

**FINANCIAL SERVICES COMPENSATION SCHEME (SINGLE CUSTOMER VIEW
SUPERVISION AND OTHER AMENDMENTS) INSTRUMENT 2009**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the powers and related provisions in:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 138 (General rule-making power);
 - (b) section 156 (General supplementary powers);
 - (c) section 157(1) (Guidance);
 - (d) section 213 (The compensation scheme);
 - (e) section 214 (General);
 - (f) section 215 (Rights of the scheme in insolvency);
 - (g) section 218A (Authority’s power to require information);
 - (h) section 219 (Scheme manager’s power to require information); and
 - (i) section 223C (Payments in error);
 - (2) section 123 of the Banking Act 2009; and
 - (3) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- B. The rule-making powers referred to above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force as set out below:
- (1) Part 1 of Annex A, Annex B and Part 1 of Annex C come into force on 6 December 2009;
 - (2) Part 2 of Annex C comes into force on 1 January 2010; and
 - (3) Part 2 of Annex A and Part 3 of Annex C come into force on 31 December 2010.

Confirmation and Remaking

- D. Chapter 6 of the Fees manual (FEES) and Chapter 15 of the Compensation sourcebook (COMP) are confirmed and remade with immediate effect.

Amendments to the Handbook

- E. The modules of the FSA’s Handbook or rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2) below.

(1)	(2)
Glossary of definitions	Annex A
Fees manual (FEES)	Annex B
Compensation sourcebook (COMP)	Annex C

Citation

- F. This instrument may be cited as the Financial Services Compensation Scheme (Single Customer View Supervision and other Amendments) Instrument 2009.

By order of the Board
5 November 2009

Annex A

Amendments to the Glossary of definitions

In this Annex, the text is all new and is not underlined.

The definition of *single customer view* set out in this Annex replaces that set out in Annex A of FSA 2009/47.

Insert the following new definitions in the appropriate alphabetical positions

Part 1: Comes into force on 6 December 2009

electronic SCV rules (in *COMP*) *COMP* 17.2.1R(2), *COMP* 17.2.3R(3) and *COMP* 17.2.5R, the application of which is determined by *COMP* 17.1 and *COMP* 17.2.7R.

FSA's SCV requirements (in *COMP*) the *FSA's* requirements with respect to *single customer view*.

single customer view (in *COMP*) a single, consistent view of an *eligible claimant's* aggregate *protected deposits* with the relevant *firm* which contains the information required by *COMP* 17.2.4R, but excluding from that view those accounts where the *eligible claimant* is a beneficiary rather than the account holder or if the account is not active as defined in *COMP* 17.2.3R(2).

Part 2: Comes into force on 31 December 2010

SCV implementation report (in *COMP*) a report in accordance with *COMP* 17.3.6R explaining how the relevant *firm* has satisfied the *FSA's SCV requirements*.

SCV report (in *COMP*) a report in accordance with *COMP* 17.3.9R from the relevant *firm's* board of directors confirming that the *firm's SCV system* satisfies the *FSA's SCV requirements*.

SCV system (in *COMP*) a *firm's* system for satisfying the *FSA's SCV requirements*.

Annex B

Amendments to the Fees manual (FEES)

In this Annex, underlining indicates new text and striking through indicates deleted text.

- 6.3.10 R The *FSCS* may include in a *compensation costs levy* the costs of compensation paid by the *FSCS* in error, provided that the payment was not made in ~~good~~ bad faith.

...

Sch 4 Powers exercised

4.1	G	The following powers and related provisions in or under the <i>Act</i> have been exercised by the <i>FSA</i> to make the <i>rules</i> in <i>FEES</i> :
		...
		Section 223 (Management expenses)
		<u>Section 223C (Payments in error)</u>
		...

4.2	G	The following additional powers have been exercised by the <i>FSA</i> to make the <i>rules</i> in <i>FEES</i> :
		...
		Regulation 92 (Costs of compliance) of the <i>Payment Services Regulations</i>
		<u>Section 123 (Role of FSCS) of the Banking Act 2009</u>

Annex C

Amendments to the Compensation sourcebook (COMP)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Part 1: Comes into force on 6 December 2009

Scheme manager’s power to require information

6.3.9 R For the purposes of sections 219(1A)(b) and (d) of the Act (Scheme manager’s power to require information) whether a *relevant person* is unable or likely to be unable to satisfy claims shall be determined by reference to whether it is *in default*.

...

15.1.11 R The FSCS may treat an *eligible claimant* as if the *eligible claimant* had made a claim under the *compensation scheme* and pay compensation to an *eligible claimant* without having received an application and/or an assignment of the whole or any part of the claimant’s rights against the *relevant person* and/or any third party (and COMP 3.2.1R(1) and COMP 7.2.1R are modified accordingly).

...

