i> considers that some of an <i>approved person's pre-implementation approvals</i> will be converted and some will not be, the <i>firm's</i> notification should: <ul style="list-style-type: none"><li>(1) include the <i>approved person</i>; but</li><li>(2) exclude the approvals that will not be converted.</li></ul>	

11A.1		Application, purpose and definitions	
11A.6		<b>Notification to the FCA: Revision of initial notice</b>	
11A.6.1	R	(1)	This <i>rule</i> applies if, before the <b>commencement date</b> : <ul style="list-style-type: none"> <li>(a) a <i>firm</i> receives a <b>pre-implementation approval</b> after the initial notice under SUP TP 11A.5; and</li> <li>(b) the <i>firm</i> would have been required to notify the <i>FCA</i> under SUP TP 11A.5 if that approval had been in force at the time of that initial notification.</li> </ul>
		(2)	This <i>rule</i> also applies if, before the <b>commencement date</b> : <ul style="list-style-type: none"> <li>(a) there is any other change relating to information given in or accompanying a notification that the <i>firm</i> has previously made under SUP TP 11A.5 (or a notification given under SUP TP 11A.6); or</li> <li>(b) the <i>firm</i> giving the notice discovers that any part of the information referred to in (1) or (2) is inaccurate.</li> </ul>
		(3)	Where circumstances described in (1) or (2) occur before the <b>final notification date</b> , the <i>firm</i> must submit a revision of the notice referred to in (1) to the <i>FCA</i> before the <b>final notification date</b> .
		(4)	Where circumstances described in (1) or (2) occur between the <b>final notification date</b> and the <b>commencement date</b> , the <i>firm</i> must submit a revision of the notice referred to in (1) or (2) to the <i>FCA</i> before the <b>commencement date</b> .
11A.6.2	G	SUP TP 11A.10 explains how the <i>firm</i> should make the revised notification.	
11A.6.3	G	(1)	This paragraph SUP TP 11A.6.3G gives examples of when a <i>firm</i> should revise its SUP TP 11A.5 notice under SUP TP 11A.6.
		(2)	A <i>firm</i> need not include in a notification under SUP TP 11A.5 an <i>approved person</i> who plans to leave the <i>firm</i> before the <b>commencement date</b> . However that plan may change and as a result the <i>firm</i> may later conclude that the <i>approved person</i> will carry on with their job after the <b>commencement date</b> . If so, the <i>firm</i> should revise the notice.
		(3)	If, after the notice to the <i>FCA</i> , the <i>FCA</i> grants an approval under section 59 of the Act (Approval for particular arrangements) to someone who did not have any such approval for the <i>firm</i> at the time of the notice, the <i>firm</i> should revise its notice by including that new <i>approved person</i> and that new <b>pre-implementation approval</b> .
		(4)	If, after a <i>firm</i> has given the notice to the <i>FCA</i> , the <i>FCA</i> grants a new approval under section 59 of the Act to someone who already was an <i>approved person</i> for the <i>firm</i> when the <i>firm</i> gave the notice to the <i>FCA</i> , the <i>firm</i> should revise its notice by including that new <b>pre-implementation approval</b> .
		(5)	If a <i>firm</i> includes an <i>approved person</i> in a notification under SUP TP 11A.5 and the <i>firm</i> later concludes that that <i>person's pre-implementation approval</i> will no longer qualify for conversion because that <i>person</i> will not be performing the relevant <i>FCA designated senior management function</i> for the <i>firm</i> on the <b>commencement date</b> , the <i>firm</i> should revise its notice. Possible reasons for this include: <ul style="list-style-type: none"> <li>(a) the <i>approved person</i> leaves the <i>firm</i>;</li> <li>(b) the <i>approved person</i> tells the <i>firm</i> they are going to leave the <i>firm</i> before the <b>commencement date</b>; or</li> <li>(c) the <i>approved person's</i> job changes so that it will no longer involve performing an <i>FCA-designated senior management function</i> on the <b>commencement date</b>.</li> </ul>

11A.1		Application, purpose and definitions	
		(6)	There is no need to include information about the matters set out in SUP TP 11A.5.3G.
11A.6.4	G		If a <i>firm</i> gives a notification to the <i>FCA</i> under SUP TP 11A.5.5 about an <i>approved person</i> and that <i>approved person</i> later leaves the <i>firm</i> or gives up performing some of their <b>pre-implementation controlled functions</b> before the <b>commencement date</b> , the <i>firm</i> should notify the <i>FCA</i> using Form C or Form E under SUP 10A as well as a Form K under SUP TP 11A.6 and SUP TP 11A.10.
11A.7	<b>In-flight applications: Conversion</b>		
11A.7.1	R	(1)	A <b>pre-implementation application</b> by a <i>firm</i> that has not been determined or withdrawn by the <b>commencement date</b> is to be treated, on and after the <b>commencement date</b> , as if it had been made for the <b>corresponding FCA-designated senior management function</b> or <i>FCA-designated senior management functions</i> (if there are any).
		(2)	If a <i>firm</i> is required to notify a <b>pre-implementation application</b> to the <i>FCA</i> under SUP TP 11A.8, (1) only applies to a <b>corresponding FCA-designated senior management function</b> if the <i>firm</i> has included in that notification details of: <ul style="list-style-type: none"> <li>(a) that <b>pre-implementation application</b>; and</li> <li>(b) that <i>FCA-designated senior management function</i>.</li> </ul>
11A.7.2	R		An <i>FCA-designated senior management function</i> " <b>corresponds</b> " to a <b>pre-implementation controlled function</b> if approval for the latter is <b>potentially convertible</b> into approval for the former and " <b>corresponding</b> " must be interpreted accordingly.
11A.7.3	R	(1)	SUP TP 11A.7.1R is subject to any amendment the <i>firm</i> may make to the application after the <b>first notification date</b> and before the <b>commencement date</b> to specify that on the <b>commencement date</b> : <ul style="list-style-type: none"> <li>(a) the <b>pre-implementation application</b> is to lapse; or</li> <li>(b) the <b>pre-implementation application</b> is to be treated as only being for some of the <i>FCA-designated senior management functions</i>.</li> </ul>
		(2)	The <i>firm</i> must also notify any such change in accordance with SUP TP 11A.8 if it applies.
11A.7.4	G		SUP TP 11A.8.3G explains what <i>FCA-designated senior management functions</i> are covered by SUP TP 11A.7.1R(2).
11A.7.5	G	(1)	SUP TP 11A.7.3R is not the only way a <i>firm</i> may change the effect of SUP TP 11A.7.
		(2)	After the <b>commencement date</b> a <i>firm</i> is free to amend its application in accordance with the <i>Act</i> and the <i>FCA Handbook</i> .
		(3)	Before the <b>commencement date</b> , a <i>firm</i> is free to amend its application in accordance with the <i>Act</i> and the <i>FCA Handbook</i> by changing the <b>pre-implementation controlled function</b> for which it is applying. That will affect the <b>corresponding FCA-designated senior management function</b> . If the <i>firm</i> amends its application in this way it should notify the <i>FCA</i> under SUP TP 11A.8 as well as under SUP 10A.
11A.7.6	R		Subject to SUP TP 11A.7.7R, a <b>pre-implementation application</b> lapses on the <b>commencement date</b> unless it is continued in force by SUP TP 11A.7.
11A.7.7	R		SUP TP 11A does not apply to a <b>pre-implementation application</b> if the <b>pre-implementation approval</b> that would result if it was granted would be excluded from SUP TP 11A by SUP TP 11A.4.2R.
11A.8	<b>In-flight applications: Notification requirements</b>		



11A.1		Application, purpose and definitions
11A.8.1	R	<p>A <i>firm</i> must, between the <b>first notification date</b> and the <b>final notification date</b>, notify the <i>FCA</i> of every <b>pre-implementation application</b> if:</p> <ol style="list-style-type: none"> <li>(1) it has not been determined or withdrawn at the time of the notification;</li> <li>(2) it is not excluded under SUP TP 11A.7.7R; and</li> <li>(3) the <i>firm</i> would be required to notify the <i>FCA</i> under SUP TP 11A.5 if that application had been granted and the approval was in effect immediately before the date of the notification in SUP TP 11A.8.1R.</li> </ol>
11A.8.2	R	<p>The information about a <b>pre-implementation application</b> that the notification must contain is the information that the <i>firm</i> would be required to give the <i>FCA</i> in a notification under SUP TP 11A.5 if:</p> <ol style="list-style-type: none"> <li>(1) that <b>pre-implementation application</b> had been granted; and</li> <li>(2) the resulting approval was in effect immediately before the date of the notification in SUP TP 11A.8.1R.</li> </ol>
11A.8.3	G	<p>SUP TP 11A.8.1R and SUP TP 11A.8.2R mean:</p> <ol style="list-style-type: none"> <li>(1) In general only an <b>enhanced scope SMCR firm</b> needs to make the notification.</li> <li>(2) A <b>core SMCR firm</b> and a <b>limited scope firm</b> should not make a notification except in relation to an application to perform the non-executive director <b>pre-implementation controlled function</b>.</li> <li>(3) The information to be notified to the <i>FCA</i> about a particular <b>pre-implementation application</b> includes each <i>FCA-designated senior management function</i> that meets the following conditions: <ol style="list-style-type: none"> <li>(a) approval for the <b>pre-implementation controlled function</b> for which the <b>pre-implementation application</b> is being made is <b>potentially convertible</b> into approval for that <i>FCA designated senior management function</i>; and</li> <li>(b) the <i>firm</i> considers that the <i>approved person</i> concerned will be performing that <i>FCA-designated senior management function</i> on the <b>commencement date</b> if the <b>pre-implementation application</b> is approved before then.</li> </ol> </li> <li>(4) A <i>firm</i> should not notify the <i>FCA</i> about a particular <b>pre-implementation application</b> if the <i>firm</i> considers that even, if the application were approved before the <b>commencement date</b>, the <i>approved person</i> will not be performing on the <b>commencement date</b> any of the <i>FCA-designated senior management functions</i> into which the applicable <b>pre-implementation approval</b> would be potentially convertible. This might be because the <i>firm</i> intends that the <i>candidate</i> will only be in post for a short time.</li> </ol>
11A.8.4	R	<ol style="list-style-type: none"> <li>(1) This <i>rule</i> applies if, before the <b>commencement date</b>: <ol style="list-style-type: none"> <li>(a) a <i>firm</i> makes a <b>pre-implementation application</b> after the initial notice under SUP TP 11A.8.1R; and</li> <li>(b) the <i>firm</i> would have been required to notify the <i>FCA</i> under SUP TP 11A.8.1R if that application had been made before the date of that initial notification.</li> </ol> </li> <li>(2) This <i>rule</i> also applies if, before the <b>commencement date</b>: <ol style="list-style-type: none"> <li>(a) there is any other change relating to information given in or accompanying the initial notice under SUP TP 11A.8.1R (or a notification given under SUP TP 11A.8.4R), or</li> <li>(b) the <i>firm</i> discovers that any part of the information referred to in (1) or (2) is inaccurate.</li> </ol> </li> </ol>