TP 1.1 Transitional Provisions Table

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional applies		Transitional Provision	Transitional provision: dates in force	Handbook Provisions: coming into force
...					
21	<u>COMP 17.3 and COMP 17.2.7R</u>	R	(1) <u>This transitional provision applies to a <i>firm</i> to which COMP 17 will apply.</u> (2) <u>If a <i>firm</i> operates less than 5,000 accounts held by <i>eligible claimants</i>, it may make or revoke an election (under COMP 17.2.7R) that</u>	<u>From 6 December 2009 until 30 December 2010</u>	<u>31 December 2010</u>

		<p><u>the electronic SCV rules do not apply.</u></p> <p><u>(3) A firm that made a valid election under (2) must provide the FSA with an SCV pre-implementation report by 31 July 2010 based on the firm's progress as at 30 June 2010 which must:</u></p> <p><u>(a) state the number of accounts held by eligible claimants as at 30 June 2010;</u></p> <p><u>(b) confirm that the firm is making the election in (2); and</u></p> <p><u>(c) state whether the firm's board of directors believes the firm will comply with the FSA's SCV requirements by 31 December 2010 and if not why not.</u></p> <p><u>(4) A firm that has not made a valid election under (2) must provide the FSA with an SCV pre-implementation report by 30 July 2010 based on the firm's progress as at 30 June 2010 which must state:</u></p> <p><u>(a) whether the firm has a plan for implementing the FSA's SCV requirements;</u></p> <p><u>(b) how the firm proposes to transfer to the FSCS a single</u></p>		
--	--	---	--	--

			<p><u>customer view for each eligible claimant including specifying the transfer method and format;</u></p> <p><u>(c) the dates the firm started implementation and plans to end implementation and whether implementation is on time;</u></p> <p><u>(d) whether the firm's board of directors believes implementation will be completed by 31 December 2010 and if not why not; and</u></p> <p><u>(e) any issues that may impact on the firm's ability to implement by 31 December 2010.</u></p>		
--	--	--	---	--	--

...

Sch 2 Notification requirements

...

2.2G

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
...				
<i>COMP</i> 14.4.6R	...			
<u><i>COMP</i> TP 21R(2) and <i>COMP</i> 17.2.7R</u>	<u>Election or revocation of election that the <i>electronic SCV rules</i> do not apply.</u>	<u>See Matter to be notified</u>	<u>See Matter to be notified</u>	<u>Immediately</u>

...

Sch 4 Powers exercised

4.1 G The following powers and related provisions in or under the *Act* ... have been exercised by the *FSA* to make the *rules* in *COMP*:

	...
	Section 215 (Rights of the scheme in relevant person's insolvency)
	...
	Section 218 (Annual report)
	<u>Section 218A (Authority's power to require information)</u>
	<u>Section 219 (Scheme manager's power to require information)</u>
	...

4.2 G The following additional powers have been exercised by the *FSA* to make the *rules* in *COMP*:

	Articles 3 ...
	<u>Section 123 (Role of FSCS) of the Banking Act 2009</u>

Part 2: Comes into force on 1 January 2010

16.3.10 R Where a *firm* operates under more than one trading name, the *firm* must, in any communication required by this section to a *protected deposit* holder who is or is likely to be eligible to claim for compensation from the *compensation scheme* or other *Home State* compensation scheme and generally in its *UK branches* and on its website, prominently disclose the trading names under which it operates and explain the impact this has on any *protected deposit* holder's entitlement to compensation from the *compensation scheme* and any relevant *Home State* or *Host State* compensation scheme.

Part 3: Comes into force on 31 December 2010

17.2.3 R (1) A *firm* must be able to provide to the *FSCS* a *single customer view* for each *eligible claimant*, except ~~where~~ to the extent that the *eligible claimant* is the beneficiary of an account held on his behalf by another *person* or if the account is not active, within 72 hours of a

request by the FSCS.

...

- 17.2.7 R (1) If a *firm* operates less than 5,000 accounts held by *eligible claimants*, it may elect that ~~COMP 17.2.1R(2), COMP 17.2.3R(3) and COMP 17.2.5R~~ the electronic SCV rules do not apply.
- (1A) An election within (1) can be revoked.
- (1B) A firm must give the FSA notice of an election under (1) or a revocation under (1A).
- (1C) An election within (1) or a revocation within (1A) does not take effect until the firm has notified the FSA in writing of the election or revocation.
- (2) ...
- (3) If a *firm* hitherto within (1) operates 5,000 or more accounts held by *eligible claimants* for two consecutive accounts years as at 31 December of each year, ~~COMP 17.2.1R(2), COMP 17.2.3R(3) and COMP 17.2.5R~~ the electronic SCV rules apply and continue to apply even if the *firm* operates less than 5,000 accounts held by *eligible claimants* at a future date.
- (4) If a *firm* operates 5,000 or more accounts held by *eligible claimants* on 31 December 2009 ~~COMP 17.2.1R(2), COMP 17.2.3R(3) and COMP 17.2.5R~~ the electronic SCV rules apply and continue to apply even if the *firm* operates less than 5,000 accounts held by *eligible claimants* at a future date.