11A.1		Application, purpose and definitions	
		(3)	Where circumstances described in (1) or (2) occur before the <b>final notification date</b> , the <i>firm</i> must submit a revision of the notice referred to in (1) or (2) to the <i>FCA</i> before the <b>final notification date</b> .
		(4)	Where circumstances described in (1) or (2) occur between the <b>final notification date</b> and the <b>commencement date</b> , the <i>firm</i> must submit a revision of the notice referred to in (1) or (2) to the <i>FCA</i> before the <b>commencement date</b> .
11A.8.5	G	SUP TP 11A.10 explains how the <i>firm</i> should make the notification.	
11A.8.6	G	If a <i>firm</i> notifies the <i>FCA</i> under SUP TP 11A.8 of a <b>pre-implementation application</b> and that application is granted or refused before the <b>commencement date</b> , the <i>firm</i> should revise its notification under SUP TP 11A.8.4R and, if applicable, SUP TP 11A.6.	
11A.9	In-flight applications: Supplemental material		
11A.9.1	R	(1)	This <i>rule</i> applies if, in relation to a <b>pre-implementation application</b> continued in effect after the <b>commencement date</b> under SUP TP 11A.7, the <i>FCA</i> has before the <b>commencement date</b> :  (a) imposed a requirement under section 60 of the Act (Application for approval);  (b) given a <i>warning notice</i> under section 62(2) of the Act (Applications for approval: procedure and right to refer to tribunal) or a <i>decision notice</i> under section 62(3) of the Act to the interested parties referred to in section 62(5); or  (c) taken any step in connection with giving a <i>warning notice</i> or <i>decision notice</i> under section 62.
		(2)	The requirement, notice or step in (1) is to be treated, on and after the <b>commencement date</b> , as having been imposed, given or taken in relation to the application as affected by SUP TP 11A.7.
11A.10	Procedure for notification		
11A.10.1	R	A <i>firm</i> must only make a single notification under SUP TP 11A.5 and SUP TP 11A.8.1R and must do so on the same notification form.	
11A.10.2	R	A <i>firm</i> must make a notification under SUP TP 11A.5, SUP TP 11A.6 or SUP TP 11A.8 by completing Form K (SUP TP 11A.25.1R).	
11A.10.3	R	A <i>firm</i> must make a notification or submit a <i>document</i> to the <i>FCA</i> under SUP TP 11A in accordance with SUP 10C.15.11R(1) and (3) (Method of submission: electronic submission).	
11A.10.4	R	(1)	A <i>firm</i> making a notification under SUP TP 11A.10.2R in accordance with SUP 10C.15.11R(1) must use the version of Form K made available on the electronic system referred to in SUP 10C.15.11R, which is based on the version in SUP TP 11A.25.1R.
		(2)	A <i>firm</i> making a notification under SUP TP 11A.10.2R in accordance with SUP 10C.15.11R(3) and SUP 10C.15.14R must use the version of Form K in SUP TP 11A.25.1R
11A.10.5	G	If a <i>firm</i> discovers after the <b>commencement date</b> that any information it has given under SUP TP 11A is inaccurate it should notify the <i>FCA</i> as described in SUP 15.6 (Inaccurate, false or misleading information). If SUP TP 11A.17.6R applies, the <i>firm</i> should notify the <i>FCA</i> under that <i>rule</i> instead.	
11A.11	Statements of responsibilities		
11A.11.1	G	The table in SUP TP 11A.11.2G explains when a <i>firm</i> is required to prepare a <b>statement of responsibilities</b> as part of the transitional arrangements in SUP TP 11A and whether it is required to send it to the <i>FCA</i> . .	

11A.1 Application, purpose and definitions		
11A.11.2	G	Table: Preparing statements of responsibilities and sending them to the FCA

11A.1 Application, purpose and definitions		
Scenario	Core SMCR firm and a limited scope firm	Enhanced scope SMCR firm
Is a <i>firm</i> required to prepare a <b>statement of responsibilities</b> for their <b>transitioned SMF managers</b> ?	Yes. The <b>solo-regulated firms commencement SI</b> requires this.  A <i>firm</i> should have prepared it within five days of the <b>commencement date</b> .	Yes. See SUP TP 11A.11.3R.
Is a <i>firm</i> required to send it to the <i>FCA</i> ?	No	Yes. See SUP TP 11A.11.3R.
Is a <i>firm</i> required to prepare a <b>statement of responsibilities</b> for a <b>pre-implementation application</b> by the <i>firm</i> that has been or will be converted into an application for approval for the performance of an <i>FCA-designated senior management function</i> under SUP TP 11A.7?	Yes. The Act and SUP TP 11A.11.4R require this.	Yes. The Act and SUP TP 11A.11.3R require this.
Is a <i>firm</i> required to send it to the <i>FCA</i> ?	Yes. See SUP TP 11A.11.4R.	Yes. See SUP TP 11A.11.3R
Is a <i>firm</i> required to prepare a <b>statement of responsibilities</b> for an application un	The Act and SUP TP 11A.15 require this.	Yes. The Act and SUP TP 11A.15 require this.



11A.1		Application, purpose and definitions
der SUP TP 11A.15? Yes.		
Is a <i>firm</i> required to send it to the FCA?	Yes. The details are in SUP TP 11A.15.	Yes. The details are in SUP TP 11A.15.
11A.1		Application, purpose and definitions
11A.11.3	R	A notification to the FCA under SUP TP 11A.5, SUP TP 11A.6 or SUP TP 11A.8 by an <b>enhanced scope SMCR firm</b> about an <i>approved person</i> or <i>candidate</i> must be accompanied by a <b>statement of responsibilities</b> about that <i>person</i> and the <i>FCA-designated senior management function</i> included in the notification in relation to that <i>approved person</i> or <i>candidate</i> .
11A.11.4	R	A <b>core SMCR firm</b> and a <b>limited scope firm</b> must, within five <i>business days</i> beginning with the <b>commencement date</b> , give the FCA a <b>statement of responsibilities</b> for each <i>candidate</i> who is the subject of a <b>pre-implementation application</b> by the <i>firm</i> that has been converted into an application for approval for the performance of an <i>FCA-designated senior management function</i> under SUP TP 11A.7.
11A.11.5	G	A <b>statement of responsibilities</b> should comply with all the <i>rules</i> and <i>directions</i> in the <i>FCA Handbook</i> that will apply to <i>statements of responsibilities</i> prepared by the <i>firm</i> (see SUP TP 11A.16).
11A.12	<b>Management responsibilities maps</b>	
11A.12.1	R	SUP TP 11A.12 applies to an <b>enhanced scope SMCR firm</b> that will be required under SYSC 25 (Senior managers and certification regime: <i>Management responsibilities maps</i> and handover procedures and material) to have a <i>management responsibilities map</i> when that chapter comes into force on the <b>commencement date</b> .
11A.12.2	R	A notification to the FCA under SUP TP 11A.10.1R must be accompanied by a <b>management responsibilities map</b> .
11A.12.3	G	If a <i>firm</i> makes a revised notification under SUP TP 11A.6 or SUP TP 11A.8.4R it should include a <b>management responsibilities map</b> with the notification because anything that requires a revised notification is likely to mean that the <i>firm</i> should update the <b>management responsibilities map</b> .
11A.12.4	G	A <b>management responsibilities map</b> should comply with all the <i>rules</i> and <i>directions</i> in the <i>FCA Handbook</i> that will apply to a <i>management responsibilities map</i> prepared by the <i>firm</i> (see SUP TP 11A.16).
11A.13	<b>Supplemental material about statements of responsibilities and management responsibilities maps</b>	
11A.13.1	R	A <b>statement of responsibilities</b> and a <b>management responsibilities map</b> submitted to the FCA under SUP TP 11A must be prepared as of the <b>commencement date</b> .
11A.13.2	D	SUP TP 11A.13.1R also applies to a <b>management responsibilities map</b> or <b>statement of responsibilities</b> prepared under a direction.
11A.13.3	G	The effect of regulation 5(4) of the <b>solo-regulated firms commencement SI</b> is that a <b>statement of responsibilities</b> that a <b>core SMCR firm</b> and a <b>limited scope firm</b> should prepare should also be prepared as of the <b>commencement date</b> .
11A.13.4	G	(1) If there has been a change relating to a <b>statement of responsibilities</b> or a <b>management responsibilities map</b> submitted to the FCA under SUP TP 11A, the <i>firm</i> should submit a revised version.
		(2) This is the effect of SUP TP 11A.6 and SUP TP 11A.8.4R.

11A.1		Application, purpose and definitions
	(3)	SUP TP 11A.13.4G(1) does not cover changes that happen after the <b>commencement date</b> . These are dealt with by the <i>Act</i> and the provisions of the <i>FCA Handbook</i> that apply after the <b>commencement date</b> .
11A.13.5	G	A <i>firm</i> should not assume that the <i>FCA</i> has reviewed a <b>statement of responsibilities</b> or a <b>management responsibilities map</b> submitted to it for completeness, quality or accuracy. It is the <i>firm's</i> responsibility to ensure that they have been prepared in accordance with the <i>FCA's rules</i> and the <i>Act</i> .
11A.14	<b>Criminal record checks and employment references</b>	
11A.14.1	R	SUP 10C.10.16R (Criminal record checks) does not apply to any <b>pre-implementation application</b> continued in effect by SUP TP 11A.7.1R after the <b>commencement date</b> .
11A.14.2	G	SUP 10C.10.16R (Criminal record checks) applies to any application for approval made under SUP TP 11A.15.
11A.14.3	G	SYSC TP 7.4.2R (Transitional provisions about regulatory references) has transitional provisions about regulatory references in relation to a <b>pre-implementation application</b> continued in effect by SUP TP 11A.7.1R and applications for approval made under SUP TP 11A.15. SYSC TP 8 adapts these provisions for certain claims management <i>firms</i> .
11A.15	<b>Applications of approved persons to take effect from the commencement date</b>	
11A.15.1	D	<p>(1) A <i>firm</i> may, before the <b>commencement date</b>, apply under section 60 of the <i>Act</i> (Applications for approval) for the <i>FCA's</i> approval under section 59 of the <i>Act</i> (Approval for particular arrangements) for the performance of an <i>FCA-designated senior management function</i> which comes into effect (as respects the <i>firm</i>) on the <b>commencement date</b>.</p> <p>(2) Any application may only be made after the <b>first notification date</b>.</p> <p>(3) Any such application is made on the basis that it is treated as being made on the <b>commencement date</b>.</p> <p>(4) The application must be made using the version of Form A or Form E applicable from the <b>commencement date</b> and in accordance with the other requirements to be in effect on that date.</p>
11A.15.2	G	The rest of SUP TP 11A will not apply to an application under SUP TP 11A.15. In particular, it is not a <b>pre-implementation application</b> and the application should not be included in the <i>firm's</i> Form K.
11A.15.3	G	Any such application should be accompanied by a <i>statement of responsibilities</i> and, if SYSC 25 (Senior managers and certification regime: Management responsibilities maps and handover procedures and material) will apply, a <i>management responsibilities map</i> .
11A.15.4	G	A <i>firm</i> does not have to make an application under SUP TP 11A.15. It can make an application for an existing <i>controlled function</i> before the <b>commencement date</b> under the <i>rules</i> and directions in force at the time of the application. SUP TP 11A will apply to such applications.
11A.16	<b>Application of ongoing requirements to converted approvals and conversion documents</b>	
11A.16.1	R	<p>(1) The <i>rules</i> of the <i>FCA Handbook</i> apply to a <b>converted approval</b>, as they do to approvals granted after the <b>commencement date</b>.</p> <p>(2) The <i>rules</i> of the <i>FCA Handbook</i> apply to a <b>pre-implementation application</b> that is continued in force under SUP TP 11A after the <b>commencement date</b> as they do to applications for approval of the performance of an <i>FCA-designated senior management function</i> made after the <b>commencement date</b>.</p>

11A.1		Application, purpose and definitions	
11A.16.2	R	(3)	This paragraph is subject to the other provisions of SUP TP 11A.
		(1)	A <b>statement of responsibilities</b> (including one revised under SUP TP 11A.6 or SUP TP 11A.8) must comply with all the <i>rules</i> and directions in the <i>FCA Handbook</i> that will apply to <i>statement of responsibilities</i> as from the <b>commencement date</b> .
		(2)	(2) applies even if the <i>firm</i> is not required to submit the <b>statement of responsibilities</b> to the <i>FCA</i> .
11A.16.3	R	A <b>management responsibilities map</b> submitted to the <i>FCA</i> under SUP TP 11A must comply with all the <i>rules</i> and directions in the <i>FCA Handbook</i> that will apply to the <i>firm's management responsibilities map</i> as from the <b>commencement date</b> .	
11A.16.4	D	SUP TP 11A.16.1R to SUP TP 11A.16.3R apply to directions in SUP 10C in the same way as they do to <i>rules</i> .	
11A.16.5	G	The table in SUP TP 11A.16.6G gives examples of how SUP 10C and other parts of the <i>FCA Handbook</i> apply to <b>converted approvals</b> .	
11A.16.6	G	Table: Examples of how ongoing requirements apply to converted approvals	

11A.1		Application, purpose and definitions	
Requirement in Handbook	Summary of the requirement in column (1)	How SUP 10C applies	
		Revised statements of responsibilities	
SUP 10C.11.7D	Submission of revised <i>statement of responsibilities</i>	The effect of the <i>Act</i> and of the <b>solo regulated firms commencement SI</b> is that section 62A of the <i>Act</i> (Changes in responsibilities of senior managers) applies to a <b>statement of responsibilities</b> . This means that if after the <b>commencement date</b> there has been a significant change in a <b>transitioned SMF manager's</b> responsibilities in relation to their <b>converted designated senior management functions</b> , the <i>firm</i> should submit a revised <b>statement of responsibilities</b> . This applies even if there was no requirement to send the original <b>statement of responsibilities</b> to the <i>FCA</i> . It should also submit a Form J unless SUP 10C.11 says that it is not required.	
		Varying an approval	
SUP 10C.11.10D	<i>Statements of responsibilities</i>	The powers and requirements in the <i>Act</i> and in SUP 10C about variation of approvals at the request of a <i>firm</i> and at the initiative of the <i>FCA</i> apply to <b>converted approvals</b> .	
SUP 10C.11.12R	Ceasing to carry on some functions	If a <b>transitioned SMF manager</b> ceases to perform a <i>designated senior management function</i> but continues to perform a <b>converted designated senior management function</b> , the <i>firm</i> should submit a revised statement of responsibilities <i>document</i> under SUP 10C.11.12R.	
SUP 10C.13	Other material about variations		

11A.1		Application, purpose and definitions
		Single statement of responsibilities document
SUP 10C.11.13D	One statement of responsibilities for each SMF manager for each firm	<p>Applies to <b>statements of responsibilities</b> in the same way as it applies to <i>statements of responsibilities</i>. For example:</p> <p>(1) If after the <b>commencement date</b> a <i>firm</i> applies for the FCA's approval for a <b>transitioned SMF manager</b> to perform another <i>FCA-designated senior management function</i>, the <i>statement of responsibilities</i> prepared for that application should be combined with the <b>statement of responsibilities</b> into a single <i>document</i>.</p> <p>(2) If:</p> <p>(a) after the <b>commencement date</b> a <b>transitioned SMF manager</b> is approved by the FCA to perform another <i>FCA-designated senior management function</i>; and</p> <p>(b) later there is a significant change in the <b>transitioned SMF manager's</b> responsibilities;</p> <p>the <i>firm</i> should notify the FCA and submit a single revised <i>statement of responsibilities document</i>, whether the change relates to the <b>converted designated senior management function</b> or to the additional <i>FCA-designated senior management function</i>.</p>
		Complete set of statements of responsibilities
SUP 10C.11.20R	Complete set of current statements of responsibilities	<p>Applies to <b>statements of responsibilities</b> in the same way as it does to <i>statements of responsibilities</i>.</p> <p>In particular this means that a <i>firm</i> should retain copies of <b>statements of responsibilities</b> prepared under regulation 5 of the <b>solo-regulated firms commencement SI</b> (Deemed approval to perform designated senior management functions: requirement to provide statement of responsibilities) even though the <i>firm</i> does not have to send them to the FCA.</p>
		Ceasing to carry on functions
SUP 10C.11.12R	Statements of responsibilities to be included in notification	Applies to ceasing to carry on a <b>converted designated senior management function</b> after the <b>commencement date</b> .
SUP 10C.14.5R	Notification of ceasing to perform the function	
SUP 10C.14.7R	Qualified Form C	
		Form D

11A.1		Application, purpose and definitions
SUP 10C.14.13R	Changes to details	Applies to a <b>transitioned SMF manager</b> and to changes of any details relating to the <b>converted designated senior management function</b> .
SUP 10C.14.15R	Changes to arrangements	SUP 10C.14.15R says that a <i>firm</i> should not submit a Form D to the <i>FCA</i> if the <i>firm</i> is required to notify the <i>FCA</i> under section 62A of the <i>Act</i> (Changes in responsibilities of senior managers) or SUP 10C.11 (Statements of responsibilities). This also applies if the <i>firm</i> is required to notify changes under section 62A of the <i>Act</i> as applied by regulation 6 of the <b>solo-regulated firms commencement SI</b> (Application of section 62A of FSMA to statement of responsibilities under regulation 5).
SUP 10C.14.18R	Fitness	The Form D requirements also apply to a <i>candidate</i> whose application is continued in force by SUP TP 11A.  Before the <b>commencement date</b> , the existing requirements of SUP 10A apply to changes in a <i>candidate's</i> fitness.
Notifications under the Act		
SUP 10C.14.22R	Notifications under the Act	Applies to notification about a <b>transitioned SMF manager</b> .
General		
Requirements referring to a <i>current approved person approval</i>		Apply to a <b>converted approval</b> .
Requirements referring to a <i>current approved person approval</i> held within the last six months		Also applies to: (1) a <b>converted approval</b> that ends after the <b>commencement date</b> ; (2) an approval for a <i>controlled function</i> abolished after the <b>commencement date</b> ; (3) an approval that ceased to have effect under SUP TP 11A for some other reason; (4) an approval given up within the last six months before the <b>commencement date</b> even if the <i>controlled function</i> ceases to exist after the <b>commencement date</b> .
FCA-pre-scribed senior management responsibility (a)	Responsibility for a <i>firm's</i> performance of its obligations under the senior managers regime	Includes compliance with the requirements about <b>statements of responsibilities</b>