...

After COMP 17.2 insert the following new section as COMP 17.3. The text is not underlined.

17.3 Single customer view reporting

SCV implementation report and SCV report

- 17.3.1 R A *firm* must provide the FSA with an *SCV implementation report* and an *SCV report* within three months of receiving permission to accept deposits or, in the case of an *incoming EEA firm*, obtaining top-up cover.
- 17.3.2 R A *firm* must provide the FSA with an *SCV implementation report* and an *SCV report* within three months of a material change in the *firm's SCV system*.
- 17.3.3 G The FSA considers that a material change would include any changes that have a material impact on the *firm's SCV system*. For example, there is likely to be a material change in a *firm's SCV system* upon a merger or upon

the acquisition of a deposit book, or the introduction of a new IT system that relates to the *firm's SCV system*.

- 17.3.4 R A *firm* must provide the *FSA* with an *SCV report* every four years (starting from 31 December 2010 or the date of receiving *permission to accept deposits* or, in the case of an *incoming EEA firm*, the date of obtaining *top-up cover*, whichever is later).
- 17.3.5 G The *FSA* may request an *SCV report* at any time as part of its ongoing supervision of the *firm*.
- 17.3.6 R (1) An *SCV implementation report* provided by a *firm* subject to the *electronic SCV rules* must contain a description of the following:
- (a) the *firm's SCV system* and how it has been implemented;
 - (b) how the *firm* proposes to transfer to the *FSCS* a *single customer view* for each *eligible claimant* including specifying the transfer method and format;
 - (c) the testing undertaken with respect to the *firm's SCV system*;
 - (d) the number of *single customer views* in the *firm's SCV system*;
 - (e) the *firm's* plan for the ongoing maintenance of the *firm's SCV system*;
 - (f) how the *firm's* board of directors will ensure that they remain satisfied that the *firm's SCV system* continues to satisfy the *FSA's SCV requirements*;
 - (g) how the check facility required by *COMP 17.2.5R(2)* is applied; and
 - (h) any other factors relevant to the design of the *firm's SCV system* or to an assessment of whether the *firm's SCV system* satisfies the *FSA's SCV requirements*.
- (2) An *SCV implementation report* provided by a *firm* not subject to the *electronic SCV rules* must contain the following:
- (a) a statement confirming that the information required by *COMP 17.2.3R(1)* is available and can be provided to the *FSCS* within 72 hours of a request by the *FSCS*;
 - (b) a description of how the information required by *COMP 17.2.3R(1)* is held by the *firm*; and
 - (c) a description of how the *firm* proposes to transfer to the *FSCS* the information required by *COMP 17.2.3R(1)*.
- 17.3.7 R A description of a *firm's SCV system* and how it has been implemented must

include an explanation of any code or keys used internally by the *firm* so that the *FSCS* can easily identify which accounts are held by *eligible claimants* and which accounts are held on behalf of beneficiaries who are or may be *eligible claimants*.

- 17.3.8 G (1) For the purposes of *COMP* 17.3.6R(2)(b), an example of a description of how the information required by *COMP* 17.2.3R(2)(b) is held by the *firm* is a statement advising that the information is held on paper, electronically or a mix of the two whichever is applicable.
- (2) For the purposes of *COMP* 17.3.6R(2)(c), an example of a description of how the *firm* proposes to transfer to the *FSCS* the information required by *COMP* 17.2.3R(1) is a statement advising that the transfer will be via paper or electronic process whichever is applicable.
- 17.3.9 R (1) An *SCV report* provided by a *firm* subject to the *electronic SCV rules* must contain:
- (a) a statement signed on behalf of the relevant *firm*'s board of directors confirming that the *firm*'s *SCV system* satisfies the *FSA*'s *SCV requirements*;
 - (b) the date when the *firm*'s *SCV system* last produced a *single customer view* for each of the *firm*'s customers that are *eligible claimants*;
 - (c) the date when the *firm*'s *SCV system* last produced sample *single customer views* and the sample size;
 - (d) the number of *single customer views* in the *firm*'s *SCV system*;
 - (e) a statement of whether the *firm*'s *SCV* has been reviewed by external auditors, and if so stating the findings of that review; and
 - (f) a statement of whether there has been a material change to the *firm*'s *SCV system* since the date of the *firm*'s previous *SCV report*.
- (2) An *SCV report* provided by a *firm* not subject to the *electronic SCV rules* must contain:
- (a) a statement signed on behalf of the relevant *firm*'s board of directors confirming that the *firm*'s *SCV system* satisfies the *FSA*'s *SCV requirements*;
 - (b) the number of *single customer views* in the *firm*'s *SCV system*; and
 - (c) the number of accounts operated by the *firm* held by *eligible claimants*.