11A.1		Application, purpose and definitions	
SYSC 25	Pre- para- tion of <i>man- age- ment re- spons- ibilit- ies maps</i>	A <i>management responsibilities map</i> should include a <b>transitioned SMF manager</b> and their <b>converted designated senior management functions</b>	

11A.1		Application, purpose and definitions	
11A.17	Making sure that the Financial Services Register is accurate Existing notification requirements		
11A.17.1	R	(1)	If before the <b>commencement date</b> a <i>firm</i> is required to notify the <i>FCA</i> using Form C or Form D or under <a href="#">SUP 10A.14.10R</a> , that obligation continues to apply after the <b>commencement date</b> if the <i>firm</i> has not complied with that obligation before then.
		(2)	(1) applies whether the deadline for reporting expires before or after the <b>commencement date</b> .
		(3)	(1) applies to a <i>firm</i> even if it is obliged to report the same facts under a Form K.
		(4)	(1) does not apply to the <i>customer function</i> (unless the <i>customer function</i> continues to apply after the <b>commencement date</b> under <a href="#">SUP TP 11A.4.2R</a> ) if the deadline for reporting expires after the <b>commencement date</b> . Instead, the obligation to report no longer applies.
	Notification required from non-notifying firms in certain cases		
11A.17.2	R	(1)	This <i>rule</i> applies to a <b>core SMCR firm</b> and a <b>limited scope firm</b> (F) in relation to a particular <i>approved person</i> (AP) if:  (a) F has <b>pre-implementation approval</b> for the performance by AP of a <b>pre-implementation controlled function</b> ;  (b) that <b>pre-implementation approval</b> is potentially convertible into an <i>FCA-designated senior management function</i> ; and  (c) F believes that that <b>pre-implementation approval</b> will not be converted into approval for the performance of that <i>FCA-designated senior management function</i> .
		(2)	If F is not already required to notify the <i>FCA</i> of the facts that would mean that the <b>pre-implementation approval</b> will not be converted as described in (1)(c), it must notify the <i>FCA</i> of those facts using Form C in accordance with <a href="#">SUP 10A</a> before:  (a) the <b>final notification date</b> ; or  (b) (if the facts in (1) first arise after the <b>final notification date</b> ) the <b>commencement date</b> .
11A.17.3	G	(1)	The most likely reason for the situation <a href="#">SUP TP 11A.17.2R</a> to arise is that, before the <b>commencement date</b> , AP resigns or gives up their <i>controlled function</i> or plans to do so.
		(2)	In most cases F will already be required to notify the <i>FCA</i> under <a href="#">SUP 10A</a> . If so, <a href="#">SUP TP 11A.17.2R</a> will not apply.
		(3)	An example of circumstances in which <a href="#">SUP TP 11A.17.2R</a> will apply is if:



11A.1		Application, purpose and definitions	
		(a)	AP is going to remain in post after the <b>commencement date</b> ; but
		(b)	their job does not come within the definition of the <i>FCA-designated senior management function</i> in SUP TP 11A.17.2R even though their job comes within the <b>pre-implementation controlled function</b> .
11A.17.4	G	SUP TP 11A.17.2R does not apply to an <b>enhanced scope SMCR firm</b> . The FCA will rely on its Form K instead.	
		Checking the Register	
11A.17.5	R	A <i>firm</i> must, in the <i>month</i> beginning five <i>business days</i> after the <b>commencement date</b> , check whether the <i>Financial Services Register</i> :	
		(1)	correctly records who are the <i>firm's SMF managers</i> ;
		(2)	correctly records the <i>FCA-designated senior management function</i> for the performance of which by its <i>SMF managers</i> the <i>firm</i> has approval;
		(3)	does not include incorrect information about the <i>firm's SMF managers</i> and does not omit information about them that it says it includes;
		(4)	includes everyone performing an <i>FCA-designated senior management function</i> for the performance of which the <i>firm</i> should have obtained approval; and
		(5)	includes all the <i>FCA-designated senior management functions</i> for which the <i>firm</i> should have obtained approval in relation to <i>persons</i> in (3).
11A.17.6	R	(1)	If:
		(a)	the <i>Financial Services Register</i> does not correctly do all the things in SUP TP 11A.17.5R; and
		(b)	the <i>firm</i> is not already required to notify the FCA of the facts giving rise to (1)(a) or to apply for the necessary approvals under section 59 of the Act (Approval for particular arrangements);
		the <i>firm</i> must (by the end of the one <i>month</i> period in SUP TP 11A.17.5R) notify the FCA of that fact using the applicable form in SUP 10C.	
		(2)	The applicable form in (1) is, in relation to a particular <i>person</i> (P) and <i>firm</i> , whichever one or more of the following forms in SUP 10C applies:
		(a)	Form A (short form) where P is not, but should be, included in the <i>Financial Services Register</i> or where the <i>Financial Services Register</i> omits some of P's <i>FCA-designated senior management functions</i> for which the <i>firm</i> has approval; or
		(b)	Form C where P is, but should not be, included in the <i>Financial Services Register</i> or where the <i>Financial Services Register</i> shows an approval for P to perform an <i>FCA-designated senior management function</i> that the <i>firm</i> does not have; or
		(c)	Form E where both (1) and (2) apply; or
		(d)	Form D in any other case.
11A.17.7	G	The requirement to check the <i>Financial Services Register</i> is particularly important in a case where the <i>firm</i> is not under a notification obligation in SUP TP 11A.5 and SUP TP 11A.6 because:	

11A.1		Application, purpose and definitions	
11A.17.8	G	(1)	the <i>FCA</i> will update the <i>Financial Services Register</i> based on the information it has; but
		(2)	the <i>FCA</i> may not have sufficient information to tell whether all the conversion conditions in SUP TP 11A.2.2R have been met.
		(1)	In practice it is unlikely that SUP TP 11A.17.6R will normally apply because the <i>firm</i> will already be required to notify the <i>FCA</i> of the matter or apply for approval. For example:
		(a)	if the <i>Financial Services Register</i> does not include a person performing an <i>FCA-designated senior management function</i> because the <i>firm</i> has not yet applied for approval, the <i>firm</i> should apply for approval using Form A (long or short) or Form E as soon as possible;
		(b)	if the <i>Financial Services Register</i> includes a person who left the <i>firm</i> before the <b>commencement date</b> or who stopped performing their <b>pre-implementation controlled function</b> before then, the <i>firm</i> should report that using Form C (see SUP TP 11A.17.1R);
		(c)	if a <b>core SMCR firm</b> or a <b>limited scope firm</b> has approval for someone to perform a <b>pre-implementation controlled function</b> but that approval is not converted into approval for a <i>designated senior management function</i> as described in SUP TP 11A.17.3G(3), the <i>firm</i> should report that under SUP TP 11A.17.2R (which means that SUP TP 11A.17.6R does not apply).
		(2)	SUP TP 11A.17.6R may apply for example if the <i>firm</i> has made all the notifications (if any) required by SUP TP 11A and other parts of the <i>FCA Handbook</i> but:
		(a)	the <i>Financial Services Register</i> does not include one of the <i>firm's approved persons</i> even though their <b>pre-implementation controlled function</b> was converted under SUP TP 11A; or
		(b)	the <i>Financial Services Register</i> includes one of the <i>firm's approved persons</i> even though none of their <b>pre-implementation controlled functions</b> were converted under SUP TP 11A.
11A.18	The 12-week rule		
11A.18.1	G	(1)	SUP 10C.3.13R (The 12-week rule) allows a <i>firm</i> to appoint someone (P) to perform a function which would normally be an <i>FCA-designated senior management function</i> without needing to apply for the <i>FCA's</i> approval under section 59 of the <i>Act</i> (Approval for particular arrangements) where P is filling in for someone who is absent unexpectedly or temporarily. There is a maximum period for which P's appointment can last.
		(2)	When calculating the maximum time period in (1), the <i>firm</i> need not take into account any time spent by P before the <b>commencement date</b> performing what will become the <i>FCA-designated senior management function</i> in (1).
11A.18.2	G	(1)	SUP 10C.3.13R only applies where P (as referred to in SUP TP 11A.18.1G) is providing cover for an <i>SMF manager</i> whose absence is temporary or reasonably unforeseen.
		(2)	SUP 10C.3.13R may still apply if the absence referred to in (1) began before the <b>commencement date</b> .
11A.18.3	G	SUP TP 11A.18.1G and SUP TP 11A.18.2G may apply even if:	



11A.1		Application, purpose and definitions	
		(1)	before the <b>commencement date</b> P was taking advantage of SUP 10A.5.6R (the equivalent of SUP 10C.3.13R under SUP 10A); and
		(2)	approval for the <i>controlled function</i> disapproved by SUP 10A.5.6R is <b>potentially convertible</b> into approval for the <i>FCA-designated senior management function</i> in SUP TP 11A.18.1G and SUP TP 11A.18.2G.
11A.19	Application for permission		
11A.19.1	D	(1)	This direction applies to a <b>pre-implementation application</b> that is made by an <b>authorisation applicant</b> :
		(a)	between the <b>first notification date</b> and the <b>commencement date</b> ; or
		(b)	before the <b>first notification date</b> if it is still outstanding on the <b>first notification date</b> .
		(2)	A <b>pre-implementation application</b> in (1)(a) must comply with the requirements (if any) of SUP TP 11A that apply to a <b>pre-implementation application</b> by a <i>firm</i> :
		(a)	of the type that the <b>authorisation applicant</b> will be if the <b>authorisation application</b> is granted or otherwise succeeds; and
		(b)	for an approval by the <i>FCA</i> for the performance of the same <b>pre-implementation controlled function</b> .
		(3)	An <b>authorisation applicant</b> must, between the <b>first notification date</b> and the <b>final notification date</b> , revise any of its <b>pre-implementation applications</b> covered by (1)(b) to the extent necessary to meet the requirements in (2).
11A.19.2	R	SUP TP 11A.7 and SUP TP 11A.9 apply to a <b>pre-implementation application</b> in SUP TP 11A.19.1D.	
11A.19.3	D	SUP TP 11A.15 applies to an <b>authorisation applicant</b> .	
11A.20	Prohibition orders		
11A.20.1	R	The changes to the <i>FCA Handbook</i> made by the Individual Accountability (FCA-Authorised Firms) Instrument 2019 do not affect:	
		(1)	a <i>warning notice</i> or a <i>decision notice</i> under section 57 of the Act (Prohibition orders: procedure and right to refer to tribunal); or
		(2)	a <i>prohibition order</i> ;
		which is given or made before the <b>commencement date</b> .	
11A.21	Reporting under SUP 15.11		
11A.21.1	R	The first notification period under SUP 15.11.13R (Timing and form of notifications: conduct rules staff other than SMF managers):	
		(1)	starts on the <b>commencement date</b> ; and
		(2)	ends on the last day of:
		(a)	(in the case of a <i>firm</i> falling within SYSC 23 Annex 1 6.7R (credit firms with limited permission)) the first financial reporting period referred to in SUP 15.11.13R(3)(a)(i) ending after the <b>commencement date</b> ; or
		(b)	(for any other <i>firm</i> ) the following August.
11A.21.2	G	SUP TP 11A.21.1R(2)(a) applies however short the resulting reporting period may be. It applies notwithstanding the postponement of the commencement of part of COCON by the Individual Accountability (FCA-Authorised Firms) (COVID-19 and Extension of Deadlines) Instrument 2020.	
11A.22	Calculations for retail intermediaries		

11A.1		Application, purpose and definitions
11A.22.1	R	This section applies to a <i>firm</i> to which SUP 15.15 (as set out in the Individual Accountability (FCA-Authorised Firms) Instrument 2019) applies.
11A.22.2	R	SUP 15.15 (Enhanced scope SMCR firm retail intermediaries) (as set out in the Individual Accountability (FCA-Authorised Firms) Instrument 2019) applies before the <b>commencement date</b> .
11A.22.3	R	The first averaging period (as referred to in SUP 15.15) for which a <i>firm</i> must carry out the calculation is the most recent one whose final reporting period has a reporting date that falls on or before the <b>enhanced firm cut-off date</b> .
11A.22.4	R	The notification obligations in SUP 15.15 do not apply in relation to the calculation for the first averaging period as described in SUP TP 11A.22.3R.
11A.22.5	G	The reason for SUP TP 11A.22.4R is that the <i>firm</i> will be required to give the FCA a Form K instead if it meets the relevant qualification condition for being an <b>enhanced scope SMCR firm</b> .
11A.22.6	G	SUP TP 11A.22.4R does not affect the definition of “reporting date” for the purpose of the calculations for SUP TP 11A.23 or SYSC 23 Annex 1.
11A.22.7	G	<p>(1) The result of a calculation subsequent to the one under SUP TP 11A.22.3R but made before the <b>commencement date</b> may be that the <i>firm</i> meets the relevant qualification condition. In that case the <i>firm</i> should notify the FCA in accordance with SUP 15.15 as applied by SUP TP 11A.</p> <p>(2) (1) applies even though SUP TP 11A.23.3R(2) means that the <i>firm</i> will not be treated as an <b>enhanced scope SMCR firm</b> for the purposes of SUP TP 11A.</p> <p>(3) A <i>firm</i> should also notify the FCA if it ceases to meet the qualification condition before the <b>commencement date</b>.</p> <p>(4) Where (3) applies, the <i>firm</i> may also need to withdraw its Form K.</p>
11A.23		<b>Deciding which category a firm is in</b>
11A.23.1	R	<p>(1) Before the <b>commencement date</b>, the question of:</p> <p>(a) whether a <i>firm</i> is a <b>solo-regulated SMCR firm</b> for the purposes of SUP TP 11A; and</p> <p>(b) (if it is) into which category it falls;</p> <p>is determined in accordance with SYSC 23 Annex 1 (as set out in the Individual Accountability (FCA-Authorised Firms) Instrument 2019) even though the relevant parts of that chapter are not in force for other purposes.</p> <p>(2) (1) does not apply to a <i>firm</i> that is already an <i>SMCR firm</i> before the <b>commencement date</b>. Such an <i>SMCR firm</i> cannot be a <b>solo-regulated SMCR firm</b> for the purposes of SUP TP 11A.</p> <p>(3) (1) is subject to the rest of SUP TP 11A.23.</p>
11A.23.2	G	<p>(1) The effect of SUP TP 11A.23.1R(2) is that if a <i>PRA-regulated SMCR firm</i> changes its <i>permission</i> in a way that would turn it into a <b>solo-regulated SMCR firm</b>, the conversion arrangements in SUP TP 11A will not apply to it.</p> <p>(2) SUP TP 11A.15 will however apply and the <i>firm</i> can use this to apply for the approvals it needs because of its change of category.</p>
11A.23.3	R	(1) Subject to SUP TP 11A.23.5R, Part Ten of SYSC 23 Annex 1 (When a firm becomes an enhanced scope SMCR firm) is adjusted for the purposes of this Annex so that a <i>firm</i> is an <b>enhanced scope SMCR firm</b> at any time if at that time it meets one of the qualification conditions in that Annex, not one year after it first meets the relevant condition.

11A.1		Application, purpose and definitions	
		(2)	If:
		(a)	a <i>firm</i> does not meet a qualification condition for being an <b>enhanced scope SMCR firm</b> in Part Eight of SYSC 23 Annex 1 (Financial qualification condition for being an enhanced scope SMCR firm) at the <b>enhanced firm cut-off date</b> ; but
		(b)	meets that qualification condition at any time thereafter before the <b>commencement date</b> ;
			the <i>firm</i> is treated as not being an <b>enhanced scope SMCR firm</b> for the purpose of SUP TP 11A unless it is an <b>enhanced scope SMCR firm</b> because it meets another qualification condition.
11A.23.4	G		The result of SUP TP 11A.23.3R(2) is that a <i>firm</i> will not be treated as an <b>enhanced scope SMCR firm</b> under Part Eight of SYSC 23 Annex 1 for the purposes of this Annex unless it meets the relevant conditions at the <b>enhanced firm cut-off date</b> .
11A.23.5	R	(1)	This <i>rule</i> modifies the <i>rules</i> for making an election to become a <b>core SMCR firm</b> or an <b>enhanced scope SMCR firm</b> in accordance with the procedure set out in SYSC 23 Annex 1 (as set out in the Individual Accountability (FCA-Authorised Firms) Instrument 2019) for the purposes of SUP TP 11A.
		(2)	A <i>firm</i> may make such an election on or after the <b>Form O start date</b> .
		(3)	The version of Form O in SUP TP 11A.25 replaces the version in SYSC 23 Annex 2R.
		(4)	The election takes effect for the purposes of this Annex on the <b>first notification date</b> or, if it is made after that date, immediately.
		(5)	If the election is made on or after the <b>first notification date</b> the <i>firm</i> must at the same time make the following notifications and applications (based on the type of <b>SMCR firm</b> it has elected to become):
		(a)	any notification required by SUP TP 11A.5, SUP TP 11A.6 or SUP TP 11A.8; and
		(b)	any applications under SUP TP 11A.15 if the <i>candidate</i> is to perform the relevant function on the <b>commencement date</b> .
11A.23.6	R		Part Eleven of SYSC 23 Annex 1 (When a firm stops being an enhanced scope SMCR firm) is adjusted for the purposes of SUP TP 11A so that a firm ceases to be an <b>enhanced scope SMCR firm</b> on the date it ceases to meet the last qualification condition that it met (as referred to in Part Eleven), not one year after that date.
11A.23.7	G		If a <i>firm</i> changes from being an <b>enhanced scope SMCR firm</b> to a <b>core SMCR firm</b> or a <b>limited scope SMCR firm</b> after it has sent the FCA its Form K, it should notify the FCA as described in SUP 15.6 (Inaccurate, false or misleading information).
11A.23.8	R		If a <i>firm</i> revokes its election to be a <b>core SMCR firm</b> , Part Twelve of SYSC 23 Annex 1 (Opting up and opting down) is adjusted for the purposes of SUP TP 11A so that a firm ceases to be a <b>core SMCR firm</b> immediately after the FCA receives the notice, not one year after that date.
11A.23.9	G		If a <i>firm</i> revokes its election to be an <b>enhanced scope SMCR firm</b> , SUP TP 11A.23.6R means that the revocation takes effect immediately after the FCA receives the notice, not one year after that date.
11A.23.10	G		SYSC TP 7.7 (Qualification conditions for FCA-authorised firms) explains how this section affects the period after the <b>commencement date</b> .