FSCS sign off

- 17.3.10 R A firm subject to the *electronic SCV rules* must provide the FSCS with a representative sample of 10% of its *single customer views* or 10,000 of its *single customer views* (whichever is the smaller number) within:
- (1) three months of receiving *permission to accept deposits* or, in the case of an *incoming EEA firm*, obtaining *top-up cover*; and
 - (2) three months of a material change in the *firm's SCV system*.
- 17.3.11 G A representative sample should include all types of account held with the *firm* by all types of *eligible claimant* and where the *firm* operates under more than one trading name the sample should include all types of account held with the *firm* by all types of *eligible claimant* for each trading name.
- 17.3.12 R The FSCS must advise the FSA whether the information provided by a *firm's SCV system* is capable of being submitted to the FSCS and whether it is compatible with the FSCS's systems, within six months of receiving the information required by COMP 17.3.10R.

Amend the following as shown.

TP 1.1 Transitional Provisions Table

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional Provision	Transitional provision: dates in force	Handbook Provisions: coming into force
...					
<u>22</u>	<u>COMP 17.3</u>	<u>R</u>	<u>A firm to which COMP 17 applies must provide the FSA with an SCV implementation report and a SCV report by 31 January 2011.</u>	<u>From 31 December 2010 until 31 January 2011</u>	<u>31 December 2010</u>
<u>23</u>	<u>COMP 17.3.10R and COMP 17.3.12R</u>	<u>R</u>	<u>(1) A firm subject to the electronic SCV rules must provide the FSCS with a representative</u>	<u>From 31 December 2010 until 31 July 2011</u>	<u>31 December 2010</u>

			<p><u>sample of 10% of its single customer views or 10,000 of its single customer views (whichever is the smaller number) by 31 January 2011.</u></p> <p>(2) The <i>FSCS</i> must <u>advise the <i>FSA</i> whether the information provided by a <i>firm's SCV system</i> is capable of being submitted to the <i>FSCS</i> and whether it is compatible with the <i>FSCS's</i> systems within six <i>Months</i> of receiving the information required by (1).</u></p>	
--	--	--	---	--

...

Sch 2 Notification requirements

2.1G 1. The aim of the guidance in the following table is to give the reader a quick overall view of the relevant requirements for notification and reporting. In all cases, other than those concerning ~~Chapter~~ Chapters 13, and Chapter 14 and 17 and the Transitional Provisions, the notification rules in *COMP* apply only to the *FSCS* (the scheme manager).

2. ...

2.2G

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
...				
<i>COMP</i> TP 21R(2) and <i>COMP</i> 17.2.7R	...			
<u><i>COMP</i> 17.2.7R(1)</u>	<u>Election that the <i>electronic SCV rules</i> do not apply.</u>	<u>See Matter to be notified</u>	<u>See Matter to be notified</u>	<u>Immediately</u>

<u>COMP 17.2.7R(1A)</u>	<u>Revocation of election that the <i>electronic SCV rules</i> do not apply.</u>	<u>See Matter to be notified</u>	<u>See Matter to be notified</u>	<u>Immediately</u>
<u>COMP 17.3.1R</u>	<u>A firm must provide the <i>FSA</i> with an <i>SCV implementation report</i> and <i>SCV report</i></u>	<u>See <i>COMP 17.3.6R(1)</i> or <i>COMP 17.3.6R(2)</i> as applicable and <i>COMP 17.3.9R(1)</i> or <i>COMP 17.3.9R(2)</i> as applicable.</u>	<u>Receipt of <i>permission to accept deposits</i> or <i>obtaining top-up cover</i> as applicable</u>	<u>Three months</u>
<u>COMP 17.3.2R</u>	<u>A firm must provide the <i>FSA</i> with an <i>SCV implementation report</i> and <i>SCV report</i></u>	<u>See <i>COMP 17.3.6R(1)</i> or <i>COMP 17.3.6R(2)</i> as applicable and <i>COMP 17.3.9R(1)</i> or <i>COMP 17.3.9R(2)</i> as applicable.</u>	<u>A material change in the <i>firm's SCV system</i></u>	<u>Three months</u>
<u>COMP 17.3.4R</u>	<u>A firm must provide the <i>FSA</i> with an <i>SCV report</i></u>	<u><i>COMP 17.3.9R(1)</i> or <i>COMP 17.3.9R(2)</i> as applicable.</u>	Every four years (starting from 31 December 2010 or the date of receiving <i>permission to accept deposits</i> or in the case of an <i>incoming EEA firm</i> the date of obtaining <i>top-up cover</i> , whichever is later)	<u>See Trigger Event</u>