11A.1		Application, purpose and definitions	
<b>11A.24</b>		<b>Claims management firms</b>	
		Applications for approval	
11A.24.1	G	(1)	A <b>claims management firm</b> may make an application under SUP TP 11A.15 (Applications of approved persons to take effect from the commencement date).
		(2)	Both a <b>claims management firm</b> that gets full authorisation before the <b>commencement date</b> and one that still has a <i>claims management temporary permission</i> may make such an application.
		(3)	SUP TP 11A.15 applies to applications under section 59 of the Act made before the <b>commencement date</b> . If a <b>claims management firm</b> makes an application under section 59 of the Act after the <b>commencement date</b> , it should make the application under SUP 10C (FCA senior managers regime for approved persons in SMCR firms).
11A.24.2	D		SUP TP 11A.15 applies to a <b>temporary permission pure claims management firm</b> on the basis that the application referred to in SUP TP 11A.15.1D(1) is treated as made on the <b>commencement date</b> or, if later, the date that the <i>firm</i> becomes an <i>SMCR firm</i> .
11A.24.3	D		SUP TP 11A.15 does not apply to a <b>temporary permission pure claims management firm</b> if:
		(1)	that <i>firm</i> has not made a relevant application as referred to in article 82 of the <i>Claims Management Order</i> (Duration of temporary permission); or
		(2)	the FCA has not yet set a last application date that applies to the <i>firm</i> (see article 82(3) of the <i>Claims Management Order</i> ); or
		(3)	the opening date applicable to the <i>firm</i> has not yet arrived (see article 82(9) of the <i>Claims Management Order</i> ).
11A.24.4	G		A <i>firm</i> should not make an application for approval under SUP 10C (FCA senior managers regime for approved persons in SMCR firms) in the circumstances described in SUP TP 11A.24.3D(1) to (3).
		Pure claims management firms with temporary permission: Applicability of this Annex	
11A.24.5	G		Most of SUP TP 11A will not apply to a <b>pure claims management firm</b> as the <i>firm</i> will not have or need to have any <i>approved persons</i> under SUP 10A. It will therefore not have any <b>pre-implementation approvals</b> or <b>pre-implementation applications</b> to be converted.
		In-flight applications for authorisation	
11A.24.6	G	(1)	In certain circumstances, a <i>person</i> who has made an application for authorisation under the Compensation (Claims Management Services) Regulations 2006 is treated as having made an application for authorisation under the Act.
		(2)	This paragraph applies to a <i>person</i> in (1) who would be a <b>pure claims management firm</b> if the application were granted by the FCA.
		(3)	Where article 41(4) of the <i>Claims Management Order</i> (Applications for authorisation made to the Regulator: authorisation by the FCA) requires the <i>person</i> to submit a further application form and fee to the FCA, the applicant should not make an application under section 59 of the Act (Approval for particular arrangements) until it has complied with those requirements.
		The 12-week rule	

11A.1		Application, purpose and definitions	
11A.24.7	G	<b>SUP TP 11A.18.1G</b> (The 12-week rule) applies to a <b>pure claims management firm</b> that still had a <i>claims management temporary permission</i> on the commencement date as if references to the <b>commencement date</b> were to the date it becomes fully authorised.	
Reporting under SUP 15.11			
11A.24.8	G	The first notification period of a <b>pure claims management firm</b> under <b>SUP 15.11.13R</b> (Timing and form of notifications: conduct rules staff other than SMF managers) if it still has a <i>claims management temporary permission</i> on the <b>commencement date</b> :	
		(1)	starts on the day it becomes fully authorised; and
		(2)	ends on the last day of the following August.
11A.24.9	G	<b>SUP TP 11A.24.8G</b> applies however short the resulting reporting period may be. It applies notwithstanding the postponement of the commencement of part of <i>COCON</i> by the Individual Accountability (FCA-Authorised Firms) (COVID-19 and Extension of Deadlines) Instrument 2020.	
Short Form A			
11A.24.10	D	(1)	This direction applies to a <b>claims management firm</b> that is required to submit to the <i>FCA</i> the annex to the application for a <i>Part 4A permission</i> called “Annex to application for part 4A permission to carry on claims management activity during temporary permission – The Individual Form” (a “TIF”) about a <i>person</i> (X) in relation to the <i>firm</i> .
		(2)	This direction adds an additional circumstance to <b>SUP 10C.10.8AD</b> (How to apply for approval) in which the <i>firm</i> must use Form A (shortened form).
		(3)	If the <i>firm</i> must make an application under section 59 of the Act (Approval for particular arrangements) for the performance of an <i>FCA-designated senior management function</i> by X in relation to the <i>firm</i> using Form A, it must use Form A (shortened form) if:
		(a)	the <i>firm</i> has submitted the TIF about X:
		(i)	at the same time as the application under section 59; or
		(ii)	within the previous nine <i>months</i> ; and
		(b)	there have been no matters arising in relation to the fitness and propriety of X which mean that the information provided to the <i>FCA</i> in the TIF regarding the fitness and propriety of X may have changed since the date on which the TIF was submitted to the <i>FCA</i> .
		(4)	This direction applies to an application under:
		(a)	<b>SUP TP 11A.15</b> (Applications of approved persons to take effect from the commencement date);
		(b)	<b>SUP TP 11A.15</b> as applied by <b>SUP TP 11A.24</b> ; and
		(c)	<b>SUP 10C</b> (FCA senior managers regime for approved persons in SMCR firms).
11A.25	Forms		
11A.25.1	R	Form K	
Conversion Notification Form – FCA Solo Regulated Firms (Form K)			
Form K - Conversion Notification Form for FCA Solo Regulated Firms			

11A.1		Application, purpose and definitions	
11A.25.2	R	Form O	Notification of change to firm classification under the Senior Managers & Certification Regime (Pre-Commencement version) (Form O) Form O – Notification of change to firm classification under the Senior Managers & Certification Regime (Pre-Commencement version)
11A.25A		<b>Pure benchmark firms</b>	
11A.25A.1	R	SUP TP 11A.25A applies to a <b>pure benchmark SMCR firm</b> .	
11A.25A.2	G	SUP TP 11A.25A explains how SUP TP 11A applies to a <b>pure benchmark SMCR firm</b> .	
11A.25A.3	R	The definitions and dates in the table in SUP TP 11A.1.5R are amended as follows:	
		(1)	the definition of a term in column one of Part One of the table in this <i>rule</i> replaces the corresponding definition in Part One of the table in SUP TP 11A.1.5R; and
		(2)	Part Two of the table in this <i>rule</i> replaces Part Two of the table in SUP TP 11A.1.5R.

Part One: General	
Defined term in main table of definitions	Adjusted meaning
core SMCR firm, enhanced scope SMCR firm, limited scope SMCR firm, overseas SMCR firm	have the meaning set out in the <i>Glossary</i> and are subject to the amendments to be made by the Individual Accountability (FCA-Authorised Benchmark Firms) Instrument 2020.  This is subject to SUP TP 11A.23.

Part Two: Fixed dates	
Defined term in main table of definitions	New meaning
first notification date	7 September 2020
final notification date	4 December 2020
commencement date	7 December 2020
Form O start date	9 June 2020
enhanced firm cut- off date	N/A
Note: If a <i>firm</i> becomes a <b>pure benchmark SMCR firm</b> between the <b>final notification date</b> and the <b>commencement date</b> , the <b>final notification date</b> for it is the date it becomes a <b>pure benchmark SMCR firm</b> .	

11A.25A.4	R	(1)	This <i>rule</i> makes some adjustments about how certain references to the Individual Accountability (FCA-Authorised Firms) Instrument 2019 in SUP 11A apply to a <b>pure benchmark SMCR firm</b> .
		(2)	Note (1) to the table in SUP 11A.2.5R (Mapping table: Potential conversion of approval for existing controlled functions into approval for designated senior management functions) is amended so that a reference to a new FCA-designated senior management function is to the <i>FCA-designated senior management function</i> with the same name taking into account amendments made by the Individual Accountability (FCA-Authorised Benchmark Firms) Instrument 2020.



		(3)	SUP 11A.23.1R is adjusted so that the <i>firm's</i> categorisation is determined in accordance with SYSC 23 Annex 1 as adjusted by the Individual Accountability (FCA-Authorised Benchmark Firms) Instrument 2020.
		(4)	SUP 11A.23.5R(1) is adjusted so that the rules for making an election to become an <i>enhanced scope SMCR firm</i> that it modifies are the ones in SYSC 23 Annex 1 as adjusted by the Individual Accountability (FCA-Authorised Benchmark Firms) Instrument 2020.
11A.25A.5	G		The material in SUP TP 11A about <b>enhanced scope SMCR firms</b> is likely to be irrelevant to a <b>pure benchmark SMCR firm</b> as it does not meet most of the qualification conditions for this category. However, SUP TP 11A.25A does not disapply those provisions as it is possible that a <b>pure benchmark SMCR firm</b> may choose to opt into that category.
11A.25A.6	G	(1)	The table in SUP TP 11A.25A.7G explains how each section of SUP TP 11A applies to a <b>pure benchmark SMCR firm</b> .
		(2)	It assumes that the <i>firm</i> has not elected to be an <b>enhanced scope SMCR firm</b> . If it does elect to be one, many of the parts of SUP TP 11A that the table shows as not applying will apply and a few parts that the table shows as applying will not apply.
11A.25A.7	G		Table: How SUP TP 11A applies to a pure benchmark SMCR firm

Section	Title	How it applies
11A.1	Application, purpose and definitions	This applies. The definitions in SUP TP 11A.1.5R are amended by SUP TP 11A.25A.3R.
11A.2	Conversion of existing approvals	This applies. However many of the <b>pre-implementation controlled functions</b> will not apply. Part Two of the table in SUP TP 11A.2.5R does not apply. SUP TP 11A.2.8G does not apply. SUP TP 11A.2.9R to SUP TP 11A.2.11G will generally not apply. They will only apply if the <i>firm</i> has to submit a Form K. The entry in this table for SUP TP 11A.5 explains when this is the case.
11A.3	Effect of conversion	This applies.
11A.4	Lapse of existing approvals and special provisions about appointed representatives	This applies. However, the material about <i>appointed representatives</i> in SUP TP 11A.4.2R and SUP TP 11A.4.3G does not apply as a <b>pure benchmark SMCR firm</b> is not a <i>firm</i> with a <i>limited permission</i> and is unlikely to have or be an <i>appointed representative</i> .
11A.5	Notification to the FCA: Initial notification	SUP TP 11A.5 (including the requirement to submit a Form K) does not apply to: (a) a <b>limited scope SMCR benchmark firm</b> ; or (b) any other <b>pure benchmark SMCR firm</b> unless the <i>chair of the governing body function</i> will apply. Even if it does apply, the material about the <i>customer function</i> does not apply as that function does not apply to a <b>pure benchmark SMCR firm</b> .

Section	Title	How it applies
11A.6	Notification to the FCA: Revision of initial notice	In general, this does not apply. It only applies if the firm has submitted a Form K under <a href="#">SUP TP 11A.5</a> .
11A.7	In-flight applications: Conversion	This applies.
11A.8	In-flight applications: Notification requirements	In general, this does not apply. It only applies if the <i>firm</i> has to submit a Form K (for which, please see the entry in this table for <a href="#">SUP TP 11A.5</a> ).
11A.9	In-flight applications: Supplemental material	This applies.
11A.10	Procedure for notification	In general, this does not apply. It only applies if the <i>firm</i> has to submit a Form K (for which, please see the entry in this table for <a href="#">SUP TP 11A.5</a> ).
11A.11	Statements of responsibilities	This applies.  <i>A firm</i> does not have to send the <i>FCA</i> its <b>statements of responsibilities</b> for its <b>transitioned SMF managers</b> .
11A.12	Management responsibilities maps	This does not apply.
11A.13	Supplemental material about statements of responsibilities and management responsibilities maps	The material in this section about <b>statements of responsibilities</b> applies. The material about <b>management responsibilities maps</b> does not.
11A.14	Criminal record checks and employment references	This applies.
11A.15	Applications of approved persons to take effect from the commencement date	This applies.
11A.16	Application of ongoing requirements to converted approvals and conversion documents	This applies. However, the material about management responsibilities maps does not apply.
11A.17	Making sure that the Financial Services Register is accurate	This applies. However, the material about the <i>customer function</i> does not apply as that function does not apply to a <b>pure benchmark SMCR firm</b> .
11A.18	The 12-week rule	This applies.
11A.19	Application for permission	This applies to someone applying to be a <b>pure benchmark SMCR firm</b> .



Section	Title	How it applies
11A.20	Prohibition orders	This applies.
11A.21	Reporting under SUP 15.11	This will generally not apply as for the most part it relates to <i>certification employees</i> . It applies to a <i>board director</i> .
11A.22	Calculations for retail inter-mediarities	This does not apply.
11A.23	Deciding which category a firm is in	<p>SUP TP 11A.23.1R applies. SUP TP 11A.25A.4R adjusts the reference to the Individual Accountability (FCA-Authorised Firms) Instrument 2019) in this <i>rule</i>.</p> <p>The effect of SUP TP 11A.23.1R is that if a <i>firm</i> acquires <i>permission</i> for any <i>regulated activities</i> other than benchmark activities before 7 December 2020:</p> <p>(a)the conversion arrangements in SUP TP 11A will not apply to it;</p> <p>(b)SUP TP 11A.15 and SUP TP 11A.23.2G will not apply;</p> <p>(c)the <i>firm</i> will become an <i>SMCR firm</i>; and</p> <p>(d)the <i>firm</i> will need to apply for and obtain new approvals under SUP 10C (FCA senior managers regime for approved persons in SMCR firms) before its change of <i>permission</i> takes effect.</p> <p>Most of the rest of SUP TP 11A.23 does not apply as it relates to <b>enhanced scope SMCR firms</b> or opting to be a <b>core SMCR firm</b>. SUP TP 11A.23.10G applies.</p> <p>The <i>waiver</i> referred to in SYSC 23 Annex 1 6.12R (as set out the Individual Accountability (FCA-Authorised Benchmark Firms) Instrument 2020) may be given before the <b>commencement date</b>. If it is, the <i>firm</i> is a <b>limited scope SMCR benchmark firm</b> for the purpose of SUP TP 11A unless the <i>waiver</i> says otherwise.</p>
11A.24	Claims management firms	Does not apply.
11A.25	Forms	In general, this does not apply. It only applies if the <i>firm</i> has to submit a Form K (for which, please see the entry in this table for SUP TP 11A.5).
11A.1	Application, purpose and definitions	



## Supervision

### SUP TP 12

#### Transitional provisions relating to tied agents

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
12.1	SUP 12	R	<p>(1) This <i>rule</i> applies to a <i>MiFID investment firm</i> in respect of a <i>tied agent</i> that is not an <i>appointed representative</i> and is not an <i>FCA registered tied agent</i> because it is established in an <i>EEA State</i>.</p> <p>(2) A <i>MiFID investment firm</i> must not appoint a <i>tied agent</i> referred to in (1), or allow such an agent to continue to act for it, unless it accepts, or has accepted, responsibility in writing for the agent's activities in acting as its <i>tied agent</i>.</p>	Three years starting with the first day after <i>IP completion day</i>	<i>IP completion day</i>
12.2	SUP 12.5.8R, SUP 12.6.15R, SUP 12.7.9R, SUP 12.8.6R and SUP 12.9.5R	R	(1) This <i>rule</i> applies to a <i>MiFID investment firm</i> in respect of a <i>tied agent</i> that is not an <i>appointed representative</i> and is not an <i>FCA registered</i>	Three years starting with the first day after <i>IP completion day</i>	<i>IP completion day</i>

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
12.3	SUP 12	G	<p><i>tied agent</i> because it is established in an <i>EEA State</i>.</p> <p>(2) The <i>rules</i> in column (2) apply to the appointment referred to in (1) as if the reference in those <i>rules</i> to an <i>FCA registered tied agent</i> included reference to a <i>tied agent</i> of the type referred to in (1).</p> <p>The transitional provisions in (1) and (2) above reflect the three-year transitional period provided by Regulation 13(8) - (10) of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019.</p>	Three years starting with the first day after <i>IP completion day</i>	<i>IP completion day</i>

## Supervision

### SUP TP 13

#### Transitional provisions relating to appointed representatives

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
1	SUP 12.5.5R(4)	R	<p>Contract terms enabling termination</p> <p>(1) This transitional provision applies to a <i>firm</i> in respect of those contracts with <i>appointed representatives</i> which are in effect on 8 December 2022.</p> <p>(2) SUP 12.5.5R(4) does not apply to a written contract in (1).</p> <p>(3) A <i>firm</i> must amend a contract in (1) to comply with SUP 12.5.5R(4) at the first point at which the contract is subject to renewal or revision following 8 December 2022.</p> <p>Annual reviews</p>	From 8 December 2022	8 December 2022
2	SUP 12.6A.2R	R	<p>Annual reviews</p> <p>(1) This transitional provision applies to a <i>firm</i> with one or more <i>appointed representatives</i></p>	From 8 December 2022 to 30 November 2023	8 December 2022

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
3	SUP 12.6A.6R	R	<p>ives on 8 December 2022.</p> <p>(2) The <i>firm</i> must complete its first review of the <i>appointed representatives</i> in (1) for the purposes of SUP 12.6A.2R on or before 30 November 2023.</p> <p>Self-assessments</p> <p>(1) This transitional provision applies to a <i>firm</i> with one or more <i>appointed representatives</i> on 8 December 2022.</p> <p>(2) The <i>governing body</i> of the <i>firm</i> must approve the <i>firm's</i> first self-assessment <i>document</i> on or before 30 November 2023.</p> <p>Appointed representative reporting</p>	From 8 December 2022 to 30 November 2023	8 December 2022
4	SUP 12.7.9DR	R	<p>(1) This transitional provision applies to a <i>firm</i> with one or more <i>appointed representatives</i>.</p> <p>(2) A <i>firm</i> is not required to submit the form in SUP 12 Annex 6 in respect of its <i>accounting ref</i></p>	From 8 December 2022 to 30 November 2023	8 December 2022

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
5	SUP 16.10.4R	R	<p><i>reference date</i> falling before 1 December 2023.</p> <p>Verification of firm details</p> <p>(1) This transitional provision applies to a <i>firm</i> with one or more <i>appointed representatives</i> on 8 December 2022.</p> <p>(2) A <i>firm</i> must undertake its first check of the accuracy of information about its <i>appointed representatives</i> when complying with SUP 16.10.4R in respect of its first <i>accounting reference date</i> falling on or after 1 December 2023.</p>	From 8 December 2022 to 30 November 2023	1 April 2005





## Supervision

### SUP TP 14

### Transitional provisions relating to financial promotion notifications and reports

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional provision	Transitional provision: dates in force	Handbook provision: coming into force
14.1	SUP 16.31.5R	R	<p>(1) This transitional provision applies to a <i>firm</i> that applies for <i>approver permission</i> on or before 6 February 2024 and whose application has yet to be determined.</p> <p>(2) The requirement to submit notifications to the <i>FCA</i> for the purposes of SUP 16.31.5R applies to a <i>firm</i> in (1).</p>	From 7 February 2024	6 November 2023
14.2	SUP 16.31.5R	G	The effect of the transitional provision in 14.1 is that a <i>firm</i> that applies for <i>approver permission</i> on or before 6 February 2024 must begin complying with the notification requirements in SUP 16.31.5R from 7 February 2024. Ordinarily, a <i>firm</i> applying for	From 7 February 2024	6 November 2023

(1)	(2)	(3)	(4)	(5)	(6)
14.3	SUP 16.31.9R	R	<p><i>approver permission</i> would only begin submitting such notifications following the grant of its <i>approver permission</i>.</p> <p>(1) This transitional provision applies to a <i>firm</i> that applies for <i>approver permission</i> on or before 6 February 2024 and whose application has yet to be determined.</p> <p>(2) The requirement to submit bi-annual reports to the <i>FCA</i> for the purposes of SUP 16.31.9R applies to a <i>firm</i> in (1).</p> <p>(3) A <i>firm</i> in (1) must submit its first bi-annual report for the purpose of SUP 16.31.9R in respect of the reporting period beginning on 7 February 2024 and ending on the earlier of:</p> <p>(a) the <i>firm's accounting reference date</i>; or</p> <p>(b) the date falling 6 months after the <i>firm's accounting reference date</i>.</p>	From 7 February 2024	6 November 2023
14.4	SUP 16.31.9R	G	The effect of the transitional provi	From 7 February 2024	6 November 2023

(1)	(2)	(3)	(4)	(5)	(6)
			<p>sion in 14.3 is that a <i>firm</i> that applies for <i>approver permission</i> on or before 6 February 2024 must comply with the bi-annual reporting requirement while its application is being determined. The <i>firm</i> must submit its first bi-annual report to cover the period from 7 February 2024 to the date that would otherwise mark the end of a reporting period. Ordinarily, a <i>firm</i> applying for <i>approver permission</i> would be required to submit its first bi-annual report only following the grant of its <i>approver permission</i>.</p>		



## Supervision

### Schedule 1 Record keeping requirements

#### Sch 1.1 G

The aim of the *guidance* in the following table is to give the reader a quick overall view of the relevant record keeping requirements.

It is not a complete statement of those requirements and should not be relied on as if it were.

#### Sch 1.2 G

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
SUP 4.3.17 R (3) [FCA] [PRA]	Data for <i>actuary</i> (or <i>actuaries</i> appointed under SUP 4 (Actuaries))	Such data as the <i>actuary</i> (or <i>actuaries</i> ) appointed under SUP 4 (Actuaries) reasonably require	Not specified	Not specified
SUP 12.6A.4R	<i>Appointed representatives</i>	Written record of each review	Following each review undertaken for the purposes of SUP 12.6A.2R or SUP 12.6A.3R	6 years from date of review
SUP 12.6A.8R	<i>Appointed representatives</i>	Copy of each approved self-assessment document	Following approval by the <i>firm's governing body</i>	6 years from date of approval
SUP 12.9.1 R, SUP 12.9.2 R, [FCA] [PRA]	<i>Appointed representatives</i>	(1) <i>Appointed representative's</i> name	On appointment, amendment of contract or termination of contract	3 years from termination or amendment of the contract, other than in respect of <i>tied agents</i> when period is five years.
SUP 12.9.5 R [FCA] [PRA]	<i>FCA registered tied agents</i>	If a <i>MiFID investment firm</i> appoints an <i>FCA registered tied agent</i> the record		

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
		keeping requirements in SUP 12.9 applies to that <i>firm</i> as though the <i>FCA registered tied agent</i> were an <i>appointed representative</i> .		
		(2) Copy of the original contract with the <i>appointed representative</i> and any subsequent amendments to it (including details of any restrictions placed on the activities which the <i>appointed representative</i> may carry on)		
		(3) Date and reason for terminating or amending the contract		
		(4) arrangements agreed with other <i>principals</i> under SUP 12.4.5B R		
		(2) The details relating to those services or activities (as set out in SUP 13.6 and SUP 13.7).		(2) <i>firm</i> ceasing to have any <i>EEA branches</i> or cross-border services.
SUP 16.8.23 R [FCA] [PRA]	Persistency reports and data reports	Records to enable the <i>firm</i> to monitor regularly the persistency of <i>life policies</i> and stakeholder pensions effected through each of its <i>representatives</i> and make the required reports to the <i>FCA</i> .	Not specified	Not specified

## Supervision

### Schedule 4 Powers exercised

#### Sch 4.1 G

The following powers and related provisions in or under the *Act* have been exercised by the *FCA* to make the *rules* in *SUP*:

Section 59 (Approval for particular arrangements)

Section 138 (General rule-making power)

Section 139(1) and (4) (Miscellaneous ancillary matters)

Section 141 (Insurance business rules)

Section 144 (Price stabilising rules)

Section 145 (Financial promotion rules)

Section 146 (Money laundering rules)

Section 147 (Control of information rules)

Section 149 (Evidential provisions)

Section 150(2) (Actions for damages)

Section 156 (General supplementary powers)

Section 178 (Obligation to notify the Authority: acquisitions of control)

Section 191D (Obligation to notify the Authority: dispositions of control)

Section 238(5) (Restrictions on promotion)

Section 247 (Trust scheme rules)

Section 293 (Notification requirements)

Section 318(1) (Exercise of powers through Council)

Section 340 (Appointment)

Section 341 (Access to books etc.)

Paragraph 17(1) (Fees) of Schedule 1 (The Financial Services Authority)

Regulations 6(1) (FSA rules) and 12 (applications for authorisation) of the *OEIC Regulations*

Article 4(1) of the Financial Services and Markets Act 2000 (Transitional Provisions and Savings) (Rules) Order 2001(SI 2001/1534)

#### Sch 4.2 G

The following powers and related provisions in or under the *Act* have been exercised by the *FSA* to give the *guidance* in *SUP*:

Section 157(1) (Guidance)

Article 11(1) of the Financial Services and Markets Act 2000 (Transitional Provisions and Savings)(Rules) Order 2001 (SI 2001/1534)

**Sch 4.3 G**

The following powers and related provisions in or under the *Act* have been exercised by the *FCA* in *SUP* to direct or require:

Section 51 (Applications under this Part)  
Section 60 (Applications for approval)  
Section 148(3) (Modification or waiver of rules)  
Section 182 (Notification)  
Section 250(4) and (5) (Modification or waiver of rules)  
Section 294 (Modification or waiver of rules)  
Section 316 (Direction by Authority)  
  
Regulation 7(3) and (4) (Modification or waiver of FSA rules) of the *OEIC Regulations*

**Sch 4.4 G**

The following additional powers and related provisions have been exercised by the *FSA* to give the directions and make the *guidance* in *SUP*:

Regulation 82 (Reporting requirements) of the *Payment Services Regulations*  
Regulation 93 (Guidance) of the *Payment Services Regulations*  
Regulation 49 (Reporting requirements) of the *Electronic Money Regulations*  
Regulation 60 (Guidance) of the *Electronic Money Regulations*



Supervision

Schedule 5

Rights of actions for damages

Sch 5.1 G

- 1
- The table below sets out the *rules* in *SUP* contravention of which by an *authorised person* may be actionable under section 138Dof the *Act* (Actions for damages) by a *person* who suffers loss as a result of the contravention.
- 2
- If a "Yes" appears in the column headed "For private person?", the *rule* may be action-able by a "*private person*" under section 138D(or, in certain circumstances, his fiduciary or representative). A "Yes" in the column headed "Removed" indicates that theFCA has removed the right of action under section 138D(3)of the *Act*. If so, a reference to the *rule* in which it is removed is also given.
- 3
- The column headed "For other person?" indicates whether the rule is actionable by a *person* other than a *private person* (or his fiduciary or representative). If so, an indica-tion of the type of *person* by whom the *rule* is actionable is given.

Sch 5.2 G

			Right of action under section 138D			
Chapter/ Appendix	Section/ Annex	Paragraph	For pri- vate person?			For other person?
			Removed?			
All <i>rules</i> in <i>SUP</i> with the status letter "E"			No	No	No	
3	8	All <i>rules</i> in the section	No	No	No	
4	3	13	No	No	No	
4	5	All <i>rules</i> in the section	No	No	No	
10A	All <i>rules</i> in sections <i>SUP</i> 10A.1 to <i>SUP</i> 10A.11		No	No	No	
10C	All <i>rules</i> in sections <i>SUP</i> 10C.1 to <i>SUP</i> 10C.9		No	No	No	
All other <i>rules</i> in <i>SUP</i>			Yes	No	No	



## Supervision

### Schedule 5A Rights of actions for damages



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## Supervision

### Schedule 6 Rules that can be waived

#### Sch 6.1 G [deleted]

#### Sch 6.1A G

As a result of section 138A of the *Act* (Modification or waiver of rules) the *FCA* has power to waive all its *rules*, other than *rules* made under section 64A (rules of conduct), 137O (Threshold condition code), section 247 (Trust scheme rules), section 248 (Scheme particular rules), section 261I (Contractual scheme rules) or section 261J (Contractual scheme particulars rules) of the *Act*.

